

# Typical approach for brainstorming question on risks and challenges

## Market specific risks

- Change in market dynamics
- Market consolidation
- Competitive response
- Risk of new comers
- Risk of substitutes

## Financial risks

- Revenue-related
- Cost-related
- Capex-related

## Operational risks

- Increase in operational complexity
- Quality control issues
- Scalability issues
- Lack of expertise
- ...

# Typical brainstorming question on risks and challenges

McKinsey (2020)

Case prompt. Your client is a PE firm and they consider purchasing an almond farm. Should they?

Interviewer: What are some risks of acquiring this almond farm?

## Market specific risks

- Change in market dynamics
- Market consolidation
- Competitive response
- Risk of newcomers
- Risk of substitutes

## Financial risks

- Revenue-related
  - Exaggerated assumptions for sales
  - Further growth is limited by the field capacity
  - Variability in harvest yield
- Cost-related
  - Increase in fuel prices
- Capex-related
  - Lack of funding to execute the deal

## Operational risks

- Limited labor pool in case of rapid growth
- Outdated equipment
- Outbreak of plant diseases
- Lack of expertise (of the PE firm)