

Typical pitfalls in a profitability case structure

1. Focusing on financial analysis only and skipping external factors and business model of the client

Revenue

- Pricing strategy
- Quantity

Fixed costs

- Marketing
- Rent, utilities
- Maintenance
- ...

Variable costs

- Fuel
- Airport take-off/landing fees
- Distribution fees
- ...

2. Confusing structuring with brainstorming

Spanish low-cost carrier

- Offerings (e.g. airline tickets, cargo, adjacency services)
- Customer segments (e.g. B2C, B2B)

Spanish low-cost carrier

- Too high prices?
- Low volume routes?
- Small geo footprint?
- PR issues in the past?
- Decrease in marketing budgets?

Small hints

Be case-specific about the titles, e.g.:

- Market ⇒ low-cost airline market in Spain
- Competitors ⇒ major low-cost carriers
- Customer segments ⇒ business/leisure travelers, B2B
- Client ⇒ name of the client (if available)



Minimize casual language and convert it into business language:

- Price ⇒ pricing strategy
- Margin comparison ⇒ margin benchmarking
- Similar products ⇒ lack of differentiation



Use common abbreviation

- π = profits/profitability
- FC = fixed costs
- VC = variable costs

