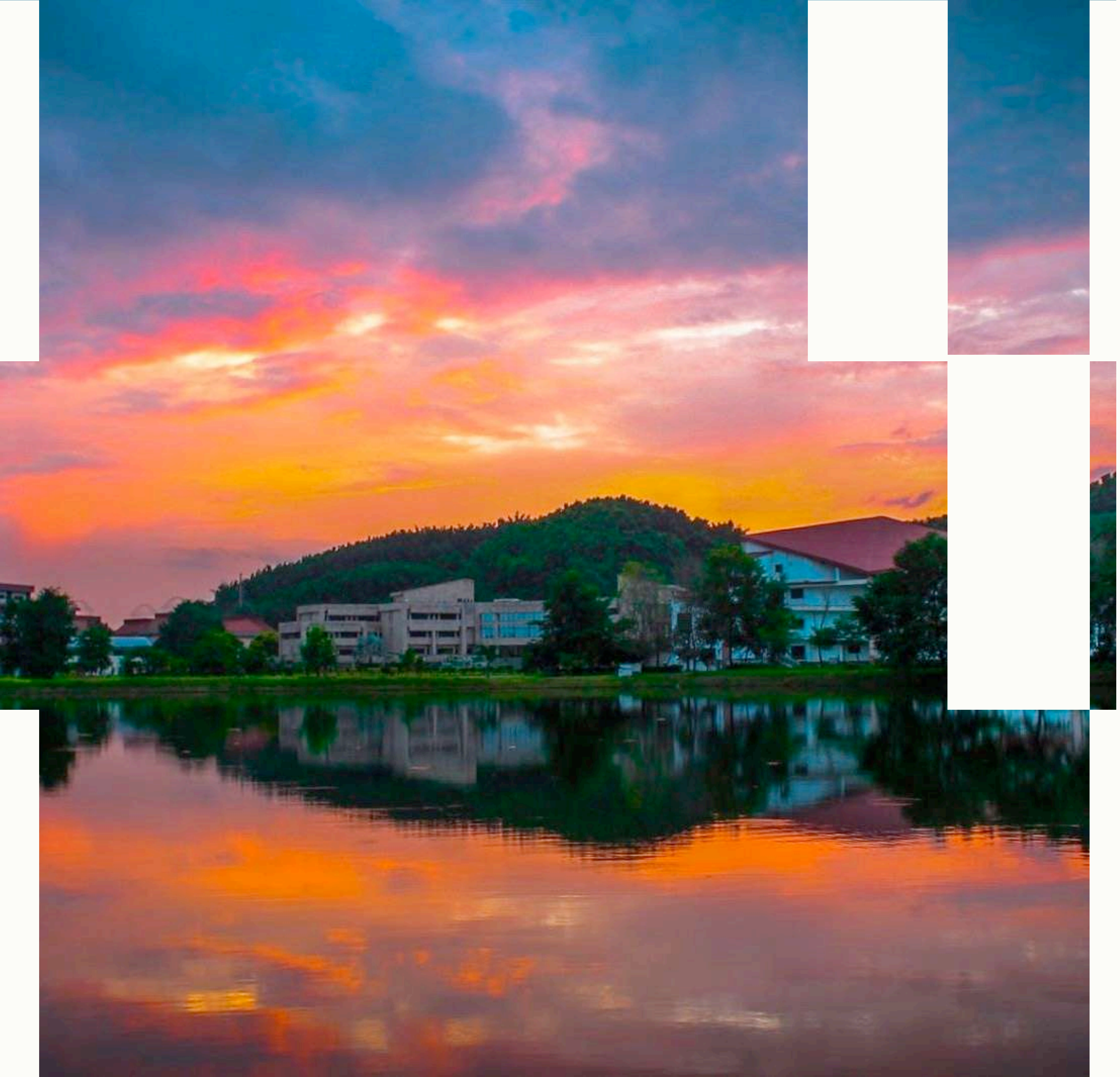

Consulting & Analytics Club
IIT Guwahati

KRACK THE CASE

Consulting Casebook

Disclaimer

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If you find some discrepancy in the material, feel free to contact us at cac@iitg.ac.in

This edition was published in October 2023.
Developed by the Consulting Team at Consulting & Analytics Club, IIT Guwahati.
Visit the official page of Krack the Case at **caciitg.com/ktc**

We're C&A

About Consulting & Analytics Club, IIT Guwahati

The Consulting and Analytics Club at IIT Guwahati (C&A) aims to facilitate a seamless transition from graduate school to a successful career in management consulting and data analytics through awareness, skill-building, and networking. We aim to impart and inculcate our culture of learning-by-practice among students and professionals alike. To that end, C&A supports and organizes a multitude of events throughout the year, including webinars, AMAs, workshops, hackathons and case challenges.

How to use the guide?

Part 1 Understanding Case interviews: This section introduces you to what is expected during a case interview and how you traverse through it.

Part 2 Case Frameworks: This section introduces you to various case types and how to approach it in a structured way. Also note that the given frameworks aren't fixed and we highly suggest you to practice making your own frameworks.

Part 3 Case Transcripts: Actual business case study problems curated from an extensive alumni base of IIT Guwahati.

Part 4 Case Industry Reports: A detailed collection of # industries, their value chain, profit drivers and external influencing factors.

Part 5 Appendix: Commonly used formulas and jargons.

For more detailed Consulting Concepts, refer to our **Consulting Guide**

For practicing more guesstimates, refer to our **Guess-It-Matters**

Editorial team

We are grateful to everyone who has helped by sharing their cases and interview experiences, enabling us to assemble a comprehensive preparation resource for future batches.
We would like to thank Sarthak Saxena, Priyanshu Chaudhary, Soham Talukder, Aniket Virchukar, Rishabh Raj, Himanshu Mittal, Bhadra Tendulkar, Aniba Agarwal, Abhishek Singh, Pratham Garg, Sajal Agarwal, Jagdish Panda, Utkarsh Utpal, and Shreyanshi Sharma for putting together this edition of the IITG Case Book. We would also like to thank students of the B.Tech 2021-25 and 2022-26 batches, many of whom have added unmatched richness to the Case Book. We would also like to thank Sitesh Goyal for generously letting us use his beautiful photographs of the IITG Campus.

The club acknowledges the invaluable contribution of the so owing members towards our first ever edition of the Consulting Case Book.

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Index

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Consulting Overview

Understanding Case Interviews

Major consulting firms have seven broad formats to primarily assess a candidate. They are broadly divided into two type of evaluations

1

The Candidate-Led Case Interview

As the name suggests, this format of interview has the candidate leading most of the interview. The interviewer acts as the client and the candidate is given a business case study problem, the statement of which is highly ambiguous to begin with.
The interviewer then stays silent for most parts of the interview. It is assumed that the candidate would come up with clarifying questions to understand the problem better and then structure out their thoughts. The interviewer would then validate their thoughts or ask for other possible approaches. It is the candidate who has to ask for data relevant to the case. Most of the cases in this book are focused on this approach.

2

The Interviewer-Led Case Interview

A notable distinction in how the interviewer and candidate engage in each scenario, irrespective of both needing the same problem solving skills is the interviewer gets to determine the vital aspects of the problem. He selects pertinent questions and provides the data, out of which the important aspects have to be decided by the interviewee. The interviewer may test your abilities of identifying the main areas and your prioritization of those. Regardless of your response, they might choose to dive into one of the areas identified, irrespective of your priority assignment.

Some of the other, slightly lesser used formats are

3

The written case

Information pertaining to the case such as graphs, charts, etc. are provided and the candidate is given enough time to analyze them. After a thorough analysis, the candidate is asked to take a written test about the case, which may end with a presentation of the case.

4

Group case

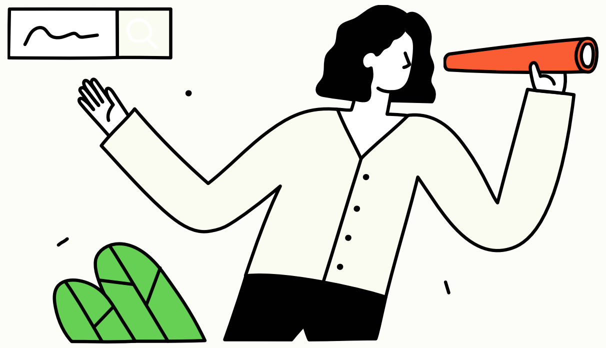
A group of candidates, typically ranging from 3 to 5 are given a case by the interviewer and asked to solve that case. Usually this is marked by a relatively open ended problem statement, with the interviewer giving data whenever needed.
The cases included in this casebook are majorly in the candidate led interview format. However, it is possible that the same problem may be given in a different format.

What interviewers expect from candidates.

1

The art of questioning

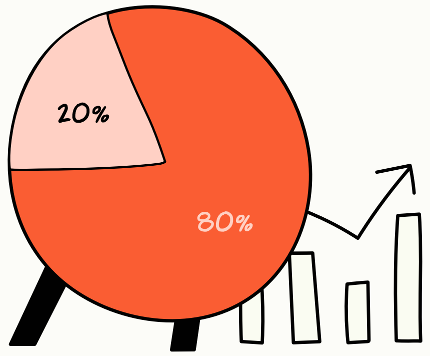
Clarifying questions act as a litmus test for candidates. Interviewers usually assess the candidate's breadth of thinking along with the depth of each thought from the clarifying questions. Asking the right questions can break down a big difficult looking case into several smaller trivial parts, thus structuring the entire process.



3

Pareto Principle

According to the Pareto Principle, 20% of all the possible causes would cause 80% of the problems. The most effective solutions are the ones that solve the major problems. Hence identifying the major causes before diving into the solutions is recommended.



2

Effectiveness of the solutions

Assessing a solution and its effectiveness on ground would take a longer amount of time. Candidates have to provide a solution that has the maximum accuracy given the problem statement. The necessity of diving being highly critical of numbers is usually not required, instead a fair approximation is what does the work.

4

Confidence

A consultant's work usually involves decisions that can completely redirect companies and their way of work. Confidence and quick thinking abilities instill belief in the interviewer regarding a candidate's potential and abilities to work on the job.

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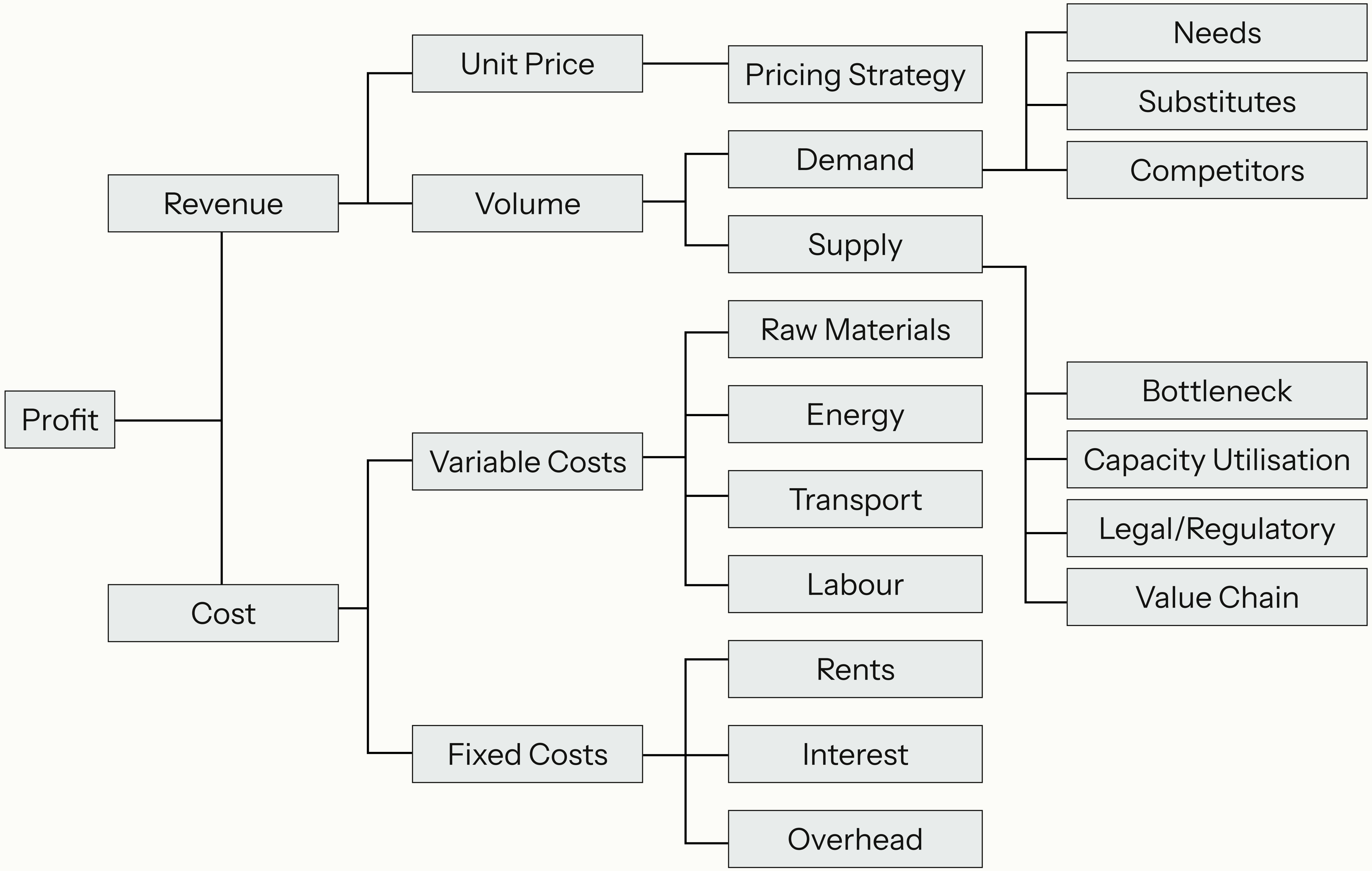
Frameworks

Profitability

Framework Overview

Preliminary Questions

- The objective of the Client
- The quantum of decline in Profits/Loss
- How long has the Client been facing the Decline?
- Is this decline an Industry-wide issue or specific to our Client?
- Understanding the Client's Company
- Product
- Geography
- Value Chain



Market Entry

Framework Overview

- Market Entry
  - Market Attractiveness
    - Barriers to Entry
    - Market Size/Growth
  - Competitive Landscape
    - Market Share
    - Competitive Advantages
  - Cost Analysis
    - Distribution Costs
    - Entry Costs
  - Company Capabilities
    - Resources
      - Capacity Utilisation
      - Company Financials
    - Products offered
      - New products
      - Existing products

Market Entry

Overall Strategy

Preliminary Questions

- Which metric should be used to analyse whether the Client has to Enter the Market? Or, What are the decision-making criteria for entering the Market?
- Why does the Client want to enter this market? Any specific reason to enter?
- Understand the product and why this product. (Ask whether the product is a commodity or differentiable good?)
- Why this particular geography?
- Which part of the Value chain does the Client want to set up?

Notes:

While taking the expected market share, you are advised to take proxies in either of the following ways:

- Directly ask the Interviewer about the numbers they are expecting
- Take the proxy of the company that has entered last in the particular Industry
- Ask the interviewer whether the Client has entered another country/geography before this. If yes, then what was the market share they've gained in the very first year?

Analysis of Profit(To check whether the Client has to enter or not/ To check the market Attractiveness)

$$\text{Profits} = \text{Market Size} * \text{Market Share} * \left(\frac{\text{Revenue}}{\text{Product}} - \frac{\text{Variable cost}}{\text{Product}}\right) - \text{Fixed Cost}$$

Analysis of External Factors

PESTEL Analysis

Feasibility Analysis of Establishing Value Chain

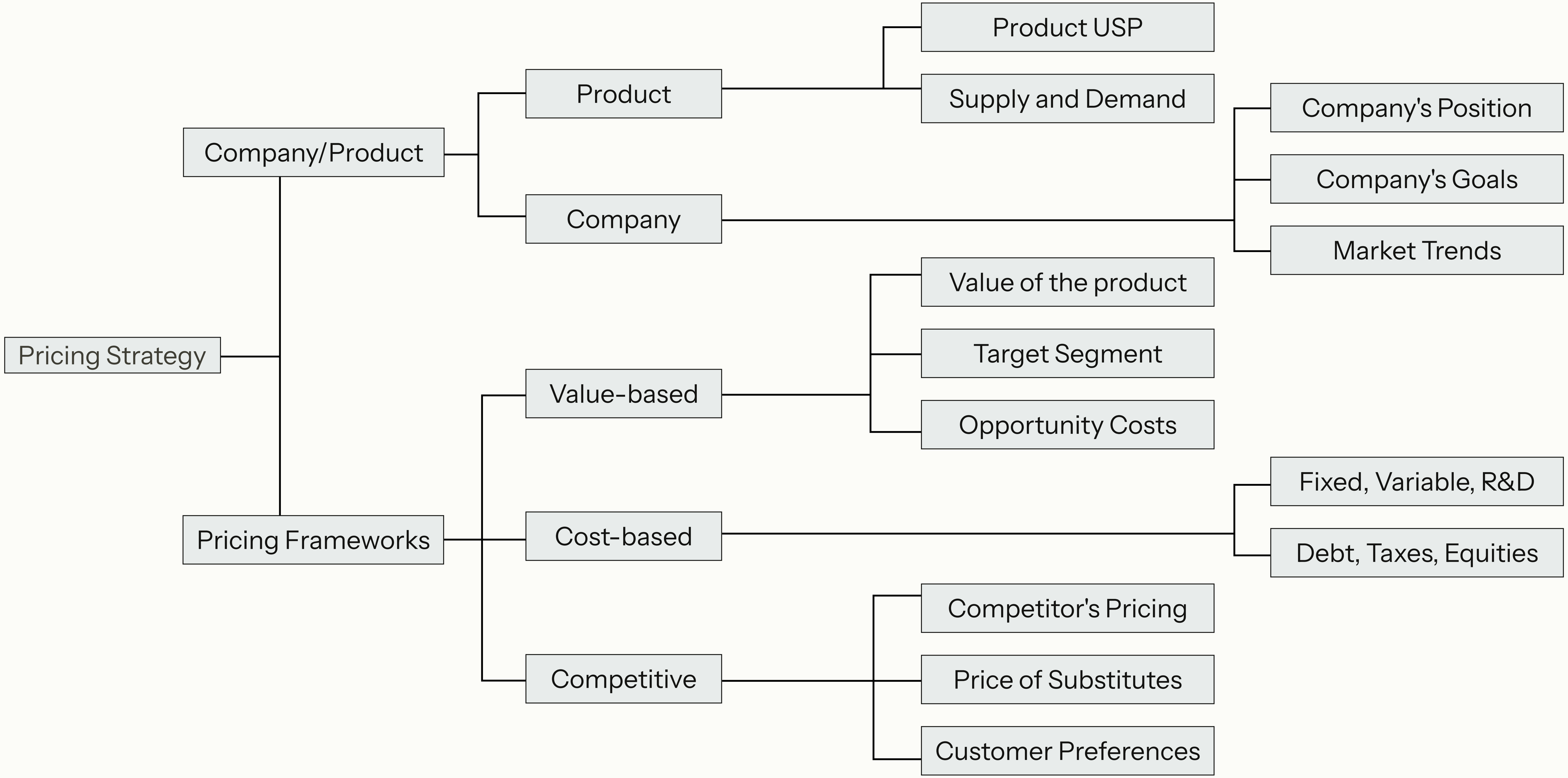
Procurement → Production → Distribution → Marketing

Whether to Enter?

- NO
- YES, How?
  - Foreign Direct Investment (FDI)
  - Joint venture
  - M&A

Pricing Strategy

Structure



Pricing Strategy

Framework Overview

What is a Pricing Case?

Pricing cases demand a consultant to come up with an optimum price for products or services based on several aspects like demographics, product features, market environment and purchasing power by employing various approaches to decide the final price of a new product like a market entry or reprice its older product which is a rare case.

Factors influencing Pricing

Total Costs (Fixed Costs, Variable Costs), Market Conditions (Price War, Life Cycle of a Product,Seasonality and Availability) Strategic Position (Cost Advantage, Benefit Advantage), Unique Selling Point, Government Policies and Regulations ,Changing consumer behavior and expectations

Cost-based Pricing

This is comparatively a simple method as it needs only the calculation of various costs involved in the product. Nowadays, the cost-based approach is considered insufficient, but it helps to understand the cost structure of the product. This strategy will typically give the lowest price or lower limit.

Cost Based Pricing can be done using Cost Plus Pricing and Break Even pricing.

Competitive Pricing

Using a pricing strategy based on competition that is present in the market.

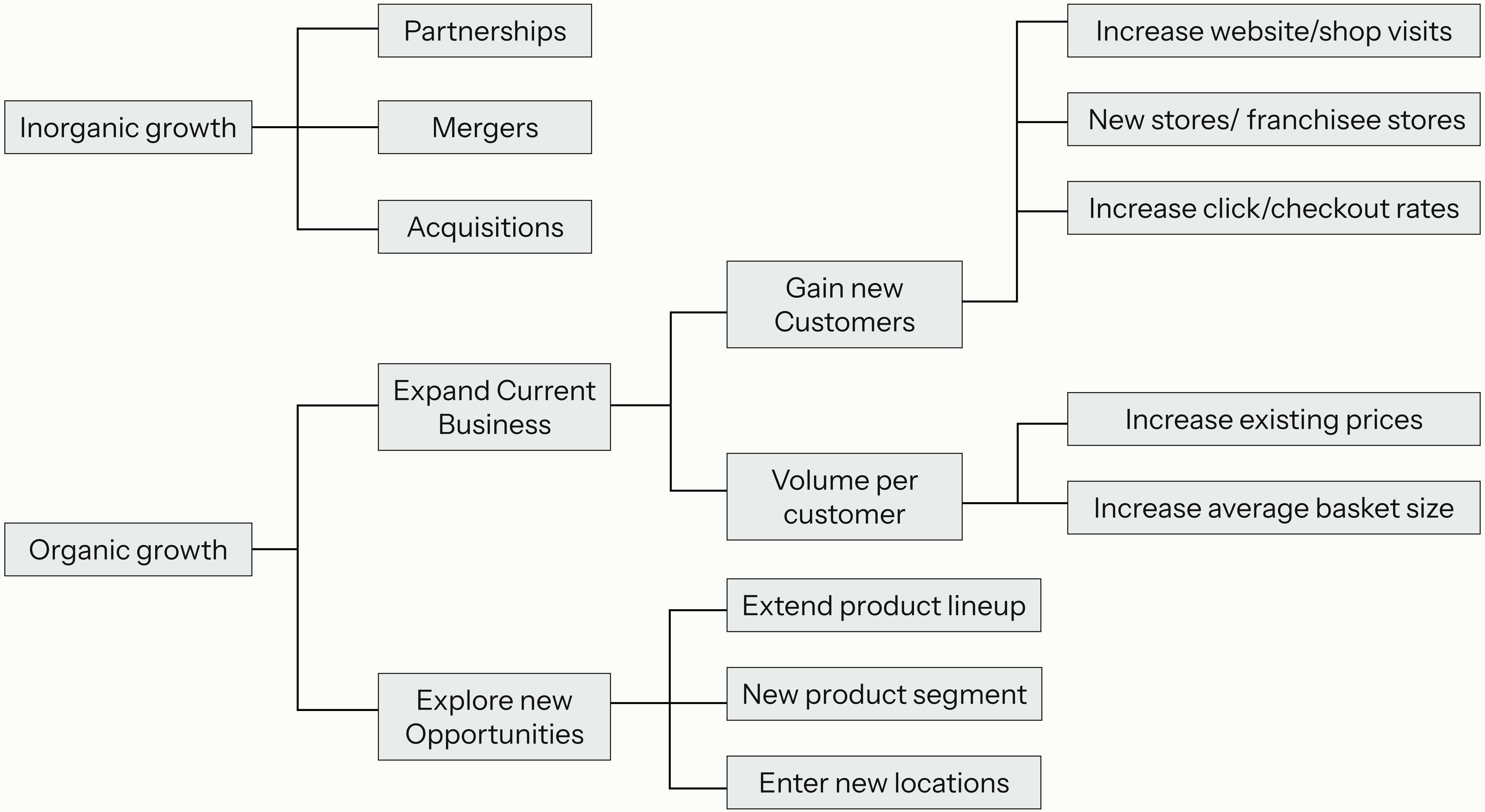
- Lower Prices: Companies which capitalise on economies of scale set prices that are not profitable to attract new customers to sell more profitable goods and services.
- Higher Prices: Pricing the products higher than competitors in the market is usually employed by well-established brands.
- Equal Pricing: Companies price product equal to that of the competitors' and offer unique experiences.

Value-based Pricing

Involves setting the price of a product or service based on the value it brings to the customer. This is a function of the target segment; the wider the target segment gets, the lower the aspirational value will be.

It is essential to consider alternative and substitute products' prices before generating the final price of the product. This strategy helps us to determine the maximum price of a product.

Growth Strategy
Structure

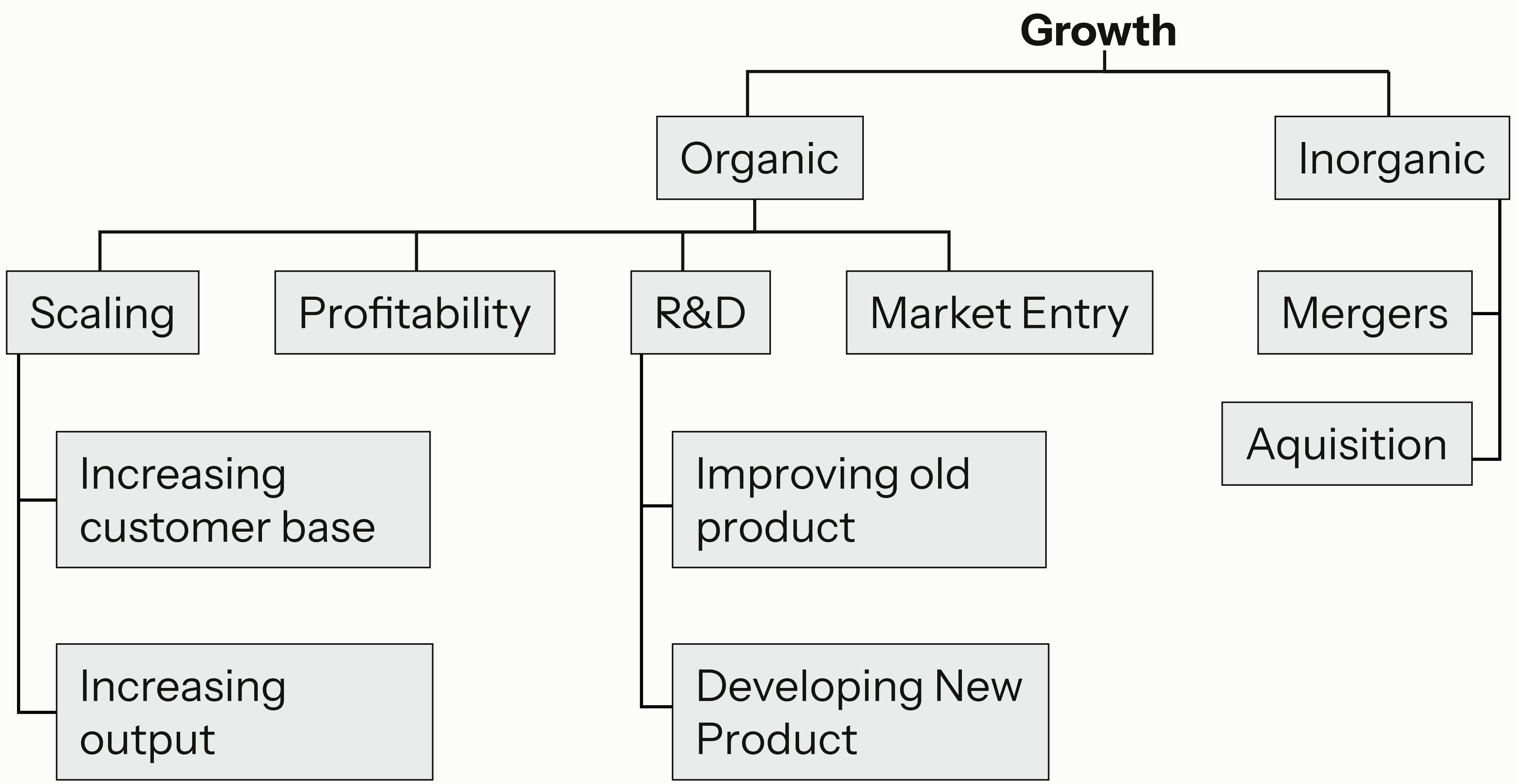


Growth Strategy

Overall Strategy

Preliminary Questions

- What are the key market trends and opportunities we should leverage for growth?
- How do we compare to our competitors, and what's our unique value proposition?
- Who are our target customers, and what are their specific needs and preferences?
- What are our specific growth objectives, both short-term and long-term?



Notes:

- Gain a deep understanding of the company's current situation, market, competitors, and financial health.
- Prioritize understanding and meeting customer needs and preferences to deliver value.
- Determine how budget, personnel, and technology resources will support the growth strategy.
- Identify potential risks and discuss the company's plan for risk mitigation.

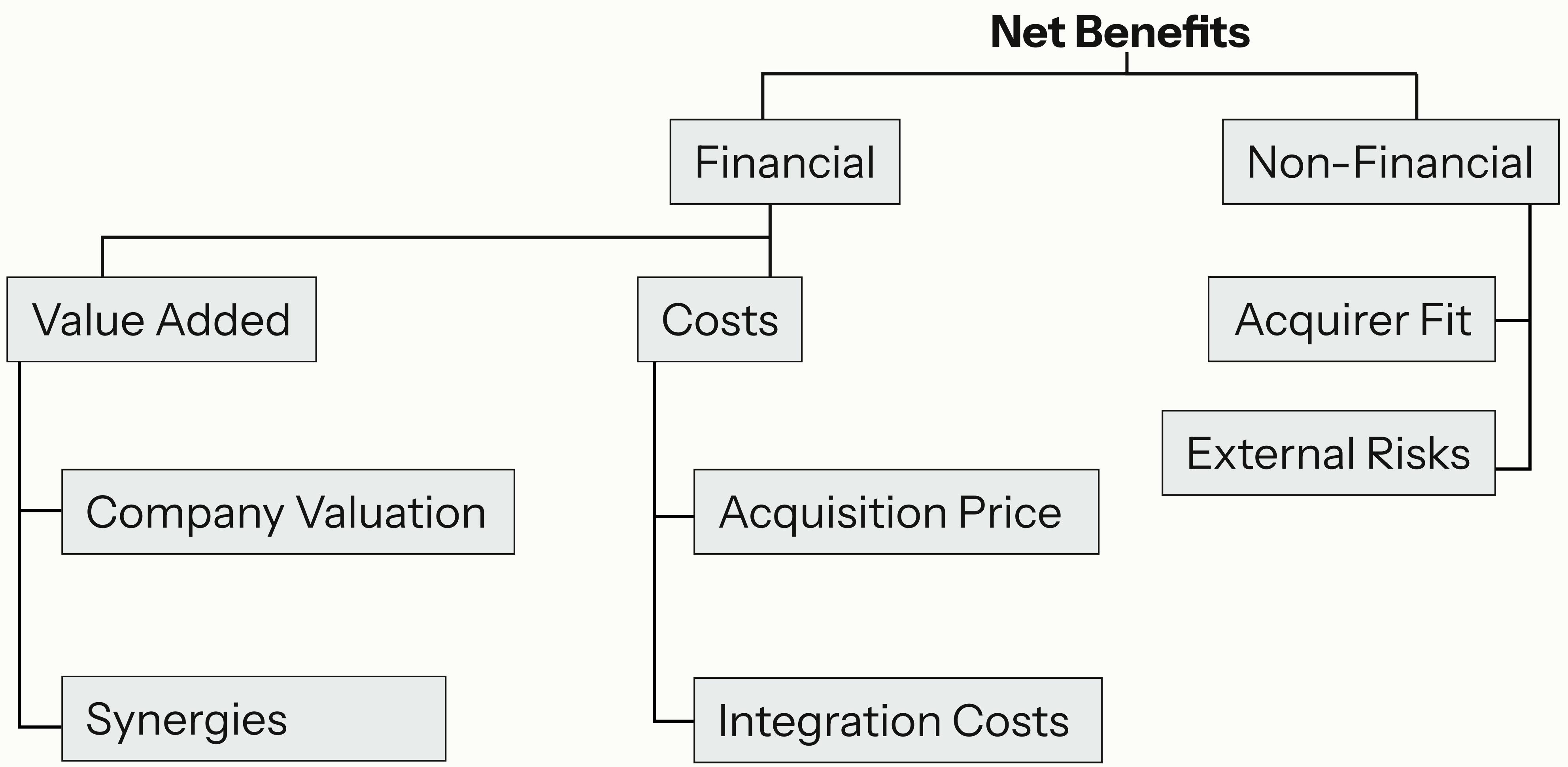
Mergers & Acquisition

Overall Strategy

Notes:

While going through the case, Interviewee may need to answer:

- **Market attractiveness**
  - What is the market size?
  - What is the market growth rate?
  - What are average profit margins in the market?
  - How available and strong are substitutes?
- **Company attractiveness**
  - Is the company profitable?
  - How quickly is the company growing?
  - Does the company have any competitive advantages?
  - Does the company have significant differentiation from competitors?
- **Synergies**
  - Revenue synergies
  - Cost synergies
- **Financial implications**
  - Is the acquisition price fair?
  - How long will it take to break even on the acquisition price?
  - What is the expected increase in annual revenue?
  - What are the expected cost savings?
  - What is the projected return on investment?



Market Sizing

Top down Approach or Chain Ratio Method

Starting with a comprehensive market size estimate, the addressable market is estimated and then reduced to the target market segments using assumptions and data. A firm must first identify the customer segments it intends to reach and then assess its size and growth.

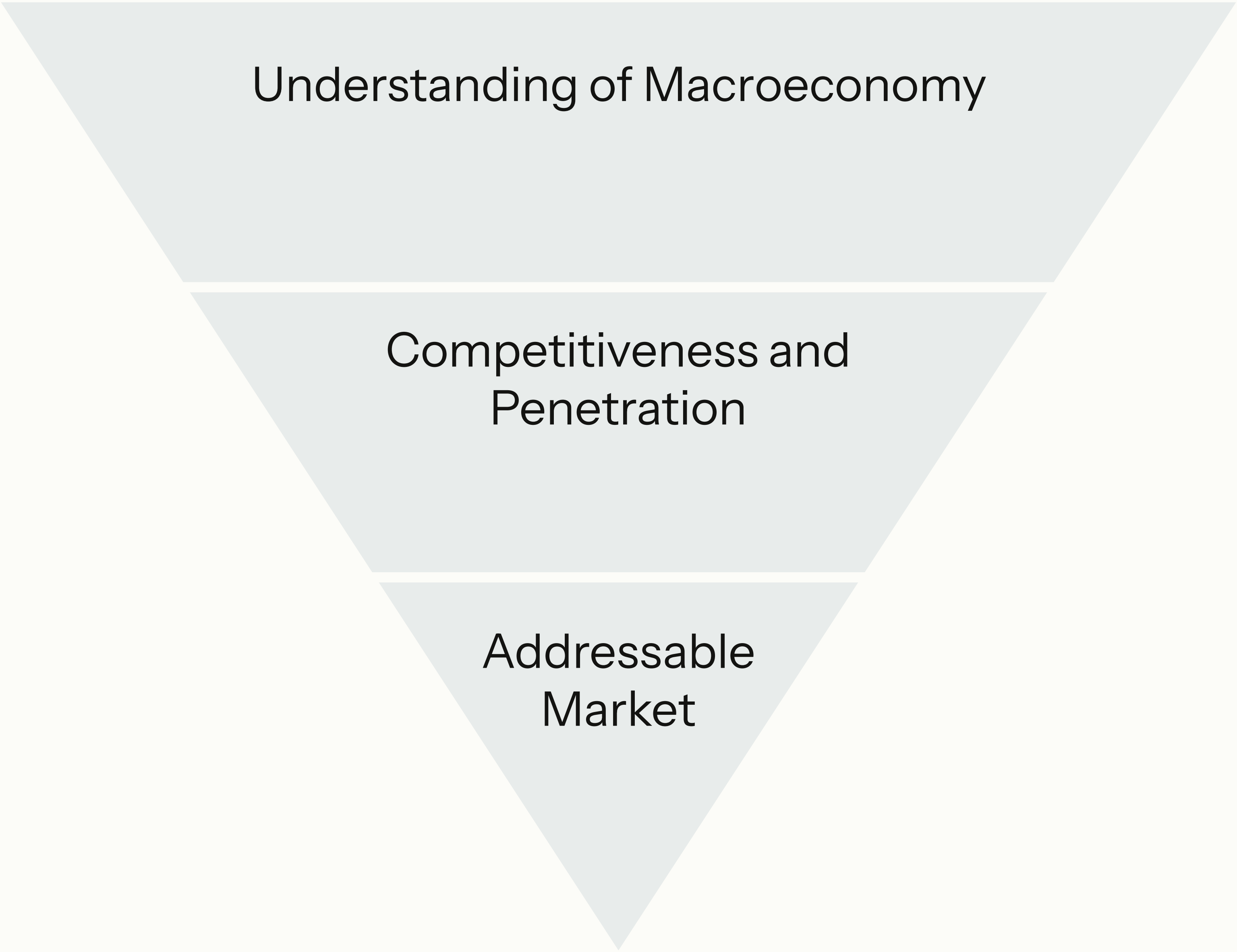
Let's take the example of determining the market size for toothbrushes. In a top-down market sizing framework, one would start with the Indian population and then move on to estimate what percentage of the population uses a toothbrush.
Next, they would count how many toothbrushes the average person goes through in a year and the cost per toothbrush. Multiplying all these figures helps estimate the market size.

Market Sizing

Bottom Up Approach or Counting Noses

To do a bottom-up analysis, you start with the basic units of your business (your product, price, customers) and estimate how large you can scale those units. A firm must first identify the customer segments it intends to reach and then calculate its size and growth.

Let's take the example of a retailer selling fruits. How big is the market for this retailer? A Bottom-Up market sizing needs to start with the price of fruits, then move on to calculating the number of consumers he can reach and the average amount of money a consumer spends on fruits. We can also consider expanding to other cities depending on the available capital and operating plan. This gives us the size of the market for this retailer.



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Profitability

Interview Transcripts

Clothing Fashion - Interview Transcript

Our client is a major fashion brand with a nationwide presence. Their revenues have been constantly declining, and they have been trying to find the cause and devise a plan of action to get out of the slump

Alright. I will start with some clarifying questions. Can you tell me in which domain of fashion does our client deal?

Our client deals in clothing fashion. We have offline outlets all over the country and good recognition in e-commerce too.

Okay. So the slump is being experienced by the whole clothing industry or specifically by our client?

The slump is particular to our company. Moreover, the clothing fashion industry as a whole has seen significant growth in the past 2 years, with an estimated CAGR of around 7%.

The decline in the profits can be an operational issue or a problem on the revenue side. Do we have any information regarding what has changed in this period?

The revenue doesn't seem to be a concern in the given period.

It seems that you are a prominent player in the major parts of the country, and you are rather new to northern India. Is that correct?

Yes, that is correct. It has been about two years since we have opened pan India . The sales there have been quite decent in the Northern part, though.

Further, can I know a little bit about the competitive environment? Are the competitors also facing the same issue as us?

Clothing fashion is a dense industry. There has obviously been healthy competition. But our competitors, in general, have seen significant growth.

Okay. So let me focus on the cost aspects. I will start by analyzing the value chain. I will start by dividing the value chain into the following major subgroups:
R&D, Raw material extraction, Inventory management, Storage Transportation and Distribution and finally outsourcing and marketing.

Okay.

Benchmarking our costs to that of our competitors', are we encountering high costs in any specific part of the value chain?

The transportation and storage costs are higher as compared to our competitors'.

We could consider looking at the warehouse distribution system of the client to gauge the costs. How does the client's distribution look like?

As of now, the major factories are in Hyderabad and Chennai, with two head offices located in these two cities. From there, the goods are transported to various warehouses pan India.

As the major transport is from these two factories solely, we could break down the transportation of goods into the mode of transport taken, the number of such transports required and trade routes. We could look at the costs associated with each of these.

We have been using trucks and roadways to network throughout the country. Coming to the routes, we majorly use the MP-UP-NCR linking national highway to transport the major goods to our warehouse located in Gurgaon.

If I recall correctly, the State Government of Madhya Pradesh has changed a year ago, whereas the other states have seen no such change. Has this caused any change in the transport routes?

That's a very good point. The new government has brought in reforms regarding the road connectivity and trade, keeping in mind their goal of expanding the state's road connectivity.

What changes have these reforms led to in terms of transportation for our client?

We traverse a distance of approximately 600 km through Madhya Pradesh. On an average there is a toll at every 60 km. Each toll charges around Rupees 200 which includes all the road and import taxes.

Clothing Fashion - Interview Transcript

Government has influence on the price. Further delays in governments has a considerable impact

What is the frequency of our trucks for transporting the goods?

We have about 500 trucks per week, all of them using the same trade route.

So let us assume that every truck encounters 10 tolls while traversing MP, therefore every truck has to pay Rs 200 for each toll, accounting for Rs 2000. If weekly 500 trucks traverse the same distance, this sums up to Rs 10 lakhs. That seems to be a major reason for the transportation cost hike. Do you have any other trade routes ?

We do have another route via Chhattisgarh and even though there toll rules are not very strict, but there is a difference of about 400 km.

Let me analyze this route. Considering that a truck on an average gives a milage of 30 km per liter, and has to traverse 400 km , with petrol being Rs 95 per liter, this costs up to Rs 1267. And weekly 500 trucks travel, so the total cost comes around Rs 6 lakhs 33 thousand. To account for the toll charges of Chhattisgarh, though lesser than that of Madhya Pradesh, the total extra cost would come up to about 10 lakhs per week. We could perhaps look into changing our mode of transport.

Could you elaborate on what could be another means of transport?

A good option might be changing the mode of transport to railways. This will not only reduce the major transportation costs, but will also reduce the labor costs to a great extent. This looks a good way out to the problem, with railways having a great network in the Central India.

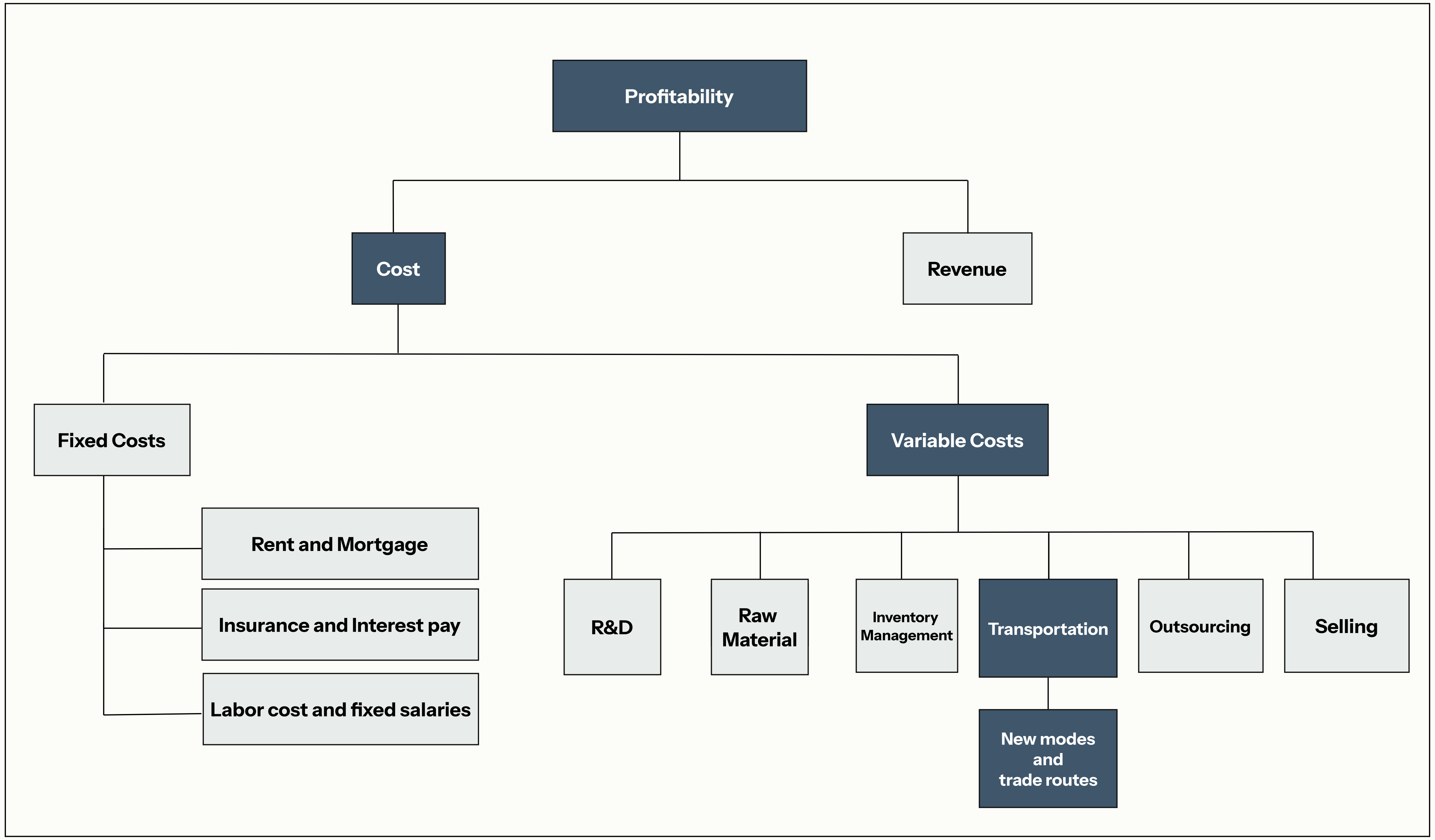
That seems like a possible solution. What could be done in the longer run to solve this problem?

New warehouses can be set up in Haryana and neighbouring NCR regions as cheap land, and labour are available there, and the region is well connected to the other parts of the country. Moreover, channelling only specific short transportation routes through railways can be a good approach in moving the business forward

Very good points! That concludes the case. Thank You.

Clothing Fashion

Profitability | Cost Inflation | Easy | Retail



A fashion brand was grappling with high operational costs and sought to understand the underlying reasons.

Case Notes

- Client deals in fashion retail business
- Client is having issues with cost management
- Issue-specific to the client and not the whole industry
- The problem needs to be identified in the storage and transportation domain
- The client has issues with the current transportation

Recommended Solutions

The problem arises due to transportation costs. High storage and transportation costs arise due to an unfavourable mode of transport. Thus, the company should either change its transportation methods or set up new warehouses and trade routes.

Observations/Suggestions

- It's essential to find the key revenue streams for the clothing stores
- Calculate the net effect of reduction of prices on profit and the possible ways of increasing revenue from the convenience store
- Develop equation between x and y and find desired relationship

Footwear Brand - Interview Transcript

Your client is a footwear brand operating in India . It is facing a major decline in profitability and is unable to compete. You have been approached to find the problem and suggest changes.

Commencing on our discussion, I would like to know the timeline and magnitude of decline

The decline has been observed over the past 1-2 years, amounting to approximately 5-10%

Is the decline in profits limited to our client's footwear brand, or have other brands in this sector also been facing similar challenges?

Other footwear brands have also seen some dip in their profits, but the client has been significantly impacted.

I would now like to delve into understanding the client's business, particularly their geographical presence and type of stores.

The footwear brand has both offline and online sales with its major sales happen through offline retail stores present all across India.

What kind of products does the client manufacture?

They manufacture, distribute and retail two kinds of products: formal shoes and high end slippers for men and women of premium quality.

Has the brand experienced a decline across all of its offered footwear segments, or is there a specific category that has been affected?

The footwear brand has witnessed a comprehensive reduction in sales across all segments, relative to its competitors.

Who are the major competitors and how are they performing?

Our competitors comprise both smaller local manufacturers and established entities such as Bata, Clarks, and Hush Puppies. Their superior performance can be attributed to their broader product portfolio.

The decline in profitability can be a cost or a revenue problem. Which of the two have changed in the said time frame?

The cost side doesn't have major issues, analyzing the revenue segment would be relevant.

The revenue would depend on the product mix, price per unit sold and the number of units sold. Has anything changed with respect to this for the company?

The company is grappling with a decrease in both the volume of units sold. As for the product mix, it seems that the product mix is highly limited as compared to our competitors.

The constrained product diversity seems to be a concern. Not only the types of shoes, but also the different products offered under them would affect the product mix. Is there any specific product segment that has been affected adversely by this?

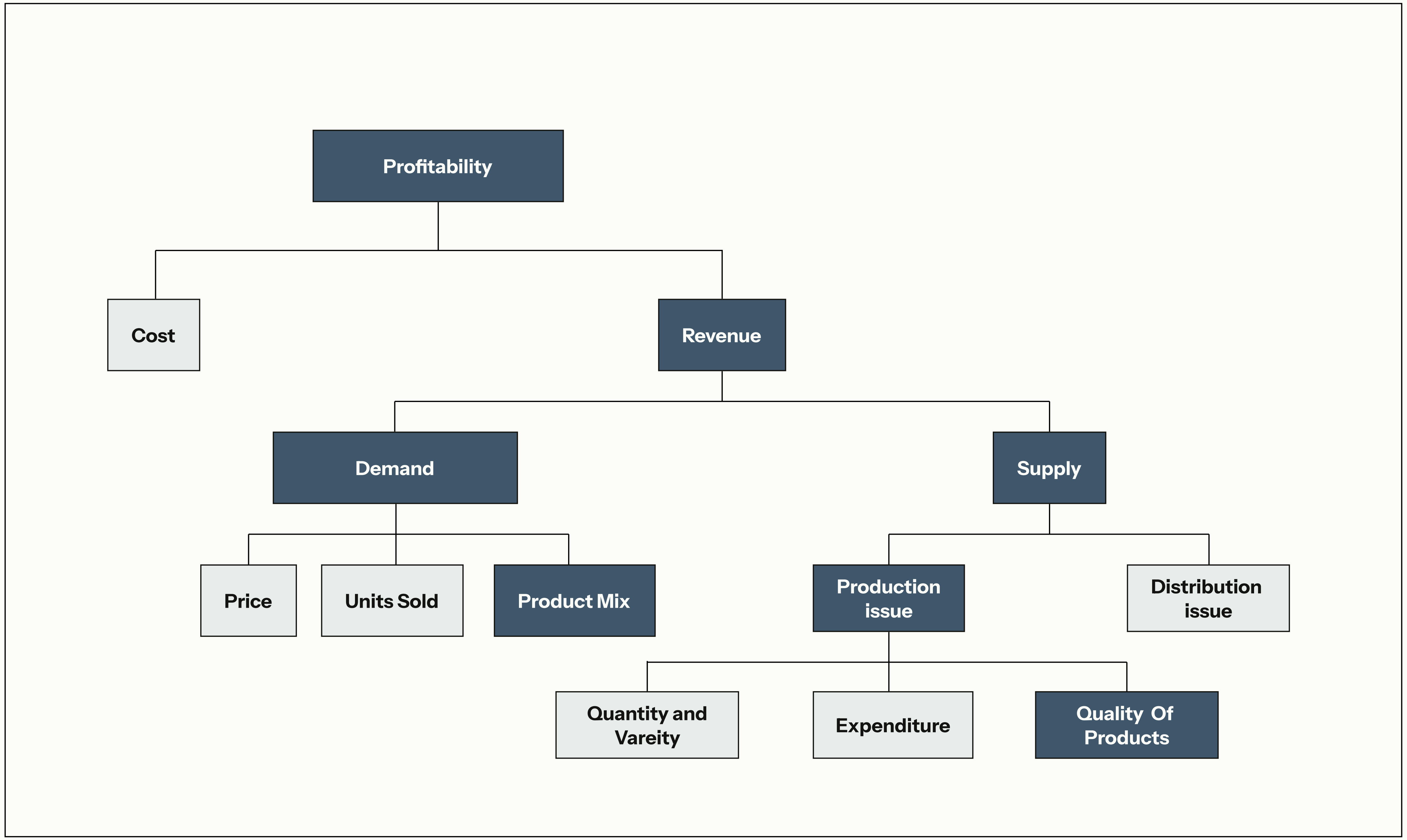
Particularly, the formal shoes segment has suffered a significant setback. Other brands' enhancements in this category have resulted in a decline in our sales.

For a short term solution, the company could think about diversifying and adding more products in their line of formal shoes. In the longer run, we launch sports wear for men and women and improve the marketing of existing products. Introducing sandals and flip flops for kids will expand the range of target audience it caters to and will also increase the number of units sold thereby increasing the revenue and profitability of the brand.

Good recommendations! That concludes the case. Thank You.

Footwear Brand

Profitability | Revenue Decline | Moderate | Retail



Your client is a footwear brand operating in India . It is facing a major decline in profitability and is unable to compete. You have been approached to find the problem and suggest changes.

Case Notes

- Client is a footwear company.
- Problem is declining profits of 5-10% over the past 1-2 years.
- Each product is facing the decline in units sold.
- Client needs to improve the quality of its existing products.
- Competitor has slashed the sales of their products

Recommended Solutions

Short term:
- The Client should focus on improving the quality of the existing products.
- The Client should upgrade the marketing of its products.

Long term:
- Explore the other product options available in the market.
- Introducing new launches to attract more customers.

Observations/Suggestions

- It's essential to find the key revenue streams for the company.
- Calculate the net effect of reduction of prices on profit and the possible ways of increasing revenue from the convenience store
- Develop equation between x and y and find desired relationship

Insurance company - Interview Transcript

Your client is a large insurance company that is facing a revenue drop in its healthcare insurance product and has approached you to find the cause and advise them on tackling this issue.

Okay before analyzing this further, I would like to confirm if the company is facing a revenue drop only in its healthcare insurance product or any other vertical as well.

The issue is observed only in the Healthcare product and the others are doing well.

I would also like to know if the issue is being faced only by our client or if this is observed throughout the industry and the locations where we are facing this issue.

The competitors are doing good and the issue is faced within the company itself and is being observed throughout our operational areas.

So considering the product is facing a revenue drop, I would like to know more about the cause of this decline. Is the price per policy decreased or the total number of policies sold?

The client is facing a decline in the number of policies sold and the price per policy has remained stationary throughout.

Since the competitors are doing good, I feel there is no issue with the demand side of the product. So the problem must be within the company whether we are unable to serve those many new customers that are coming up(production side) or we are just unable to bring enough people on board(issues with the distribution side of things).

Yes, the number of customers that we onboard has dipped drastically when compared to previous times.

Taking into consideration that our other products are working well, there is a chance that the issue resides in our conversion rate of specific Healthcare policy rather than the number of customers the company is onboarding in general, is it fine to go with this assumption?

Yes, the company is struggling to convert customers to buy the specific Healthcare insurance.

I would first like to know that for onboarding new customers what are the current methods the company uses and can we see any particular drop in any of them?

Currently, the company focuses on the Agent-based sales model apart from conventional sales and marketing, and there is no such deviation evidently visible.

Okay, could you please elaborate on how this Agent-based Sales model works? Like are they given any particular commission on the volume of sales they produce?

Yes, you are right, so we have agents who work under us and get paid an extra commission according to the number of policies they sell as a whole.

Okay, so I'd like to divide this Revenue from agents into the Number of Agents multiplied by the Sales produced by each agent. Which of the factors is different from that of our competitors?

The issue seems to be with both the number of agents and the volume of sales that each of them is producing.

Oh okay, this seems alarming, Is there any specific reason why we are not recruiting more agents if we know it's an issue directly?

Yeah, we can do that but at the moment our priority is to maximise the volume of sales/agent.

Sure, for that I'd like to have a look at the agent's journey. So all the way from finding the right target audience to pitching them and making them feel that our product is important to them and then converting them into customers (transaction). Can you tell me where the issue is in these steps?

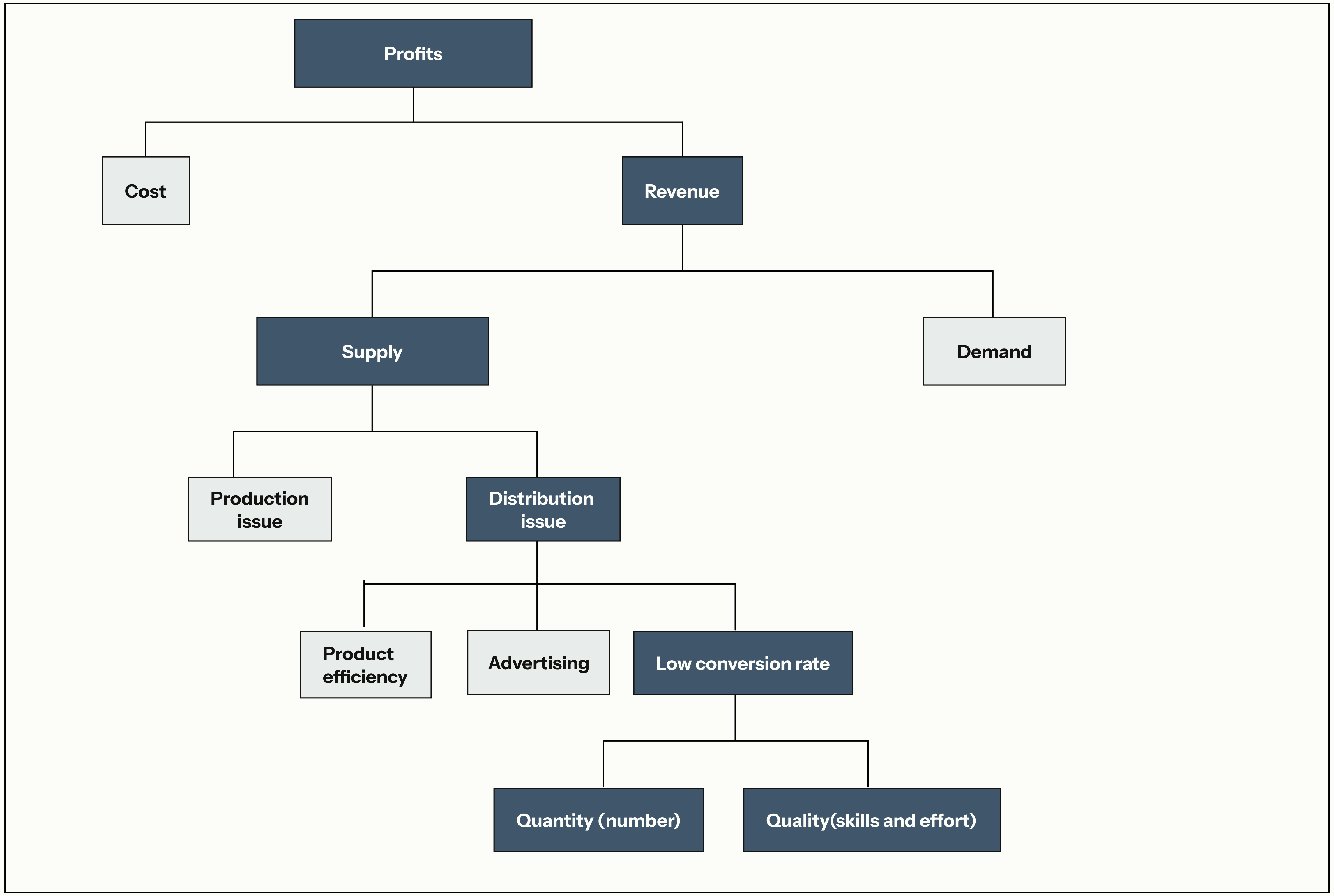
The main issue is found at the pitching part and we are unable to convert the customer in the first place.

Okay, then if this public perception of the product is a problem, We can improve it by doing the following:
-Improve the insurance scheme by making it more affordable and increase the length of time duration, in order to average out the effect(increasing the number of people who take insurance, thereby producing more revenue and thus we'll be able to reduce cost per policy)
-Increase the commission for the agent, so that they can put better efforts into pitching the policy and converting the possible customers to consumers.
-Change the way people perceive our product(by collaborations with top medical associations and Hospitals).

Yes, these seem to be good suggestions, we can wrap the case here.

Insurance company

Profitability | Revenue Decline |



Your client is a large insurance company which is facing a revenue drop in its healthcare insurance product. All other insurance products are going well. You have to find the cause and advise them on tackling this.

Case Notes

- The Client is an established insurance company.
- The problem is a decline in revenue from healthcare product.
- Other products of the company do not face this issue.
- The decline is not in market size but in market share.
- The Agent benefits from selling health-care products are less.

Recommended Solutions

Short Term:
- Establish clear and open communication while pitching the product.
- Run targeted campaigns and educational events to promote the product.
- Offer rewards to agents in order to encourage them to sell the product more.

Long Term:
- Customize plans and introduce value-added services to cater to diverse needs.
- Improve the online experience and utilize data analytics for insights.
- Launch sustained educational campaigns that focus on increasing health insurance literacy among potential customers.
- Collaborate plans and introduce value-added services to cater to diverse needs.

Observations/Suggestions

- It's essential to find the key revenue streams for the healthcare insurance.
- Calculate the net effect of reduction of prices on profit and the possible ways of increasing revenue from the agents.
- Develop equation between x and y and find desired relationship

Retail Store - Interview Transcript

Your client is a retail store owner. Recently Chain of Retail stores are facing decline in Revenue. They want you to analyse the causes and recommend solutions for the same.

Ok, before beginning I would like to clarify some things, Is this issue faced by only your client's store or all the stores?

Most of the stores are facing the decline.

Ok, so that means that the issue is not particular to our client's service providing. As you said most stores, there are some stores which are not facing this issue. Is it a single store that is not facing the decline or are there more than one?

There is only one store that is making more profit and is not facing a decline in revenue.

I would like to know the timeline and magnitude of the decline. For how long are these stores operating?

The stores have been operating for the past 10 years and the problem has been faced from the past three years.

When did the store in profit come into the race?

They started their store 6 years ago.

As you mentioned that the decline is in revenue, can you please confirm if the revenue from a specific product decreased or has the revenue from all categories of products declined?

The revenue from almost all the products has declined

Is there a decrease in footfall across the stores or decrease in basket size?

There is no decrease in footfall or basket size but, they are comparatively lower than the store in profit

Ok, Is there a big edge in profit or particularly the revenue generated?

The difference is in the net profit gained by the stores while revenue is comparable.

So do the competitors have more volume of products than our client or is the pricing of products of our client's stores less, comparatively?

That's a good observation. They have more volume and variety of products, and their selling price is slightly lower

So let me clarify, the revenue is similar but profit margins are higher for the competitor, which means the issue is on the cost side.

Yes you are moving in the right direction.

That's interesting. So, even after selling at less price they are earning more .This can lead to two observations, that either the supplier provides them with more quantity and diverse products or they have less expenditure. Ok, so can you tell me about the expenditure gap between your client's stores and the store in profit?

There's not much difference, but yes, our expenditure is a bit higher.

Ok then, let me start analysing the cost side. So, the major activities included in the cost side would be maintenance of the stores, cost price of goods, advertisement, and labour price. Which one of these would you like me to consider?

I would like you to consider the cost price of goods as maintenance and advertisement costs are minimal and labour costs are similar.

Great! That means the problem is on the supply side. Ok, how good is your communication with the suppliers? Are there any delays in receiving the products or any quality issues?

Retail Store - Interview Transcript

There are no quality issues, but there are delays in receiving of product in some cases.

Do all the retail stores nearby buy from the same supplier?

Yes, most of them including the store in profit.

Ok, do the suppliers have a significant market share in the industry? Are they a very well established brand?

Yes, they are a very well established brand in the market.

Ok, so that might be a reason due to which they could sell products at higher pricing and not deliver them as requested. The retailers won't be able negotiate with them due to their power in the market. But in that case even the store in profit must have been impacted, but that does not happen.

Yes you are right.

Does the store in profit get products before other stores?

Yes, they are the ones to receive the products before.

So what I think is maybe the suppliers provide exclusive deals and contracts to specific retailers like the store in profit and that results in a decline in the revenue of your clients' stores.

Ok, so how would you like to conclude and what would you suggest to the clients?

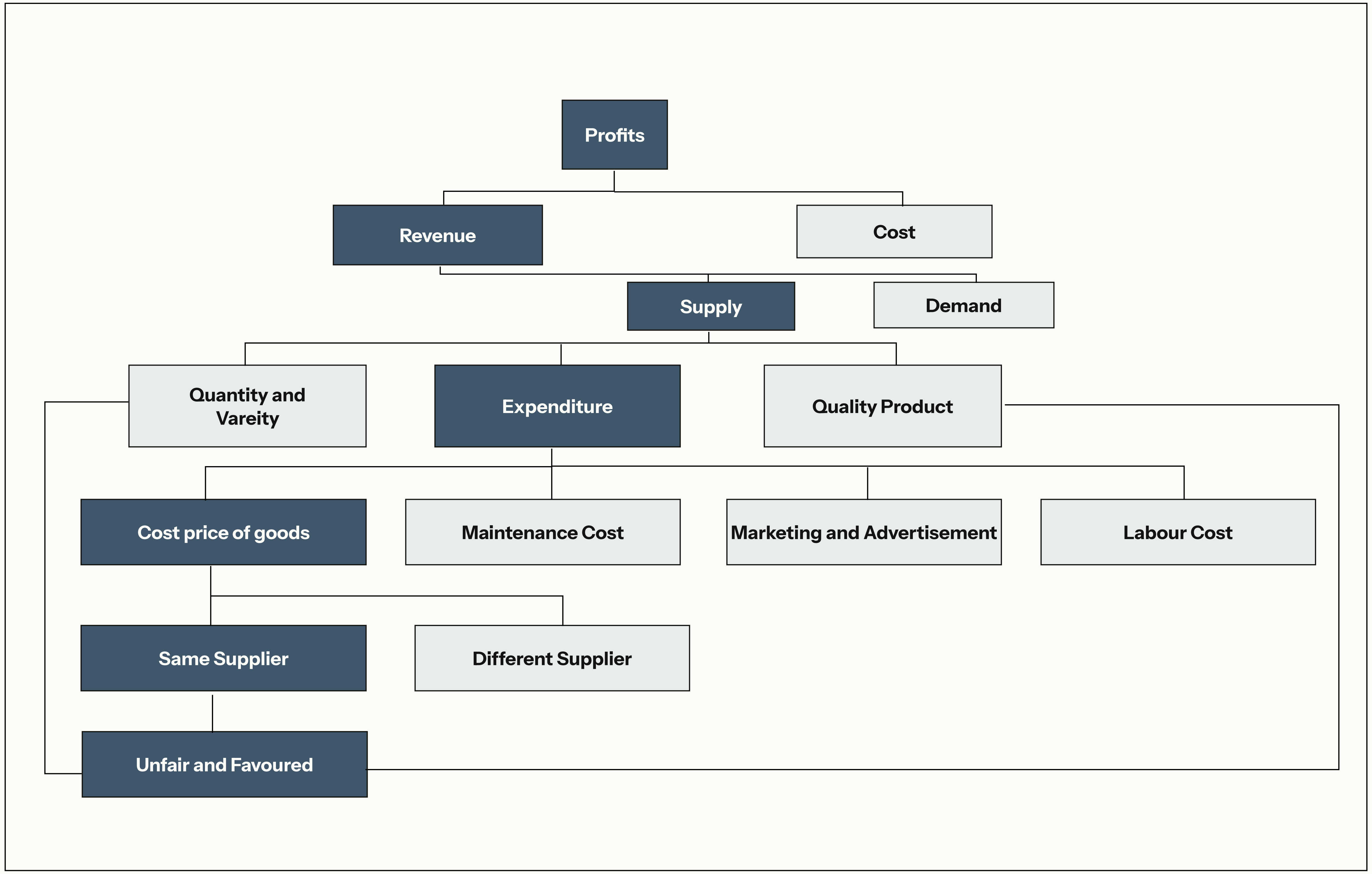
So, the market power of the supplier acts as an unfair advantage to them and their preference to the store in profit, by providing exclusive contracts (like more diverse products for lesser prices) leads to the decline of revenue of your chain of stores. My suggestion would be to buy the supplies from any other supplier or directly from the manufacturer itself considering the transport and other costs.

Ok thank you, we are done with the case.

Thank you.

Retail Store

Profitability | Revenue Decline | Moderate | Retail



Your client is a retail store owner. Recently Chain of Retail stores are facing decline in Revenue. They want you to analyze the causes and recommend solutions for the same.

Case Notes

- Client is a retail store owner.
- There is decline in revenue from past three years. There is only one store that is having more net profit.
- Each product is facing the decline in revenue and the client's expenditure is higher than the store in profit
- Issue is on the supply side, particularly the cost of goods and there are delays in receiving the product.
- Supplier is a very well established brand in market: This acts as an unfair advantage to them
- Supplier also provides exclusive deals to the store in profit.

Recommended Solutions

Short term:

- Implement a loyalty program that rewards regular customers.
- Timely Offers and discounts
- Host Clearance sales to move out older products and make way for new inventory.
- Gather feedback from customers to understand their concerns and preferences. Enhance online experience and community engagements (Eg: Omni-channels)
- Focus on factors like store layout, staff training, and customer satisfaction

Long term:

- Do not rely on one supplier and look for other suppliers.
- Consider experimenting with new store concepts/layouts that cater to changing consumer preferences.
- Cost Optimization: Review your operational costs and identify areas for optimization.

Observations/Suggestions

- It is essential to keep the products according to customer choices, hence regulation of products is necessary
- Calculate the net effect of reduction of prices on profit and the possible ways of increasing revenue from the convenience store
- Relying on a single supplier gives the supplier power and may lead to loss in business.

Gas Company - Interview Transcript

Your client is a leading gas company in India. It has been seeing a decline in profitability for the last 2 years. Analyze the causes for it.

To start with I would like to know more about our client. Which domain does it deal in, who are its clients what is its positioning in the value chain, and what geography does it deal in?

The client is a gas manufacturing company. It is a pan India-based company and not a regional one. It has clients in a lot of sectors like steel, food processing, medical, computer, construction, automotive.

Okay. Is the decline in profitability a industry wide problem or specific to our client?

It is specific to our client and others are doing pretty good.

I would like to know more about the different products that our client offers.

The client had been dealing with non-cryogenic gases for the last few years. Recently they have also entered into the cryogenic gases.

Okay. How long has it been since they started with cryogenic gases? Also could I know the market size and growth rate for the cryogenic gas industry?

It's been almost 3 years now since we entered into cryogenic gases. Coming to the market size it is almost $100 billion and growing at 7% CAGR.

Alright, that seems like a good industry to enter, so the issue might be with them entering into new products since after that period their profitability has started declining. Is the decline visible in the Non cryogenic sector as well?

The cryogenic sector has not been much rewarding for us, though the growth in non cryogenic sector has been steady and growing.

Okay. The decline in profitability could be due to issues on the cost or revenue side, but since we have just entered the new industry, I feel there could be an issue on the costs side, which part should I analyse first?

Yes you are right, you can proceed with Cost side analysis for now.

Sure. I'd like to look into their value chain first. Starting from raw material procurement, processing, storage & transportation, distribution and finally marketing.

Yeah these factors look fine , you can stick to the Storage and raw material procurement as of now.

Next, I would like to know which component causes maximum deviation from the costs.

Storage and raw material procurement costs seem to be an issue.

Okay thank you. raw material procurement could be divided into the cost of raw material, supplier contracts, and efficiency of usage. For storage, I'd like to look into packaging, warehouse costs and distribution costs. Should I analyse all of the aspects or is there an issue with only one of them?

The storage of these gases seems to be a bit complex and are causing concerns over profitability.

Okay. Could you provide me with information on how these gases are stored and what is the scenario for the manufacturers of such containers?

Sure. Cryogenic gases are stored at extremely low temperatures. Hence they require special, expensive containers to be stored in. There are limited manufacturers for such containers.

Okay. From what I see the costs of raw material procurement and the storage costs are high which does not compensate for the revenue.

Yes, you are right.

Can I have some data to understand how much are we spending currently on this storage and transportation, just to understand if it's viable.

The raw material costs are INR 22.5bn annually. Company has invested in specialised storage tanks and facilities, which incurs an annual cost of INR 2.5 billion .

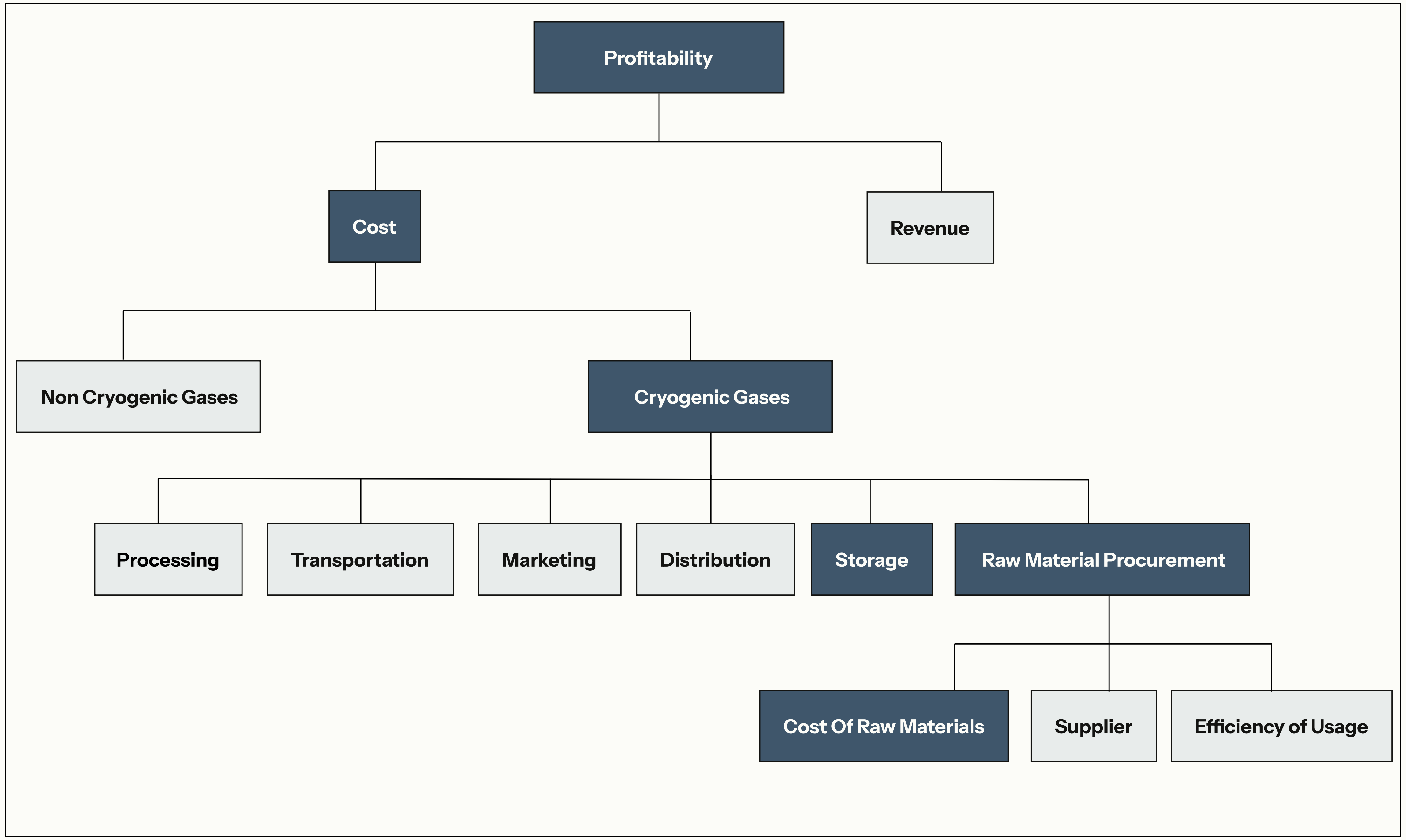
How are our competitors surviving in this industry sustainably?

Gas Company - Interview Transcript

The existing suppliers are already in long-term contracts with our competitors. so it is difficult to establish a new relationship with them. Also due to the limited suppliers, the bargaining power of suppliers is high.
Regarding our client is he aiming for instant profitability or looking for profitability over a long-term period of 10-15 years(to get an optimum contract from the supplier)?
The client is interested in instant profitability
As of now since there are no other alternatives, we will go for the exit option.
Okay. Please provide me with a rough guide for it.
Yes sure. Please provide me with the costs for the exit option.
For the exit option consider the following costs asset write-offs: 11.7 billion INR, employee severance: 2.34 billion INR, contractual obligations: 4.68 billion INR. The projected revenue for the business is INR 5.77 bn.
Sure. according to the data break even time = total exit costs / annual revenue = (11.7 + 2.34 + 4.68)billion / 5.77 bn = 3.24 years It would take approximately 3.24 years for the company to recover the exit costs through the projected annual revenue.
Okay, we can wrap the case here.

Gas Company

Profitability | Cost Inflation | Moderate | Oil & Gas



Your client is a leading gas company in India. It has been seeing a decline in profitability for the last 2 years. Analyze the causes for it.

Case Notes

- Client is a gas manufacturing company
- Dealt in Cryogenics but started manufacture of Non-Cryogenic Gases since last 3 years
- Seen decline in profits since last 2 years
- Extremely high costs of raw material procurement and storage
- Client interested in instant profitability
- Existing Suppliers are in long contract with competitors

Recommended Solutions

- Since the costs of raw material and storage vessels are extremely high we can get into long term contracts with the existing suppliers.
- However the client is not interested in long term profitability hence we are left with no other option but to go for exit option.
- With current annual revenue it will take the client almost 3.24 years to break even.

Observations/Suggestions

- Their are limited number of manufacturers for cryogenic gas handling equipments.
- The company could indulge in upsell of such equipment to its clients.
- This would help the company reach its break even point even faster.

Steel Manufacturer - 1 - Interview Transcript

Your client is a steel manufacturer facing declining profits; the client has asked you to find out why and recommend solutions.

I would like to confirm if I have understood all the critical aspects of the client's situation. So, our client is a steel manufacturer facing a decline in their profits and we have to find out why and recommend solutions to their problems.

That's right.

Okay. I want to ask a few preliminary questions before diving deep into my overall structure and strategy.

Okay. Let's go ahead.

Do we have any information on the quantum of profit decline and for how long they have been experiencing it?

Yes, the client is facing the decline of 20% over the 12-15 months.

So, is this decline specific to our client or is it an industry wide issue and whether the decline is specific to any particular geography?

No, only our client faces declining profits from all over the India, while others have been experiencing profits.

What kind of product do our client manufactures and in which geography they operate?

So, our client manufactures household furnitures like Wardrobes, Tables, and chairs. and their business has expanded across India.

In which part of value chain, does our client operates?

So, our client procures and manufactures the steel furniture and distribute it through various suppliers to the stores.

Okay, I have completely understood the objective of the problem.

Great. You've understood the situation well, how do you propose going about the solution?

Sure, I would like to look at the Profit = Revenue – Cost, and then I will deep dive into the various buckets under them.

Your structure seems good. Our cost have remained the same. Why don't you go ahead with the revenue?

Sure. I will break the revenue into three buckets, i.e., Number of units sold, price per unit, and the product portfolio. Do you want me to look at any specific bucket out of them?

Yes, please go ahead with the Product portfolio.

Sure. According to my data, our client manufactures three kinds of steel furniture. Do we have any data on the % revenue share by each product?

Yes, wardrobe has a significant chunk of 70%, while tables and chairs contribute about 15% each.

So, out of these three, have we experienced a decline in the revenue share from any product?

We have experienced a decline in every segment of the product.

I see. There is some problem with any aspect of the product.

What do you mean by the aspect?

So, for any product, there are two aspects: Qualitative and Quantitative. Qualitative consists of the raw materials and the efficiency, while Quantitative covers the price and the Number of units produced.

Sounds good. So, we have no issue with raw materials and the efficiency of the product. Also, there is no change in the Number of units produced.

So, now we can come to the price of the products. Do we have changed the pricing of our products?

No, our prices have not changed in the last two years.

Steel Manufacturer - 1 - Interview Transcript

So, does our competitors have changed their prices?

Yes, our competitors have slashed the prices of their furniture, causing our customers to buy products and causing a decline in our profits. Can you quickly suggest some solutions?

Sure, I have two types of solutions for our client.

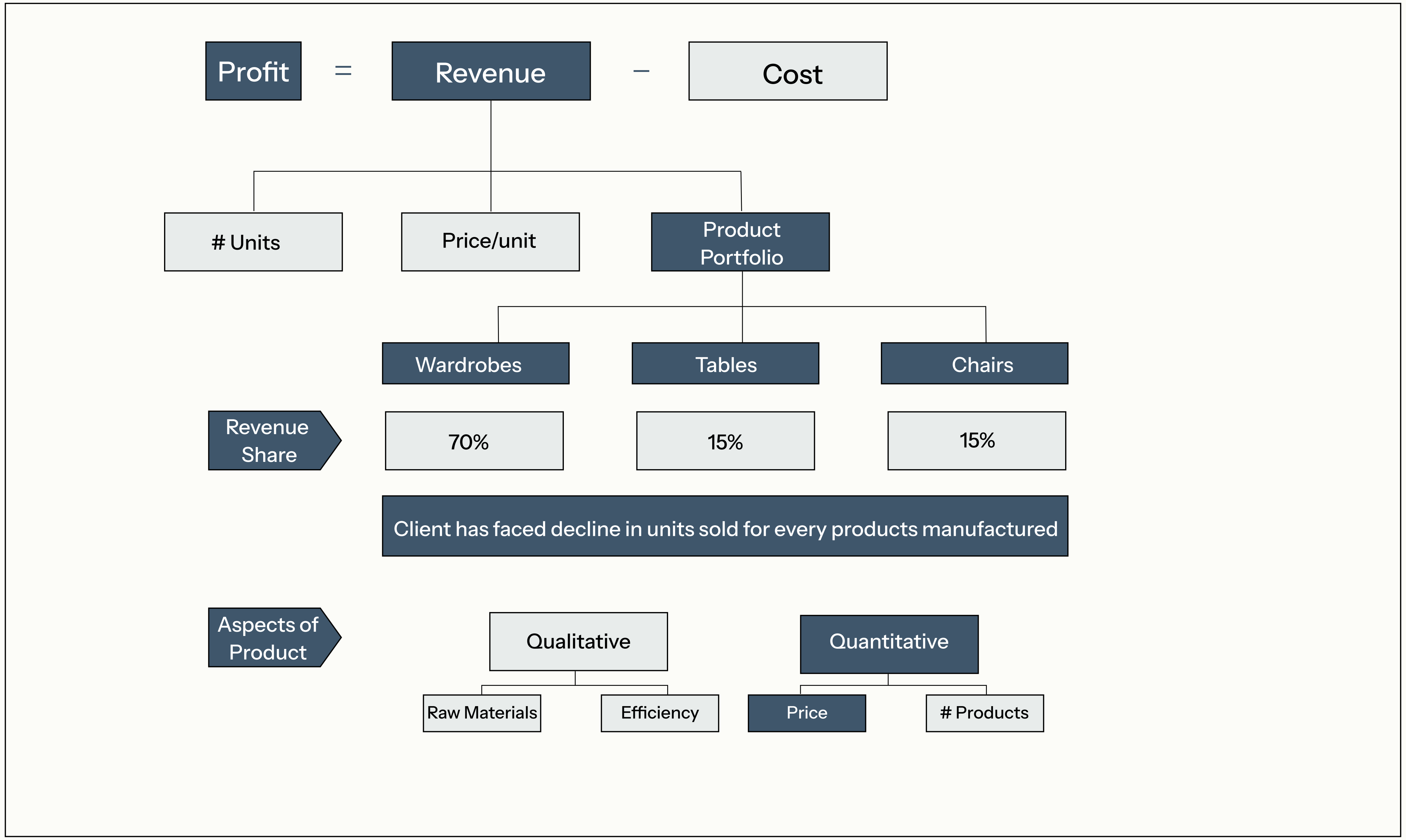
Short term:
Clients should match the prices of their furnitures with their competitors.
Client can give bundling offers like a free table or chair on the wardrobe purchase.
Clients can also offer non-monetary benefits to their customers.

Long term:
The client should try other cheaper but durable materials for furniture manufacturing
They should make their presence on the Online E-commerce platforms

Thank you. We can end the case here.

Steel Manufacturer - 1

Profitability | Revenue Decline | BCG Buddy Case



Your client is a steel manufacturer who is facing declining profits, you have been asked by the client to find out why and recommend solutions.

Case Notes

- Client is a steel furniture manufacturer
- Problem is declining profits of 20% over the past 12-15 months
- Each product is facing the decline in #units sold
- Client has no issue in their supply chain
- Competitor has slashed the prices of their products

Recommended Solutions

Short term:
- Client should decrease the price of the products and match with that of the competitor, considering the profit targets
- Client should sell their products in bundles

Long term:
- Explore the other materials for furniture
- Increase the online presence

Steel Manufacturer - 2 - Interview Transcript

Your client is a steel manufacturer facing increasing Costs; the client has asked you to find out why and recommend solutions.

Before preliminary questions, I would like to reiterate the facts and objective of the case.

Sure, go ahead.

Okay. Our client is a steel manufacturer facing the problem of increasing costs and we have to find out why and recommend solutions to their problems.

Yes, correct.

Do we have any information on the quantum of cost increase and for how long they have been experiencing it?

No, we do not have any data on that.

Okay. Is this increase in Cost specific to our client or an industry-wide issue and whether this issue related to any specific geography?

No, this is limited to a specific manufacturing unit in a tier 2 city of our client only.

In which part of the value chain, does our client operates?

So, our client procures and manufactures the steel furniture and distribute it through various suppliers.

Okay, I have completed my preliminary questions. Give me a couple of minutes, and I will be back with my approach.

Sure, take your time.

Okay, I would like to look at the Cost and dive deep into the various buckets under it. Cost broadly includes two buckets, i.e., Fixed Cost and Variable Cost.

Your strategy seems good. Can you elaborate on the two buckets?

Sure, the fixed Cost includes the labour wages, electricity bills, and rents, while variable Cost includes the raw materials, R&D and machinery.

Okay. We have no issue with the fixed Cost. Can you look at the variable costs?

Sure, coming to the variable costs. Do we have any data on the changes?

Yes, our spending on raw materials has increased in the past few months. Can you analyse why are we facing such issue?

Sure, I will analyse the four major segments of raw materials, which include Suppliers, Cost of raw materials, wastage and contracts.

Your segment seems good. Can you go ahead with the wastage section?

Sure. Regarding the wastage, I want to understand the types of raw materials used while making the steel.

In steel manufacturing plants, manufacturers need four primary raw materials: Iron Ore, Coal, Iron and limestone.

I see. Do any of them have seen any changes or increase in the wastage?

Yes, the wastage of coal has increased over time. Can you find out the reasons for this?

Sure, with this, we can move the coal's overall journey from its supplier to its end product. For this, I will segment the journey into two segments, i.e., pre-processing and during-processing.

Can you elaborate on these two segments broadly?

Sure, pre-procession will include the supply of coal from the supplier's location to the client's location, loading, unloading, and storage, while during processing, it will include the use of coal in the steel industry.

Interesting. Let me tell you that we have experienced the wastage of coal while transporting it to the client's location. Can you look into that?

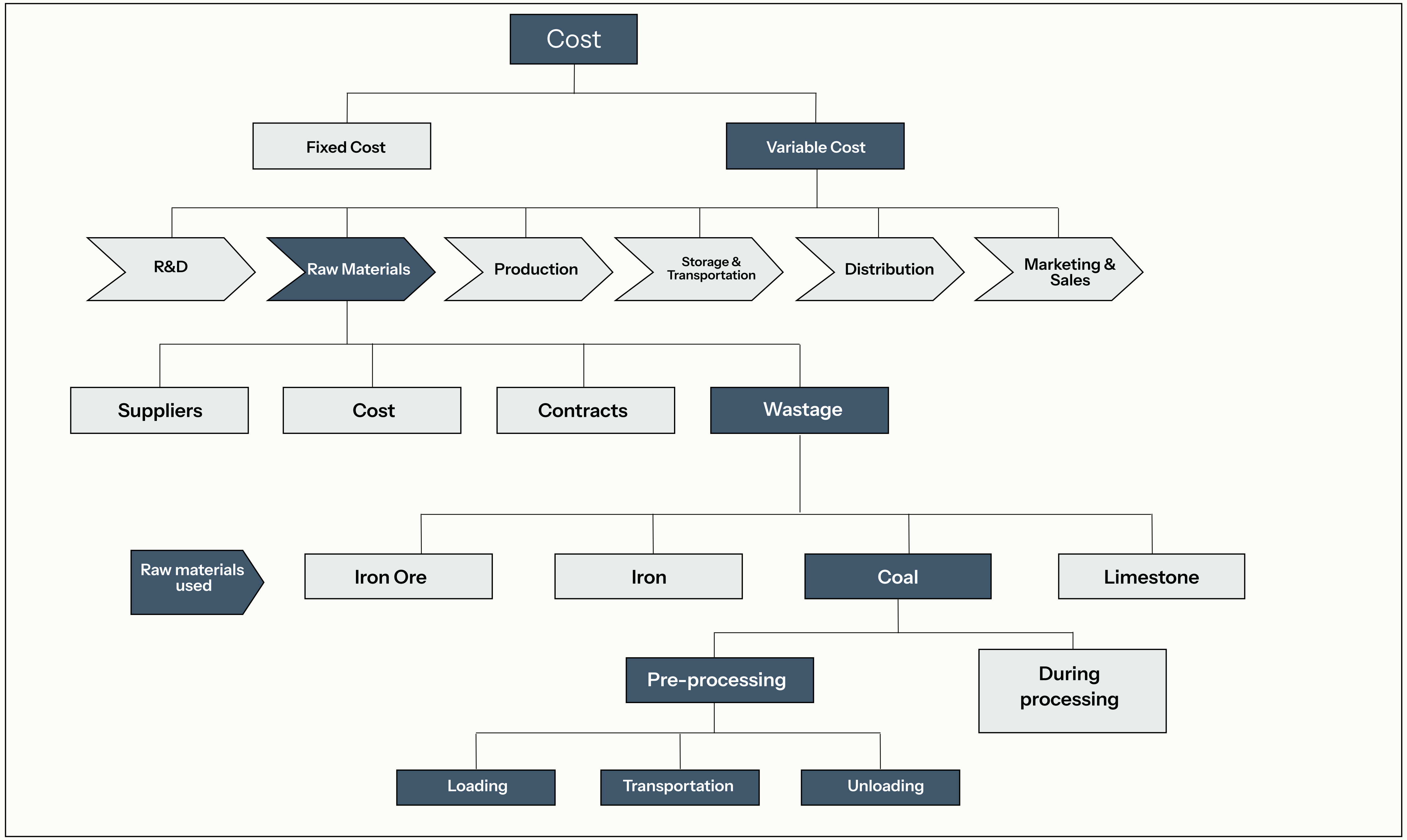
Sure, I want to understand the location of the client's manufacturing unit in the tier 2 city.

Steel Manufacturer - 2 - Interview Transcript

Client’s manufacturing unit is located inside the city where coal is transported from the place outside the city.
So., the wastage of coal must have increased due to the long transportation time.
Yes, our supplier is based outside the city, which has caused this wastage. Can you suggest some solutions for the same?
Sure, I have two types of solutions for our client. **Short term:** The client should use small containers to store the coal while supplying The client can change their vehicle to a closed one. **Long term:** The client should look for suppliers based in the city.
Thank you. We are done with the case.

Steel Manufacturer - 2

Profitability | Increasing Costs | BCG



Your client is a steel manufacturer who is facing increasing cost, you have been asked by the client to find out why and recommend solutions.

Case Notes

- Client is a steel manufacturer
- Problem is increasing cost
- Usage of raw material has increased
- Client's manufacturing plant is in the middle of the city
- Transportation of coal to a longer distance has increased the wastage

Recommended Solutions

Short term:
- Client should use closed boxes/containers to transport the coal to their manufacturing unit

Long term:
- Client should contract with the coal supplier based in the same city

Tractor Manufacturer 1 - Interview Transcript

Your client is a luxurious tractor manufacturer who is facing loss from the past 6 months, you have been hired as a consultant to find out the reason and suggest some solutions.

Before moving forward, I want to reiterate the case that our client is a premium Tractor manufacturer facing loss from the past 6 months and we have to find out why and recommend solutions to their problems.

Yes, correct.

Do we have any information on the quantum of loss?

No, we do not have any data on that.

Okay. Is this loss specific to our client or an industry-wide issue?

No, this is limited to our client only. Our competitor is enjoying profits.

In which part of the value chain, does our client operates?

So, our client manufactures the Tractors and distributes them through various suppliers.

You have mentioned that the Tractor is a premium product, so what features make it a premium product?

Our Tractors are an example of state-of-the-art manufacturing and provide various features that make them run on any kind of field in adverse weather conditions.

Coming to the various parts of the Tractor whether our Client manufacture all parts or they have to outbound them?

Good question, The Client manufactures most of the essential parts but they have to outbound some parts to the third-party manufacturer

Okay, I have completed my preliminary questions. Give me a couple of minutes, and I will be back with my approach.

Sure.

Okay, I would like to propose my strategy that, first I will look at the Profit = Revenue - Cost and dive deep into the various buckets under it.

Your structure seems exhaustive. Please proceed ahead.

Sure, do we have any idea whether the Client has faced a decline in their revenue or an increase in cost?

Actually, the Client is facing both issues and wants you to analyze both. Why don't you go ahead with the cost?

Sure. Cost broadly includes two buckets, i.e., Fixed Cost and Variable Cost where the fixed Cost includes labor wages, electricity bills, and rents, while variable Cost includes the raw materials, R&D, and machinery.

Okay. We have no issue with the fixed Cost. Can you look at the variable costs?

Sure, coming to the variable costs. Do we have any data on the changes in any of the aforementioned buckets?

Yes, our spending on raw materials has increased in the past few months.

So, with this, we can come to the raw materials buckets, where I will analyze the two major segments, which include Insourcing and Outsourcing.

Your segment seems good. Go ahead.

Sure, out of the Insourcing and Outsourcing, do we have experienced any increase in the cost?

Yes, we have seem a significant increase in the cost of outsourcing the spare parts. Why don't you analyse it?

Yes, as you have mentioned our Client outsources some essential spare parts, so I want to ask whether our Client has increased the import of such parts or the third-party manufacturer have increased the prices

There is no change in our demand, third-party manufacturer has increased the prices of the spare parts. Can you look into this further?

Tractor Manufacturer 1 - Interview Transcript

Sure, since there in no change in the demand side and the issue is related to the increased prices of the spare parts, there could be two reasons, i.e., first- either the raw materials cost have increased or the second- change in the spare parts. Do we have any idea about what has changed?

Yes, our client has changed some parts and manufacturing these parts requires special machinery which has increased the cost. Why don't you analyse the Revenue segment now?

Sure, coming to the Revenue, I can broadly divide it into segments, i.e., # Units Sold and Price per Unit. Does this seems to go ahead?

Your segmentation seems good, our prices have remained same but the # units sold have declined. Can you look into that?

Sure, since the number of units has decreased, thus either the supply has decreased or the demand has decreased.

There is no issue with the demand of Tractors as they are unique and outperform other competitor's model

So, with this we will reach to the Supply side issue. Since, we are facing the loss for the last 6 months, so whether we have made some significant changes in the Tractor?

Yes, Client has slightly modified the Tractors and now our tractor requires the new parts and our supplier is not able to meet the demands. Can you analyse why?

Sure, with this we can come to the supplier issue. Since, there is significant changes in the spare parts the supplier is not able to meet the demand and is charging higher prices from the client.

Yes, your assumption is correct. Can you further look into this issue that why supplier is exactly not able to meet the demand?

Sure, I want to understand that how much time did it take to make the new spare parts?

The newly designed parts requires no significant time to manufacture them. Rather, the manufacturer needs some new machinery to manufacture those parts and we have not informed them prior.

Okay, so the outsourcing personnel has not informed the manufacturer about such changes in the parts and now they are facing the supply issue.

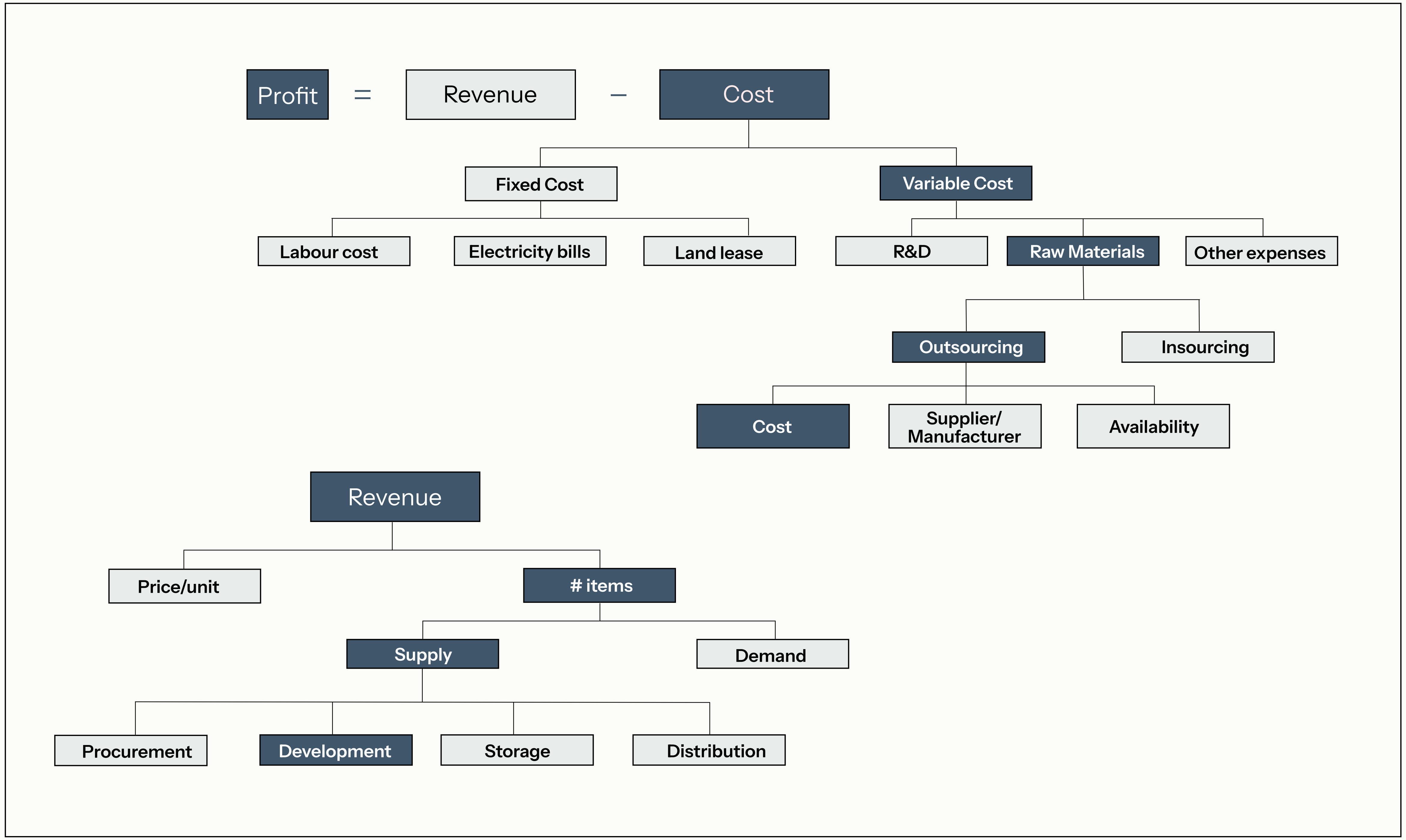
Yes, correct. Why don't you conclude the case with some recommendations?

Sure, I have two types of solutions for our client.
Short term:
Client should order the spare parts in advance to meet the demands of the Tractors
Long term:
Client should look at the possibilities of manufacturing the spare parts in their own units

Thank you. We can close the case.

Tractor Manufacturer - 1

Profitability | Increasing Costs & Decreasing Revenues | BCG



Your client is a luxurious tractor manufacturer who is facing loss from the past 6 months, you have been hired as a consultant to find out the reason and suggest some solutions.

Case Notes

- Client is a premium Tractor manufacturer
- Problem is increasing cost & decreasing revenues
- Client has recently changed some spare parts which has a premium price
- Manufacturer finds it difficult to meet demands of the spare parts
- Manufacturing new spare parts requires special machinery

Recommended Solutions

Short term:

- Client should order the spare parts in advance to meet the demands of the Tractors

Long term:

- Client should look at the possibilities of manufacturing the spare parts in their own units

Tractor Manufacturer 2 - Interview Transcript

There is a tractor manufacturing company that has a capacity of 5000 tractors per month. However, it was producing 3000 tractors per month to keep up with the market demands. Over the past 6 months, demands for tractors have increased, yet we are not able to ramp up our production to 5000 tractors per month. Suggest possible reasons and recommendations.

The key problem I need to focus on is finding the issue with declining revenues from tractor sales. Is there any other objective I need to keep in mind?

No, currently we can focus on increasing our revenue only.

I would like to know if this issue is prevalent throughout the industry or it's specific to our client alone.

The remaining competitors are doing good in this space, the issue is observed only with our client.

Okay, I would like to know about our client a bit more, what are the different products they produce in the factory?

The company is producing only one type of tractor as of now.

I would like to explore the supply chain of producing the tractor, starting from pre-production to production and then post production.

Yeah seems like a good approach, you can proceed further.

Tractors are manufactured by designing specifications, sourcing components, assembling on a production line, integrating electronics, applying paint, conducting quality checks, and final inspection. The finished tractors are then distributed to dealerships or customers, often with additional reviews and training before delivery. Is there any particular part you'd like me to look upon?

You can focus on the Production part as of now as that's the main issue we are facing.

Okay, in the Production part, I'd like to focus mainly on Capacity utilisation of the machines, working staff and operational costs pertaining to the factory. Is there any issue observed in any of these?

Dive into capacity utilization and working staff aspects of production as of now.

Regarding capacity utilization, I'd like to first know the number of machines that are in use and the number of functional hours per machine.

There are around 5 units. Each produces 600 tractors. And all can produce up to 1000 tractors, you can assume that each machine works for around 10 hours per day as of now.

Okay, I'd like to know if there is any constraint that our client is facing right now to not produce according to our maximum capacity.

Since the demand has suddenly surged up now, the client was lacking the enough staff to increase their production.

Right, that makes sense, I feel that the client should recruit more staff as the demand has gone up and also invest in educating and training them so that we can increase our capacity utilization of the existing machines. I'd like to know how are our competitors facing this sudden increase in demand.

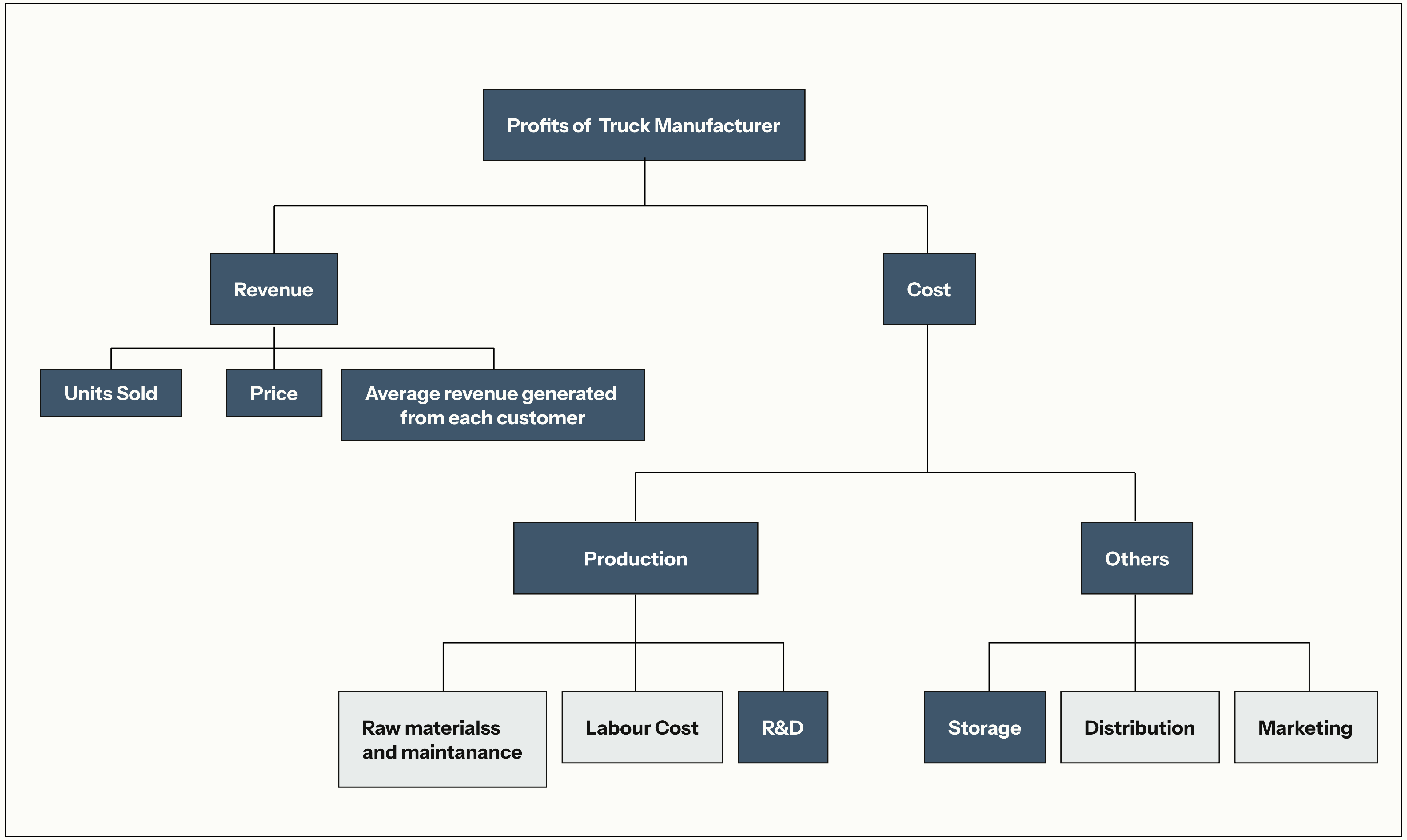
Okay that's a good point. Regarding our competitors, we don't have much information but they are doing good. How do you think we can reach at the right amount of production so that we can attain the maximum market share?

The short term goal should definitely be to increase the trained staff so that we can match the sudden increase in demand and for the long term goals, we should analyse the data driven trends to estimate the demand, so that we can have enough inventory in the stock while everyone would be busy in matching the increase in demand, this could be done with more staff(regular upskilling) and increase in advanced machines under our company and thus have a competitive price in the market by attaining economies of scale.

Yes that seems fine, we can wrap the case here.

Tractor Manufacturer - 2

Profitability | Revenue Decline



There is a tractor manufacturing company that has a capacity of 5000 tractors per month. However, it was producing 3000 tractors per month to keep up with the market demands. Over the past 6 months, demands for tractors have increased, yet we are not able to ramp up our production to 5000 tractors per month. Suggest possible reasons and recommendations.

Case Notes

- Client is a tractor manufacturer
- Problem is unable to ramp up production
- Demands for tractors have increased
- The manufacturing company has a capacity of producing 5000 tractors per month

Recommended Solutions

Based on the analysis, the main problem seems to be a combination of production issues, supply-side constraints, and potentially inefficient processes. These factors collectively prevent the company from reaching its full production capacity of 5000 tractors per month, despite increased demand.
Addressing these issues through improved production processes, equipment upgrades, and workforce training would likely be the key to resolving the company's challenge of meeting market demand.

Observations/Suggestions

- It's essential to find the key reasons for not be able to ramp up production
- Calculate the net effect of reduction of prices on profit and the possible ways of increasing revenue from the convenience store
- Develop equation between x and y and find desired relationship

Airport Taxi - Interview Transcript

Dubai Airport is retracting all existing permits and is issuing 2,100 new permits to the three largest operators in the country. Our client is a local Big-three taxi operator with a 3,000-car fleet, but he is not servicing the airport yet. He has a spare capacity of 500 taxis and he is considering applying for 500 new permits. He asked us to help him determine if he should pursue applying for the permits or not.

What is the target profit for our client?

Our client is looking for an investment target of 20% ROI over 1 year.

Okay, so I would like to dive into the revenues first. On average how many passengers use the airport and how many of them go into Dubai?

The airport has 84 million passengers per year, and 20% go into Dubai using a taxi, the remaining 80% are transit passengers

Is there a variation between amount of passengers overnight and during the day?

Yes, Between midnight(12 AM) and 6 AM, 50% require a taxi (this takes into account multiple passengers sharing a taxi). Between 6 AM and 12 AM(over a duration of 18 hours), the other 50% require a taxi (this takes into account multiple passengers sharing a taxi).

Alright, how are the fares for the two respective timings?

The night fares are $80 and the day fares are $70. The taxis operate 24/7 - assume no need for fuel, maintenance, or traffic jams.

How long is the journey of the passenger on average?

Every trip takes 60 minutes to leave the airport and get back.

Calculating the demand for taxis, during the night, there are 50% * 20% * 84,000,000 = 8,400,000 passengers per year which is 3,835 passengers per hour. During the daytime, there are 50%*20%*84,000,000=8,400,000 passengers per year which is 1,278 passengers per hour. As it is known that there is a supply of 2100 taxis expected to be available during this time, we can see that there is almost a 61% utilization during the daytime (1278/2100) (61% assuming the taxis travel with individual passengers).

Right. And what is the actual revenue per taxi?

The daily revenue of one taxi is (6*$80)+(18*$70)=$1,740. The annual revenue of 500 taxis is (500 * $1,740) * 365 = $317.5 m. This revenue calculation assumes that the taxi utilization is 100%.

Seems right. You can dive into the costs now.

Right so breaking this into different buckets, for our client, there are Operating costs, License costs, and Driver Costs. What are the general costs per cab for each of these buckets?

So, drivers get 50% of the revenue instead of a salary. The operating costs are $5,000 per cab per year, and the license costs are $250,000 per cab paid in advance as a one-time fee.

So the total payroll comes out to 50% * $317.5 m = $158.8 m. The operating costs are $5,000 * 500 = $2.5 m, and the total license costs are $250,000 * 500 = $125 m.

The calculations seem valid. Proceed with the ROI calculation.

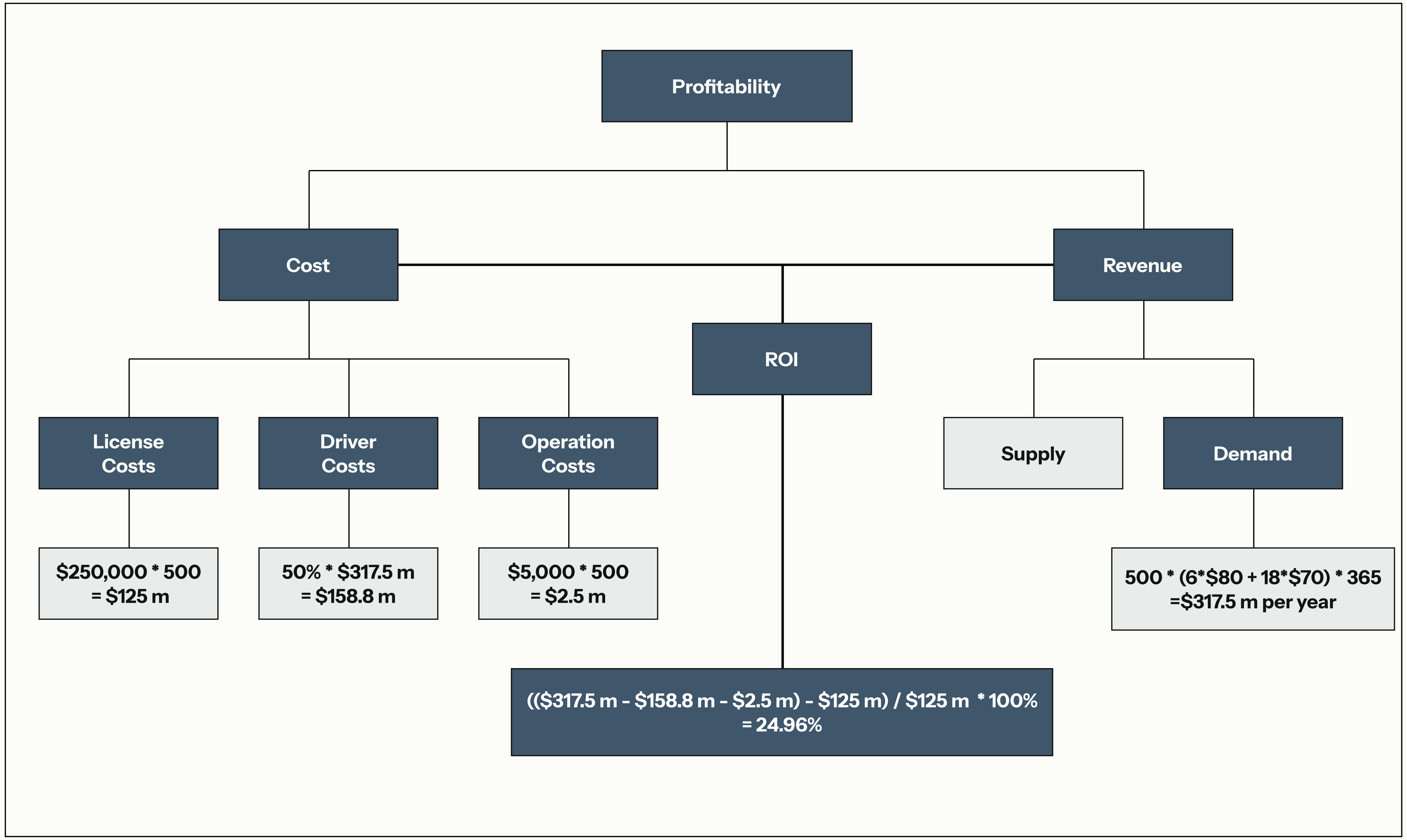
Right, so the total earnings over the 1 year is $317.5 m - $158.8 m - $2.5 m = $156.2 m. The ROI : (($156.2 m-$125 m)/$125 m)) * 100% = 24.96%. So our return is an estimated 25% for the first year. Since the license costs are a one-time payment, the ROI will increase to 125%.

So what would be your final decision based on these calculations?

Since the expected ROI was 20% and the calculated ROI is 25%, the client should consider investing and pursuing this opportunity.

Airport Taxi

Profitability | Easy | Taxi Services



Dubai Airport is retracting all existing permits and is issuing 2,100 new permits to the three largest operators in the country. Our client is a local Big-three taxi operator with a 3,000-car fleet, but he is not servicing the airport yet. He has a spare capacity of 500 taxis and he is considering applying for 500 new permits. He asked us to help him determine if he should pursue applying for the permits or not.

Case Notes

- ROI per year = (Earning over a year - investment per year) / investment per year * 100%
- Profit (Earning per year) = Revenue per year - Cost per year
- For the costs go into the value chain analysis
- Supply and demand side approach for the revenue calculation

Recommended Solutions

- The client should consider the investment opportunity as the ROI is approximately 25% which is 5% greater than the expected (20%) ROI.

Observations/Suggestions

- The utilization calculation is an important addition to the overall calculation as it gives insights on how the demand varies over the time-period which is crucial for decision-making.
- The utilization percentage could've been included into the solution and recommended that the client supplies different amount of taxis respective to the timings, but since it is an overall lease-based system, it could cause troubles and can be deemed not feasible.

Energy Drink - Interview Transcript

Your client is a FMCG company manufacturing energy drinks. Initially the client had a market share of about 98% which has now reduced to 50%. Find out the reasons for the possible dilution in market share and also suggest measures to regain the market share.

Before starting off with the case, I would like to begin by asking a few questions. What is the exact product line of the company and where does it operate?

The company manufactures only one type of energy drink and it is based in India.

How long has it taken for the company's market share to decline from 98% to 50%?

The time of decline has been about 5 years for the company.

Who is our target customer when it comes to this energy drink?

The company has a specific type of customer segment to which it caters.

Market Share depends on the industry size and the revenue of the company. Do we know what has changed in the past 5 years?

The industry is not growing at all, in addition to which the revenue has decreased.

The revenue would in turn depend on the number of units sold and the price per unit. Since the revenue has decreased, we could say it is due to one of these two. Has the number of units being sold decreased?

That is indeed, correct. The number of energy drinks being sold has gone down in the 5 years which has led to a decrease in the revenue.

The number of units sold would be affected by the customer needs, affordability, accessibility and the customer experience. Customer needs would imply how much demand is there for the drink amongst the customers, affordability would imply benchmarking our product to that of our competitors. Accessibility is how easily a customer can reach our product. Customer experience could possibly revolve around the product design and the taste.

That's a good approach to break down the problem. The problem lies with the affordability of the product. Our competitors are able to provide the drink at a lesser price.

This could be a possible cause of the loss of market share, since it is directly affecting our revenues. Since the problem mainly lies with affordability, do we have any information related to the pricing of the products?

Our product has a selling price of 966 Rupees per unit which has been the same throughout the years, whereas our competitor is able to sell at 874 rupees per unit.

Since we're selling at a higher price, it could imply that we are incurring more costs per unit sold. I believe that costs will be incurred at every step of the value chain, which will be of two types essentially - fixed costs and variable costs.

We incur a cost of 366 Rupees per unit when it comes to our raw materials. In addition to this, we can broadly sum the costs over the production into fixed and variable. For every unit produced, we have a fixed cost of Rupees 178 and a variable cost of Rupees 166.

In order to optimize our costs, we can benchmark them against that of our competitor. Out of the three types of costs given, which type of costs is seeing the maximum amount of deviation?

The raw materials and variable costs, both per unit are almost similar to our costs and do not play a major difference. However, the fixed costs per unit of our competitors are much lower than our costs.

Fixed costs are usually independent of the total number produced - they would depend on other operational factors. Thus the fixed cost per unit could go up if we have been inherently producing less than that of our competitors. Since our competitors are able to produce more, it is possible that they might have achieved economies of scale.

Good observation! We have been producing less than our competitors. Could you suggest possible causes for our production being lesser than that of our competitor's?

Energy Drink - Interview Transcript

To assess this, we can look at the value chain of our company. We can divide the value chain into three major parts- pre-production, production, post-production. The pre-production part involves research and development, sourcing of raw materials and inbound logistics. The production part involves the actual conversion of the raw materials into our product and its packaging. The post production part involves outbound logistics and marketing.

Let us look at the problems associated in the sourcing of raw materials and production.

For sourcing of raw materials, it is possible that the amount and quality of raw material that we are effectively getting has gone down, which is leading to lowered production. For the producing and packaging part, there might be a problem of capacity utilization or the number of machine cycles that are being run for production.

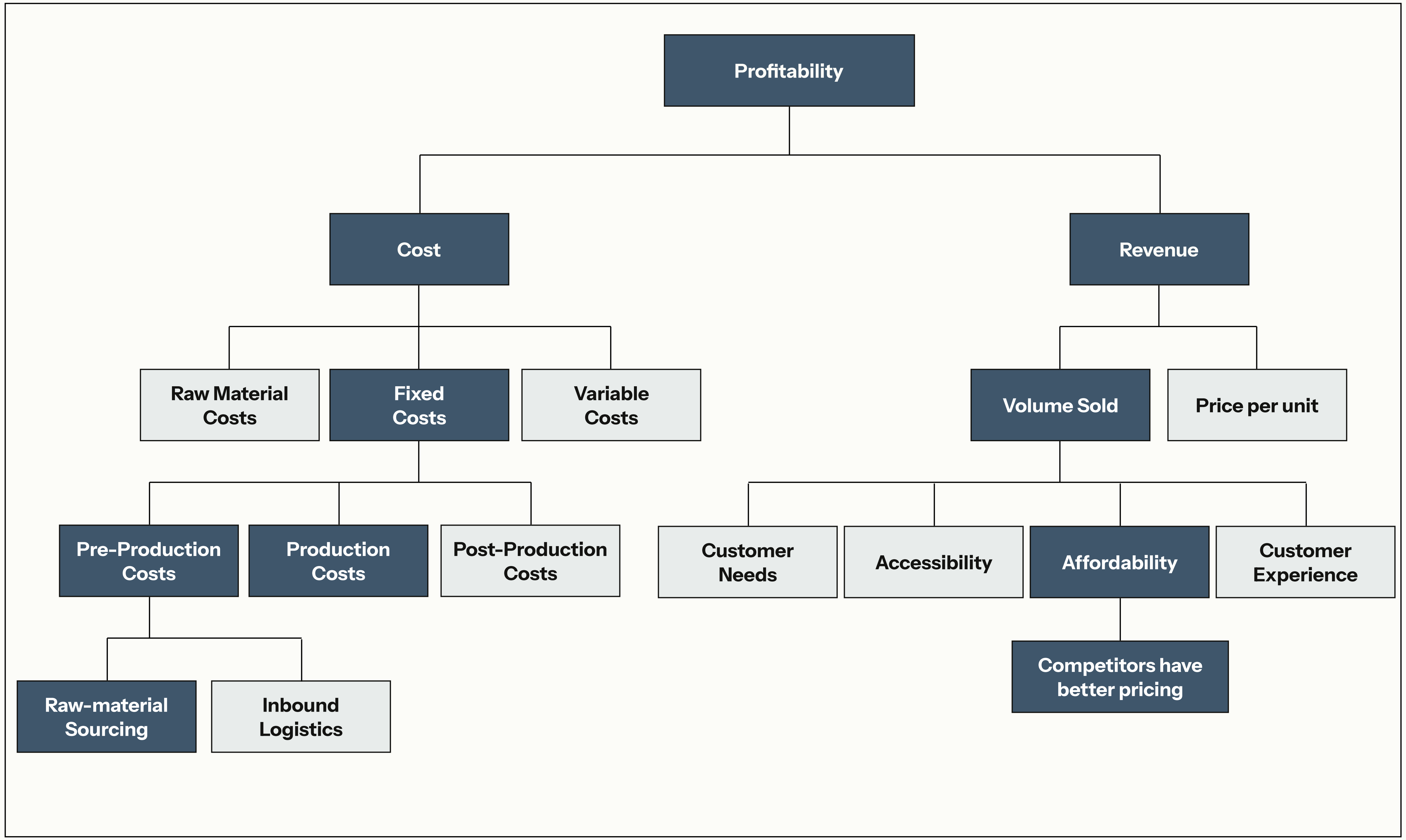
What would you recommend as solutions for these problems?

For the problem with the sourcing of raw materials, we could negotiate better deals with the suppliers for better raw materials. In order to produce more, we could ensure maximum capacity utilization and that the machines are running at optimum number of cycles.

Good points, that concludes the case! Thank you.

Energy Drink

Profitability | Moderate | FMCG



Your client is a FMCG company manufacturing energy drinks. Initially the client had a market share of about 98% which has now reduced to 50%. Find out the reasons for the possible dilution in market share and also suggest measures to regain the market share.

Case Notes

- Two types of approaches, a growth type approach and a profitability type approach are possible but with clarifying questions -> profitability.
- A proper MECE dissection of the problem will lead to optimal results.
- Volume sold is broken into needs, accessibility, affordability, and experience, a proper end to end product experience.
- Costs can be broken into Raw Material, Fixed, Variable costs.
- Fixed costs is broken into pre, during, and post production which follows a proper production cycle.

Recommended Solutions

- Negotiate better deals with the suppliers for quality raw materials to improve raw material sourcing.
- Ensure maximum capacity utilization and that the machines are running at optimum number of cycles to improve production.

Observations/Suggestions

- The framework followed was standard but very extensive and broke down each segment into perfect MECE segments.
- Raw Materials costs could've been included into the fixed/variable costs components.
- The product life cycle type of volumes sold breakdown was very good rather than supply and demand approach as it could've gotten more complicated to arrive at the better competitor pricing issue.
- Identification of the problem was done fluidly.

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Market Entry

Interview Transcripts

Perpetual Motion Invention - Interview Transcript

Your client, a renowned scientist, has set his sights on creating the world's first perpetual motion apparatus. He's eager to explore potential markets for monetizing this invention, particularly in Europe. He's also curious about the potential earnings in the first year. How would you approach this scenario?

To begin, could you please furnish me with some details about the functionality of the technology, its associated costs, the availability of building materials, the machine's dimensions, and its efficiency?

Certainly. The machine's construction costs amount to approximately $1,000. It's capable of perpetually powering a small fan without any external energy source. However, it weighs 30 kg and occupies a space of 1 m3. All the required materials are readily available. Additionally, the scientist believes that with technical enhancements, the technology could eventually produce twice the energy at a quarter of the weight and size.

Thank you for that information. From what I can gather, the machine is quite sizable and heavy, yet it generates only a modest amount of energy. Even with potential improvements, it's unlikely to yield significantly more energy than it currently does. However, its scalability could allow more power generation.

You've captured the essence well. Please proceed with your analysis.

Certainly. To delve into the monetization prospects, could you please provide me with the potential applications of this technology?

Certainly. The primary applications include Power Plants, which are vital as they cater to the majority of a city's energy needs and are not constrained by size or weight. Another avenue could be transportation though due to its bulk, it's limited to large ships. This technology might not be suitable for smaller energy demands, but it could find a place in larger-scale requirements such as farms and islands.

Thank you for outlining the applications. It seems clear that despite not requiring fuel, the machine's weight and size constraints could limit its practical applications. As such, the primary market appears to be power plants.

Your deduction is on point. Proceed with your calculations for the first year's revenue

Certainly. To calculate the revenue, I'll start by estimating the market size. We have two customer categories:
Households and Government/Industries. With a European population of 500 million and an average family size of 4, we have 125 million families. Assuming a $40 monthly electricity bill per household, the Household market size is $40 * 125 million, equating to $5 billion per month. Assuming similar energy spending by Government/Industries, the total market size becomes 2 * $5 billion * 12 months, or $120 billion annually. If we consider that we can build power plants to meet 5% of the total market demand within the first year, the projected revenue for the initial year would be 0.05 * $120 billion, amounting to $6 billion.

Your revenue projections seem reasonable. Please proceed with the feasibility analysis of the project.

Certainly. To assess feasibility, let's calculate the Net Present Value (NPV) of the Project. Could you provide the power output, plant lifespan, selling price of electricity, and the discount factor?

Each power plant generates 50W of energy and sells it at 20 cents per kWh. The plant's lifespan is 20 years, and the discount rate stands at 5%

Understood. For each power plant, the revenue generated per hour is 0.05 kW * 20 cents/kWh, which is 1 cent/hour. Therefore, the annual revenue per plant is 1 cent/hour * 24 hours * 365 days, totaling $87.6. This leads to a Present Value of $1,091.69 and an NPV of $91.69. This positive NPV indicates that the project is likely to generate favorable cash flows over its lifetime.

Your financial analysis is sound. Are there any potential risks or concerns associated with this venture?

Absolutely, there are a few notable risks. The risk of technology replication is substantial, so it's advisable for the scientist to promptly secure a patent for the invention. Moreover, swift improvements should be prioritized to enhance the return rate. Collaborations with major energy firms and venture capitalists for financial support would be strategic. Given the large-scale requirements of power plants, economies of scale could also be leveraged.

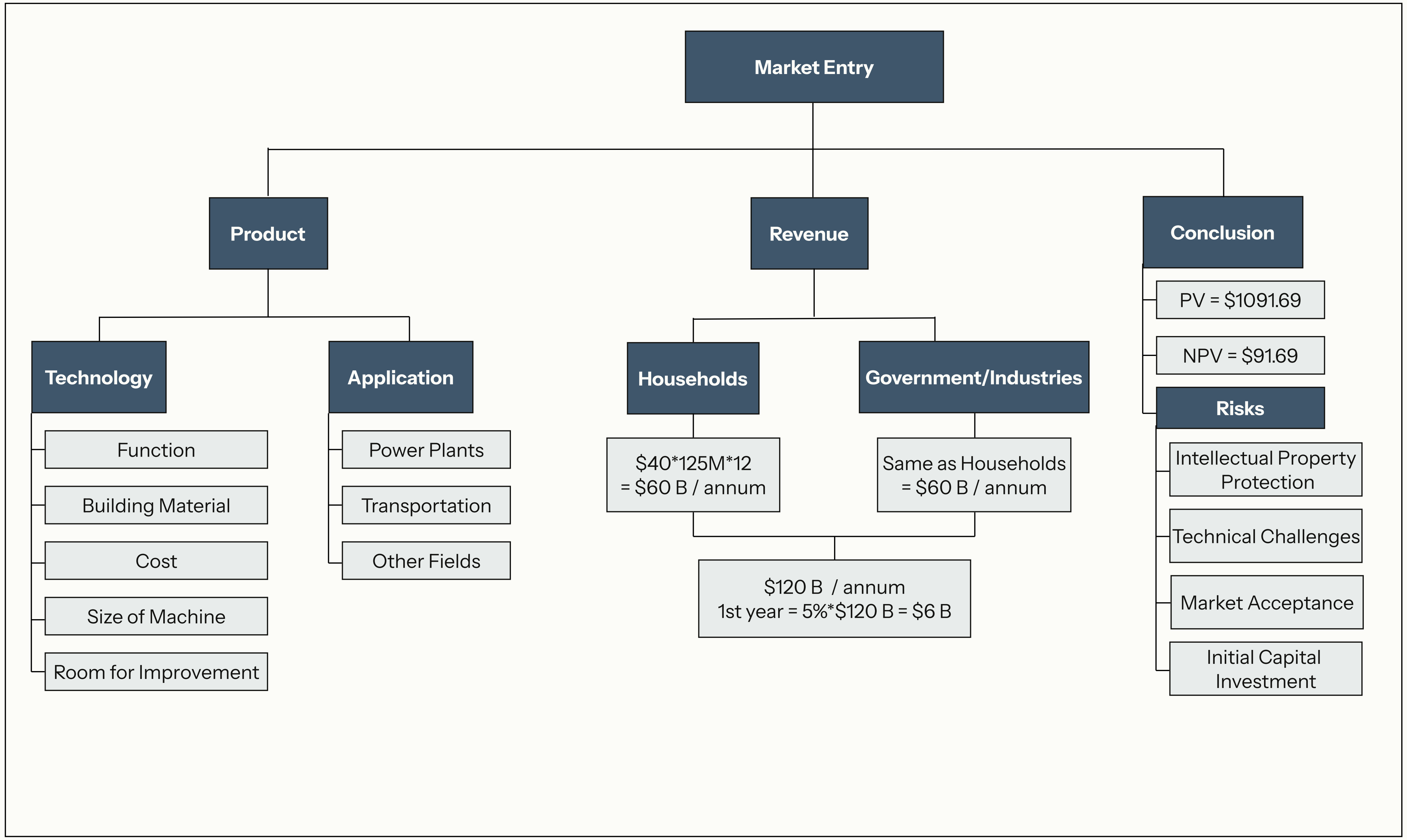
Your risk assessment seems comprehensive. Do you have any final recommendations?

Certainly. Given the novelty of the technology and the significant market potential, I recommend pursuing this project. However, it's crucial to prioritize rapid enhancements and secure substantial capital investments for successful execution.

Your approach is well-structured and comprehensive. We can conclude this case study here.

Perpetual Motion Invention

Market Entry | Advanced | Miscellaneous



Your client, a renowned scientist, has set his sights on creating the world's first perpetual motion apparatus. He's eager to explore potential markets for monetizing this invention, particularly in Europe. He's also curious about the potential earnings in the first year. How would you approach this scenario?

Case Notes

- The client is a Scientist who has recently invented a Perpetual Motion Apparatus.
- He wants to market his new invention.
- He wants to know about the feasibility of the project and revenue in the first year.
- The product is new, and the market size is huge.
- The size and weight constraints of the product limit its applications.

Recommended Solutions

- The client should patent his invention to avoid duplication.
- Collaborations with power industries and the government are needed to meet large capital investment.
- Improvements to be made in the product to increase efficiency.

Observations/Suggestions

- Although the product is one-of-a-kind, it has limited applications due to size constraints.
- The focus should be on improving and redesigning the product for practical use.
- The large capital investment needed can be met with industrial collaboration.

Steel Manufacturer - 3 - Interview Transcript

There is a major Steel company that wants to expand to the Middle East part of the globe. You have been approached to suggest a suitable market entry strategy.

Great can you give some details about the present market and expertise of the Company.

The company is a prominent market share holder globally in the production of hot-rolled steel.

Okay, to proceed, could you shed light on the specific objectives the company aims to achieve through this expansion?

The company aims to expand into the Middle East with the motive of dominating the other kind of steel i.e. cold rolled steel.

Okay, can you explain a bit about the usage and demand of cold roll steel in this market?

Cold rolled steel is used in high-precision applications like the automobile industry, appliances, and certain construction materials. The market is expected to grow at 6.2% CAGR and reach $21B by 2026.

Great, considering this opportunity, there are two potential pathways: Brownfield Investment and Greenfield Investment. Is there a preference for either one?

I'd like you to explore both options.

Certainly, first could you explain the differences in the manufacturing processes between hot-rolled steel and cold-rolled steel?

Cold rolled steel is produced by passing previously hot rolled steel through rollers without reheating, unlike the manufacturing process of hot rolled steel.

Understood. Given this insight, it appears viable to leverage our current manufacturing capabilities while incorporating the necessary technological advancements for cold-rolled steel production. This aligns well with a Greenfield Investment strategy, we could establish new facilities in the Middle East, capable of producing both types of steel. These facilities would cater to local demand while also facilitating exports to broader markets.

Good enough. Any proposal for brownfield investment?

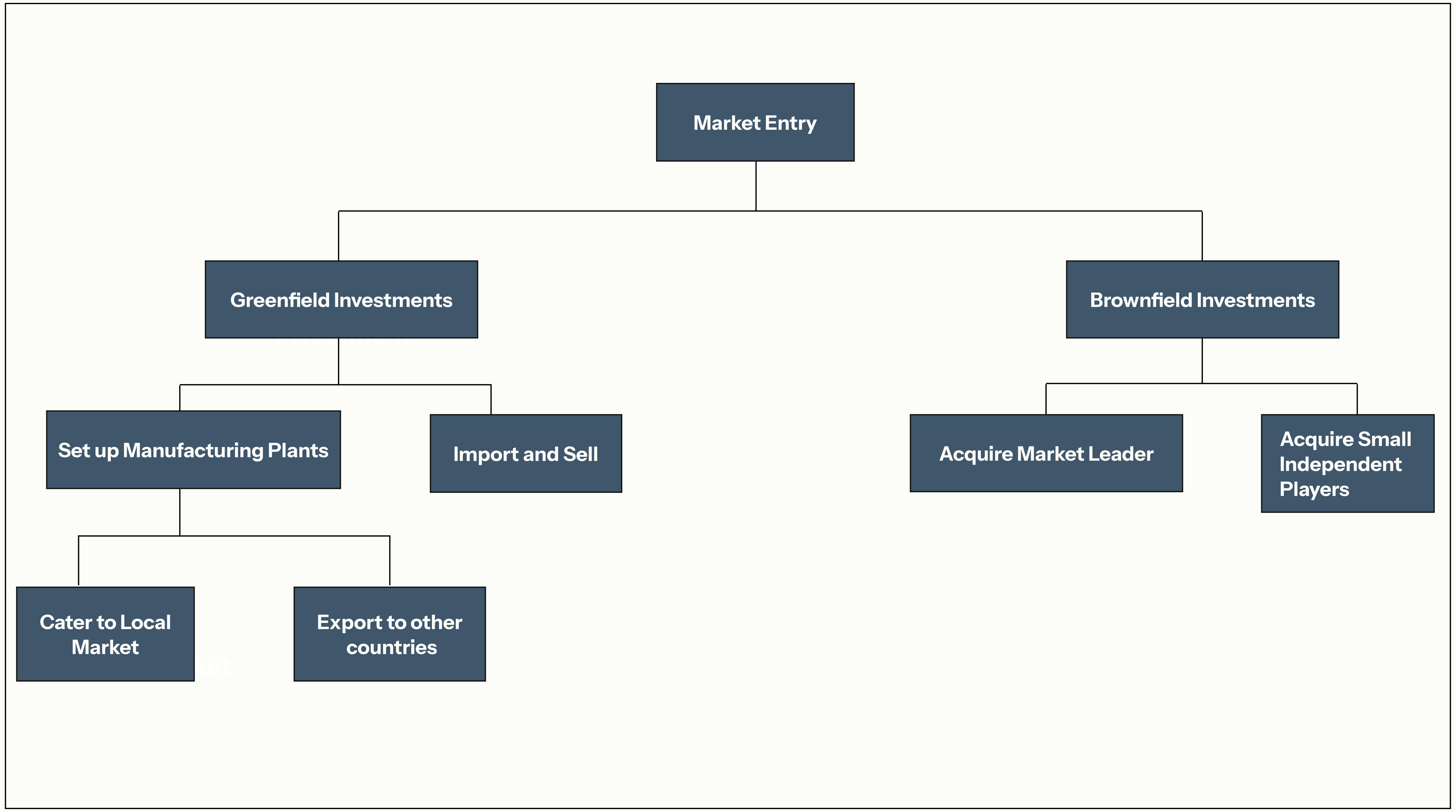
Certainly, as we are new to the Middle East market, it could be advantageous to partner with a company already possessing an extensive distribution network across the region. Through a Brownfield Investment approach, we could acquire an existing company operating in the Middle East and vertically integrate it into our production network. Since cold-rolled steel production builds upon hot-rolled steel production, we can leverage both products based on our interests. By leveraging their established client relationships and distribution channels, we could efficiently enter the market and expand our presence.

Your perspectives on both strategies are well-reasoned. It seems you've covered the crucial aspects. Thank you for your comprehensive analysis. That concludes our interview.

Thank you, I appreciate the opportunity to discuss this exciting venture.

Steel Manufacturer - 3

Market Entry | Moderate | Iron & Steel



There is a major Steel company that wants to expand to the Middle East part of the globe. You have been approached to suggest a suitable market entry strategy.

Case Notes

- Client is a major Steel Company with sizeable market share
- It wants to expand to the middle-east part of the globe
- It has expertise in hot-rolled steel manufacturing
- It wants to explore into cold-rolled steel manufacturing
- Manufacturing process of cold-rolled steel is one step ahead in manufacturing of hot-rolled steel
- Market size is large and industry is growing

Recommended Solutions

- Client can set up greenfield investment in the area and use it for manufacturing of both type of steels for domestic use and exports
- Client can acquire an existing player in the market and vertically integrate it into its supply chain, and also leverage its client and distribution network

Observations/Suggestions

- Manufacturing facilities can be redesigned to manufacture both the types of steels.
- New facilities can be set up to cater both existing and new markets
- Other players with vast distribution networks in the new market can be acquired to rapidly capture the market share

Nutripremium - Interview Transcript

Nutripremium is a very well-known premium nutrition food company in Europe. The CEO of Nutripremium thinks that the market in Europe is starting to get saturated and wants you to analyze the Chinese market.What are the key areas you would explore to determine whether this is a good idea?

Okay I would like to start with a few clarifying questions. Where is our client's company based and where do they operate thus far?

It is based in Spain and has an excellent market share not only in its home country but also in Portugal, France, Italy and Germany.

Great. So what are the different lines of products that our company offer?

1. Nutripremium has two main lines of products:
Vitamin-supplements for pregnant women
Concentrated dehydrated aliments and vitamin pills for sick patients (with Diabetes orCancer).

So I want to dive into the target market. How is the customer outlook for the Chinese market for both products and how much are they paying on average for nutrition products.

Approximately **10%** of pregnant women consume nutrition products and the number is increasing by **25%** every year. The average expenditure per customer is **150 Euros**. As for sick patients, **10%** of them consume nutrition products and the number is increasing by **15%** every year with an average expenditure of **300 Euros**.

Okay so starting with the number of pregnant women at a given time, we can assume that a pregnant woman has 2 children in her lifetime (or a duration of 18 months/1.5 years) and lives up to 75 years. That means that 1.5/75 or **2% of the women are pregnant** at a given time. Assuming that the Chinese population is 1.5 Billion people and that 50% are women, we get that **1.5 * 0.5 * 0.02** which is **15 million pregnant women** at a given time. Now 10% of these women use nutrition products which gives us 1.5 million pregnant women and with an average expenditure of 150 Euros, that gives us a market size of **225 Million Euros.**

Sounds accurate. Proceed with the market size of the sick patients market.

Right. Similar to the pregnant ladies, we assume that approximately **2%** of the population has cancer with an average duration of 5 years (either cured or passed away). With that, we get 0.02*5/75*1.5Bn which is approximately **2 million people**. To simplify calculation, we can assume **10 times** as many diabetes patients, which gives us a total of **22 million people.** For the market size we get 22 million people * 10% who use nutrition * 300 Euros average expenditure which gives us a total of **660 million Euros per year.**

Right that looks quite accurate. What conclusions have you drawn from this?

Well the market looks quite attractive, but we should identify if our company has the capabilities to expand into this market. How are our production capabilities?

Nutripremium had been consistently expanding its production capacity. However, since the European market showed signs of slowing down 3 years ago, it stopped the production capacity extension. Factories are now being run at 98% of capacity.

How are our sales done in Europe and do they have similar methodological access in China?

Nutripremium has no distribution channels nowadays in China. In Europe it sells its "Pregnant women" line in retail stores and its "Sick patients" line through hospitals and treatment centers.

That seems problematic A lot of money and effort would have to be invested in building networks and contacts so that Nutripremium manages to engage the necessary distribution channels in China. We should also compare how these products will be accessed in China. Would it be an FDI strategy or would it be an export strategy? How will the investment costs vary from Europe to China if we do want to enter and how much are we looking to invest?

A new factory in Spain that produces €100 m worth of products per year would require€500m investment. The same factory in China would cost €300 m.The export costs will turn out to be much more expensive during the long run and has many risks that come with it. The company has around €600m available for investments in its expansion.

Capacity of factories is being used to 98% today. An expansion to a new market would require investments in one or more new factories. Since the factories are supposed to serve the Chinese market and building a factory there is cheaper than in Spain, the factory should be built in China. How are the barriers to enter the market, i.e. the competitive environment?

Nutripremium - Interview Transcript

There are three main competitors: Chinfoo with 45% market share, VitaCo with 25% market share, and SupCo with 20% market share. Government hold 49%, 31%, and 33% share respectively in each of these companies.

Oh wow, the government's major part in the industry would create a lot of troubles for our client down the line. How are the regulations on nutrition products in the industry?

The market of special nutrition food is new in China. Old regulations contrary to it have been dropped upon Chinfoo's request. Lobbying by Chinfoo has been essential for the regulation-cancellation.

Hmmm also how are our client's capabilies compared to the competitors and how is the production outlook of our competitors?

Nutripremium's more advanced technology would allow it to produce 10% cheaper than the current competitors in China. Also, competitors are building at the time 4 new special nutrition food factories.

Alright. I am ready with my solution

Please proceed.

- Right so, I think Nutripremium should not expand to the Chinese market at this moment for 3 main reasons:

The competition seems to be fierce and government-controlled. The biggest three players in the market hold 90% of the market share. Government has 49% of the shares of the biggest player, which would definitely bring us disadvantages in many circumstances(getting licenses, paperwork, and bureaucracy for commercializing our products among others).
Since we are producing near to capacity, we would need to make new investments in infrastructure (build new factories). Although we do have the money for that, doing it in a very different market from ours – where the customer's taste is different and where we have no experience of manufacturing our products – could end up being a problem if we fail to adapt.
There must be other markets where the competition is more diluted among more players and where the market has still a big size and potential for growth.Emerging countries in South America like Argentina and Brazil are good examples of possible candidates. The population has also more similar tastes to Europe than in China. The investment could yield a much better return in these countries.

That seems like a good and relevant solution. In case the client still wants to pursue the Chinese market, how many cancer patients would we need to have for our cancer product to breakeven?

Could you let me know what is our primary method of sales and how is the background for it? Also what is the average selling cost of the product and the average duration that the patient takes the product? And what are the profit margins for the products?

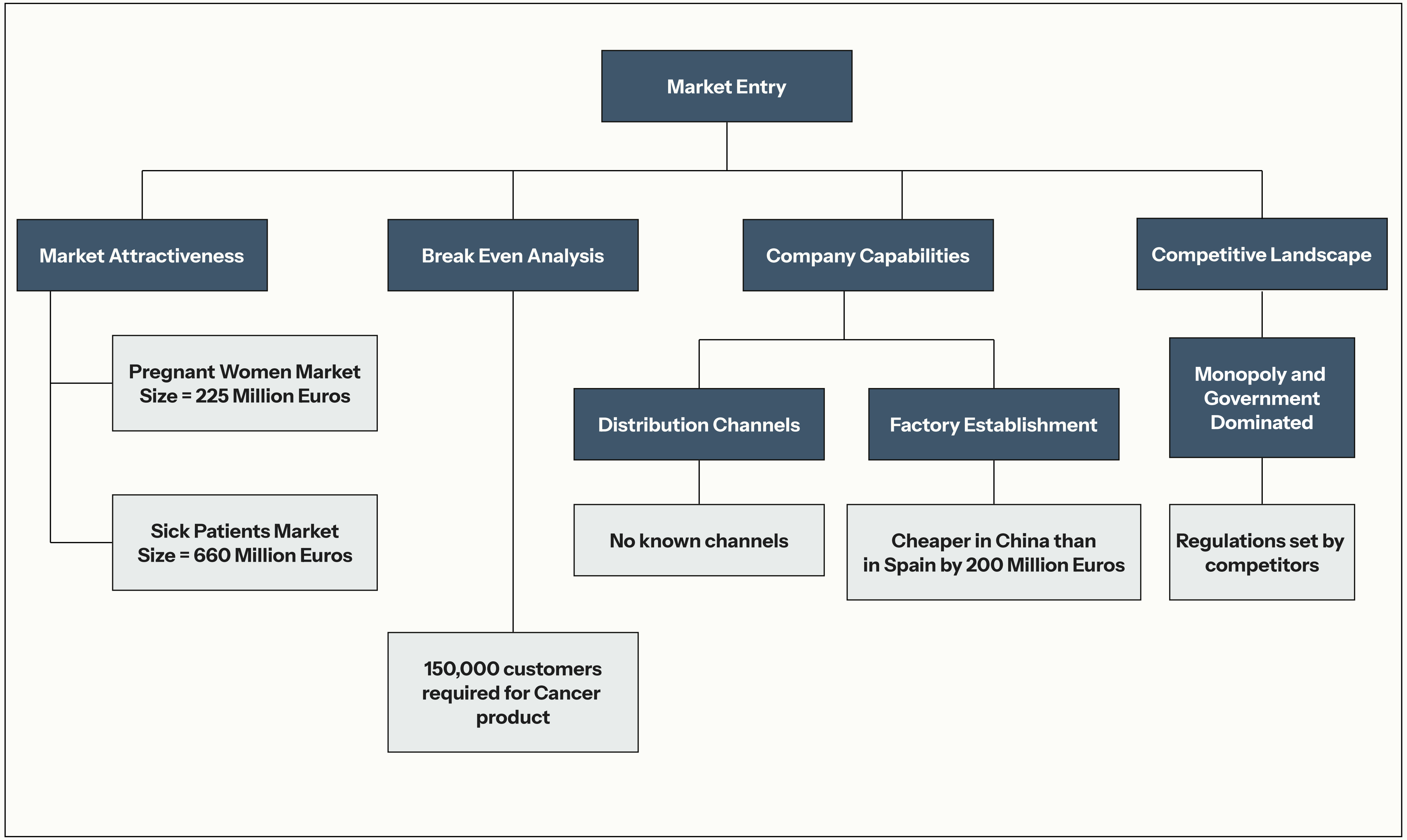
We primarily follow sales through sales representatives, and we have 25 Sales Reps (earning €200 k each) and spend €10 m in other indirect costs. You can assume each patient takes 4 doses per day for 4 months. A dose costs €1 and its profit margin is20%.

We have a total cost of € 15m (10m + 200k * 25) excluding the direct costs of the doses which comes to a total 15 million Euros. The number of doses a client takes per year is 480. Since the margin is 20% for each dose, each customer means a profit per year of around €100.We conclude than that we need approximately 150,000 customers for break-even in our cancer product.

Perfect. That concludes your case.

Nutripremium

Market Entry | Advanced | Pharmaceutical



Nutripremium is a very well-known premium nutrition food company in Europe. The CEO of Nutripremium thinks that the market in Europe is starting to get saturated and wants you to analyze the Chinese market.What are the key areas you would explore to determine whether this is a good idea?

Case Notes

- The 3Cs 1M framework is a good approach for this kind of case.
- Market size is very attractive and investment costs are also in favour.
- Since product is edible, cultural differences will make a difference.
- Barriers of Entry are very high - biggest and most important problem.
- Can suggest alternatives for the market.
- Break Even means Proft = Revenue - Cost = 0. Also inflate the revenue to be 120% of the costs because of given margin.

Recommended Solutions

- The client should not consider expansion into the Chinese market because of the high barriers of entry from monopolistic competition and government influence (49% of market share of the market leader), the cultural differences and alienation of company.
- The client can consider alternatives such as the South American countries like Brazil and Argentina where the market is emerging and has similar cultural tastes.

Observations/Suggestions

- The 3Cs and 1M approach was a really good strategy for this type of problem and is perfect for most market entry problems.
- The suggestion of South American market as an alternative was a product of existing knowledge and the cultural aspect is a very good point.

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Pricing Strategy

Interview Transcripts

EV Pricing - Interview Transcript

Your Client is a car manufacturer, and they want to move into the EV segment. For this, they want you to determine the price of the car.

Before moving to the preliminary questions, I want to reconfirm the facts from the problem statement.

Sure go ahead with your facts.

Thank you. So, our client is a car manufacturer, and they want to enter the EV market and wants to price their product.

Absolutely correct, go ahead.

Before moving to the overall strategy for pricing the product I want to ask some preliminary questions. Can I know more about the client, i.e., their geographical area of operation, when they want to launch their product and is there any specific type of car which they want to launch?

Our client is an established car manufacturer in India. They produce a wide range of vehicle types. For this venture, they are specifically interested in the EV segment, focusing on SUVs. They plan to launch their EV next year and are targeting a nationwide market.

I see. Can you provide me with their major competitors and what are the prices of their products?

Sure. Tata, Mahindra, and MG Hector are the main competitors. The current pricing of competitor SUVs is as follows: Tata Hatchback (Tiago) at ₹8 lakh, Sedans at ₹12-13 lakh, Mahindra SUVs at ₹19-20 lakh, and MG Hector at ₹25 lakh

Thank you for the content. Give me a couple of minutes to present an overall strategy to approach this problem.

Sure, take your time.

Okay, I would like to propose an overall strategy where I will first analyse the market attractiveness then I will look at the operational feasibility and at last the risks and concerns.

That seems reasonable. Go ahead.

Great. For market attractiveness, I will take market size as 5% of the overall auto space in India. Additionally, I'll factor in the client's production target of 50,000 cars per month, which amounts to 6 lakh cars annually. I will consider an expected market share of 50% since we will manufacture SUV cars superior in numbers, which will ultimately reach to our expected Market share.

Great, now how would you estimate the price?

For that I will need the cost of manufacturing the product, and the profit margin which our client wants to make.

We don't have any data on that. Can you suggest some other strategy to price our products?

Sure, in such case I'll analyze the current prices of the Competitors' products and for making our business to be profitable I will take the average of the overall prices of the competitors' EV cars. Based on competitor averages and our analysis, I will suggest a price range of ₹17-18 lakh per car.

Sounds reasonable. Can you look at the other non-quantitative factors that can affect our sales and capturing the market?

Sure. Next, I will look at the operational feasibility. Based on my instinct I think that since our client is already existing auto manufacturer and distributor they will not face any major threat. But, in EV cars, companies have to spend a lot on establishing Charging stations and manufacturing Li-ion batteries. But, based upon the current scenario in India, governments are also encouraging and providing subsidies for establishing Charging Stations. So, our only left concern is the procurement of batteries. Do we have any information on that?

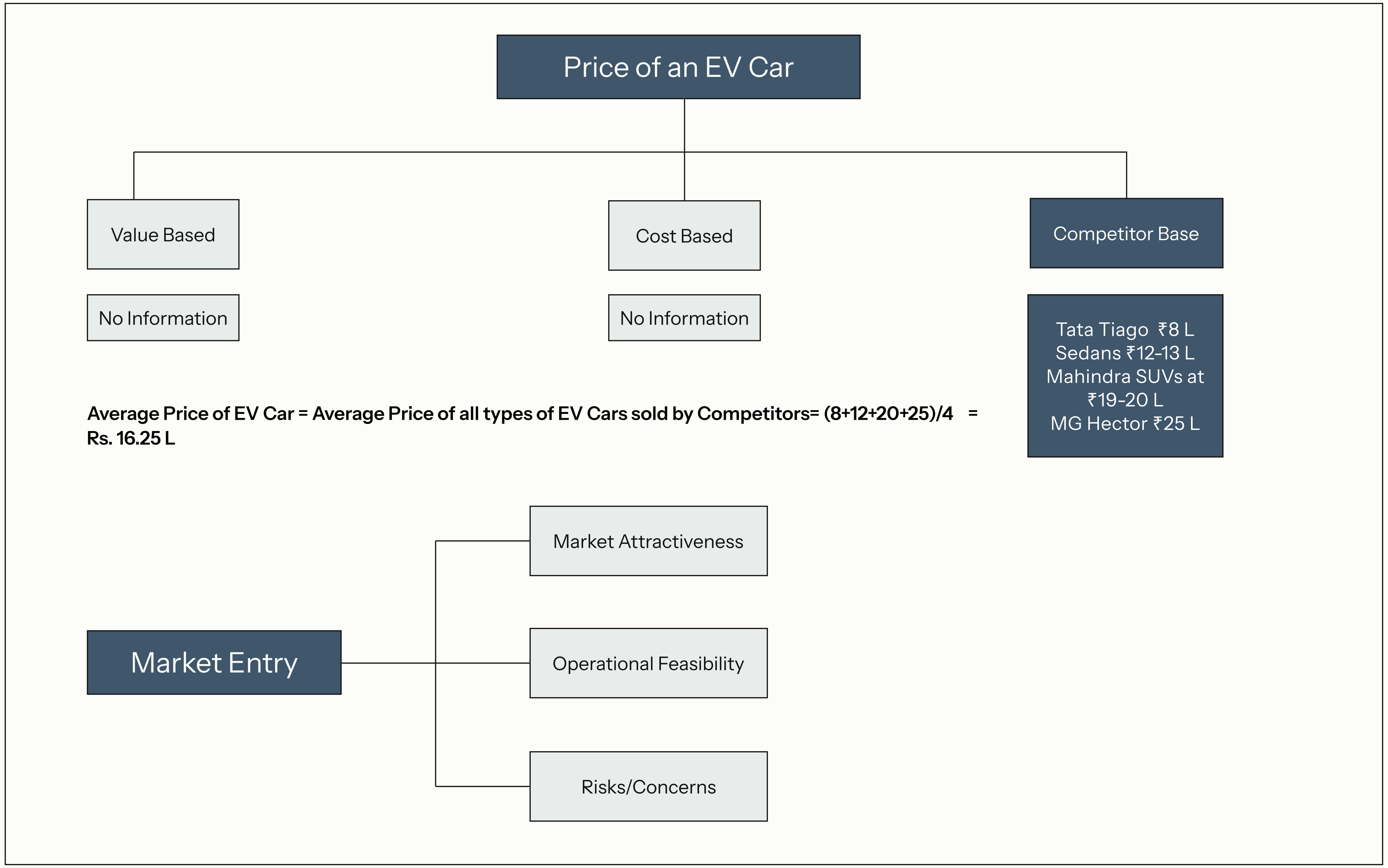
Client have made an agreement with a local battery manufacturing company which will provide batteries for our SUVs.

Great. Do you want me to look at any other factors?

No. I think you have covered every aspect of concern, we can end the case here.

EV Pricing

Pricing | Easy | Automobile



Your client is a car manufacturer, and they want to move into the EV segment. For this, they want you to determine the price of the car.

Case Notes

- Client is a car manufacturer, wants to move to the EV sector
- Clients wants to launch their first Car next year across Indian Market
- Client wants to price their Product based upon their Competitor's pricing

Recommended Solutions

- Client should price their product for about Rs. 17-18 L

Hair Oil

The client is the market leader in hair oil in India. They have one brand and two standard SKUs. They have seen stagnancy in the productivity of their sales team for the last 3 years. You have been hired as a consultant to figure out the reasons.

May I know the distribution model adopted by the company?

They follow a typical retailer distributor model, all sales happen offline.

How is productivity here defined?

Productivity = (Total Revenue)/(Total Fixed cost/salary of salesforce). Can you look into the possible reasons for stagnancy issue?

Sure. The stagnancy in productivity can be due to the following reasons-
1. Both Increasing at a steady rate
2. Both decreasing at a steady rate
3. Both are constant at the same level

Correct. We are facing the first problem here, i.e., both are increasing at a rate of 6%. Why don't you look at the possible reasons for that?

If it's okay, I want to focus on the cost side first (the interviewer gave a nod on this). Fixed Cost / Salary = No. of Sales employees * Average Fixed cost/ employee. Out these factors, what has changed?

No. of employees has been the same. Can you list down different reasons due to which the second part can increase?

Sure. Few reasons that I can think of are:
1. Promotion of employees
2. Inflation
3. Market Adjustments

Fair enough. Let's focus on the Revenue side then.

Coming to the Revenue part, I would like to define Revenue = Price* No. of units sold, any data on the increased figures of these?

Price and No. of Units Sold have both increased by 3% each, whereas the industry average is a 5% increase on both, resulting in a total increase of 10%. Why is this happening?

For this, I want to focus on why the average price increase is lower for us. May I know the pricing of the two SKUs and the volume of the SKUs?

2 SKUs are 250 ml and 500 ml SKUs. Both SKUs price increase have been larger in 250 ml SKUs than 500 ml SKUs.

Okay, then if the average price increase is defined as the weighted average of the price increase across the SKUs based on sales figures as the weight, then if 250 ml SKU is getting sold less, then the average price increase will be lesser.

Correct, can you think of a reason why the number of units sold has stagnated as well?

Sure, the 500 ml SKUs are getting sold more. As, Number of Units sold = No. of customers * Freq of purchase * Avg Quantity per purchase. Out of these three, Freq of purchase will be less as people are buying more 500 ml SKUs without a drastic change in consumption pattern.

Correct, now can you think of any other reasons behind the sales getting stagnated?

(After taking some time) Retail channels can be Modern Trade, Small Shops and Malls, As per my understanding hair oils are generally sold through Small shops close to home.

Correct, What can go wrong in this channel?

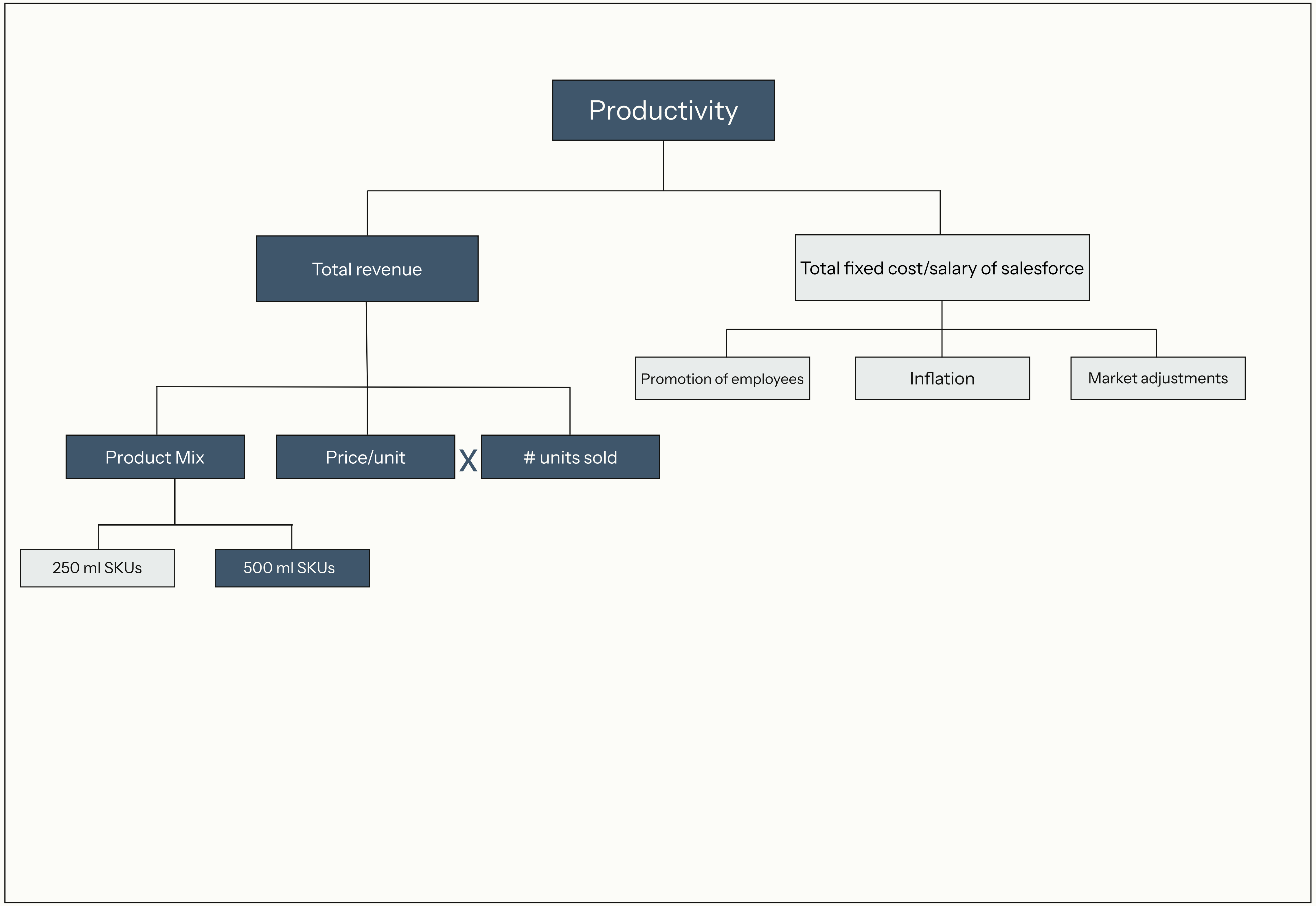
Since we have increased the price, SKUs may not get sold as much as they did earlier, since small shops often run on low margins and are not stocking our product often.

I think we have reached the problem faced by the client. We can close the case here.

Thank you so much. It was a nice and interactive discussion.

Hair Oil

Pricing | Easy | Oil



The client is the market leader in hair oil in India. They have one brand and two standard SKUs. They have seen stagnancy in the productivity of their sales team for the last 3 years. You have been hired as a consultant to figure out the reasons.

Case Notes

- Client is a market leader in Hair Oil in India
- Client have one brand and two standard SKUs.
- Client has been facing stagnancy in their productivity for the past 3 years.
- Both the factors of productivity are increasing at the rate of 6%.

Bank Envelope - Interview Transcript

Your client, Customlope, is the leader in the US secure envelope manufacturing industry. Banks buy these envelopes for operations such as money deposits and high value transactions.Next year, a new digital technology will reduce the overall number of units sold in the industry by 25%. In the short term, our client wants to maintain his current profit level without investing in the new technology.How can you help him?

If the number of units sold will decrease, revenue to will decrease. So does that mean the client wants to optimize the costs?

Not necessarily, but you can dive into the cost analysis for now.

I want to analyze along the value chain. There are going to be R&D costs, Production Costs, Labor Costs, Marketing Costs, and Operational Costs. How are these individual costs for the company?

The respective costs last year came up to $1 m, $18 m, $11 m, $2 m, and $3 m

Great. Just to clarify the revenue, how many products and units of each were sold and at what prices?

Our client only sells ONE type of product whose price is $1/unit.Last year, our client sold 50 million units.

Alright, so that means the revenue last year was $50 million and costs were 1+18+11+2+3 = $35 m which brings our client current profit to $50 m. Is that correct?

Yes that is correct.

Since our client wants to improve the costs, are there economies of scale that haven't been reached or is there a lack of optimization in the operational/labor costs?

Costs have already been reduced as much as possible.

Hmmm, since the costs have already been perfected, we should take a look at the revenue shortcomings. First are we producing/selling the maximum amount or is there room for improvement?

Customlope has excess capacity. It can produce at least double the amount of units per year at similar or lower unit costs.

Double the amount meaning 100 million units can be produced. However, since there is a better technology to come, there is no way to convert the entire batch produced.

That seems like a valid conclusion. Proceed further

So that means increasing the conversion of units sold, means the pricing of the product is to be fixed. Since we obviously cannot increase the price as that will make the situation worse leading to much lesser units sold, lowering the price is the best option. But before diving into that, I would like to take a look at our competitors. How are their costs and revenues?

There are 5 competitors with each of them having 10% market share, whereas our client holds a 50% market share. Our economies of scale allows us to produce our product at $0.70/unit, whereas, they produce their products at $0.90/unit. Their selling prices are the same as us and they cannot reduce it further as it will lead to loss.

Wow that gives us a major upper hand in taking over the competitor's market shares by lowering the costs to a more optimal amount. I'll assume that the customers will switch over to our company once the prices are lowered and we attain 100% market share.

That seems very optimistic but its understandable. Go ahead with your calculations

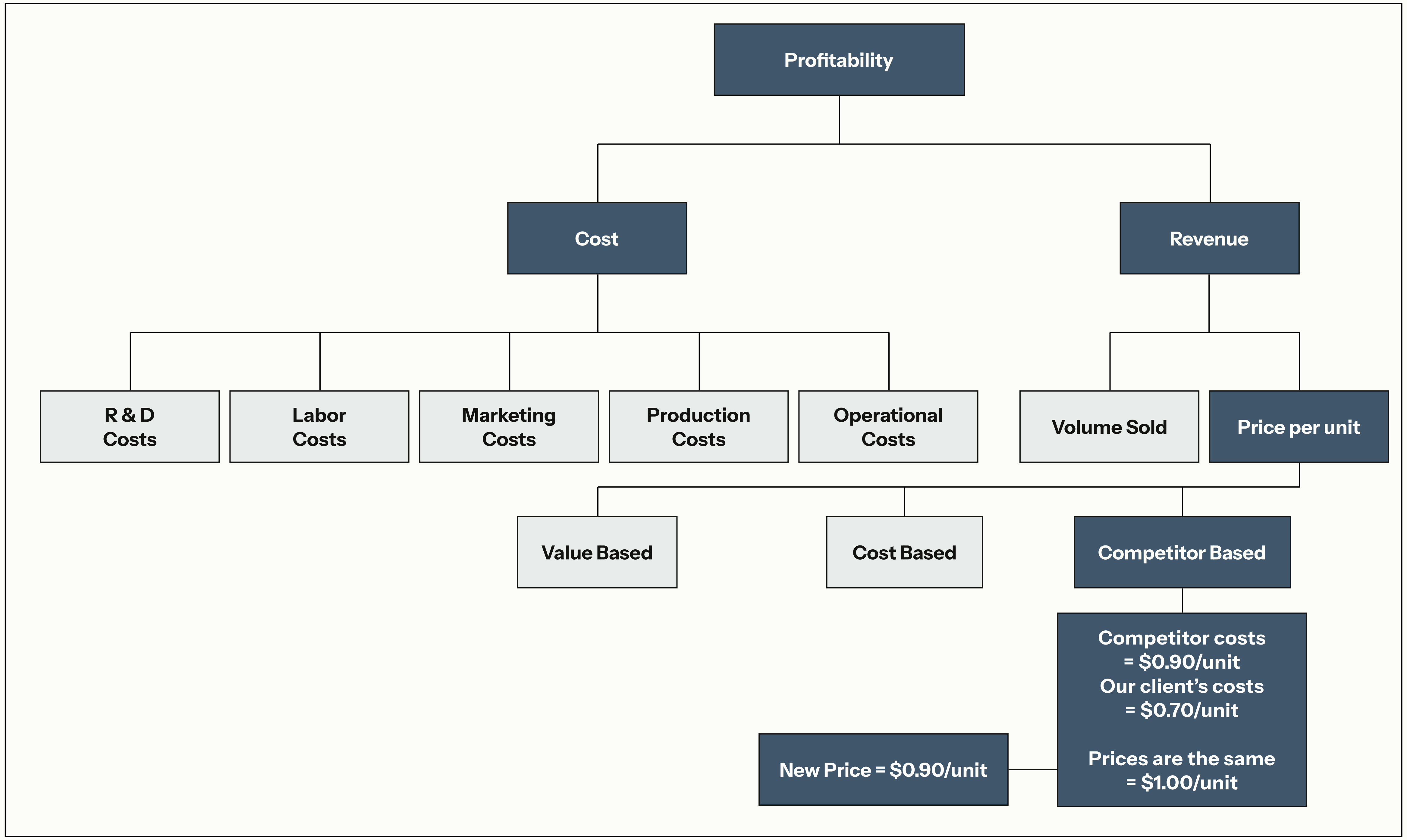
So assuming a price of $0.90 per unit, we get 0.90 * 100% * 100 m units sold which brings our revenues to $90 m. Since our costs have remained the same, for last year it was $35 m / 50 m units produced which brings it to $0.70 per unit. For 100 m units, it comes to $ 70 m in costs, and a profit of $20 m which is a profit margin of 33.33% compared to last year's costs.

What about the 25% decrease in units sold because of the new technology next year?

Adjusting the profits made to 0.75 * calculated we get 0.75 * $20 m = $15 m which is the same as last year, meeting the client's expectations.

Bank Envelope

Pricing | Moderate | Manufacturing



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How can you help him?

Case Notes

- Increasing the price is NOT an option because the envelope is a commoditized good.
- Decreasing costs is NOT an option because costs are already optimized.
- The only way to maintain current profit levels (without investing in the new technology) is to increase market share by decreasing per-unit price.
- By taking advantage of its lower costs, Customlope can push other competitors out of the market because the competitors cannot make a profit on their envelopes.

Recommended Solutions

- The client should reduce the price of their products to $0.90/unit which allows them to gain their competitor's market share and convert their high production capacity into sales.

Observations/Suggestions

- There could be market regulations against a monopoly. However, since the company would not be selling their products at a loss, competitors cannot accuse the client of price dumping.
- Some competitors might remain active in this market even if they have to sell at a loss.For example, they might use their market presence to cross-sell different products to banks. Thus, the client may not obtain 100% market share.

Consulting & Analytics Club
IIT Guwahati

Growth

Interview Transcripts

Relaunch of a tea brand - Interview Transcript

Your client is a tea manufacturer. Lately it is facing series of unsuccessful outcomes.

Just to confirm the client wants strategies to overcome the loss making outcomes. What was the company's vision and mission when it started?

The company wanted to capture the growing tea market of the country.

What were the reasons for the decline?

Essentially the company was not able to tap into the market. Nor did it get any positive response from the masses.

Before moving ahead I would like to ask about the particular demographic the company initially tapped into.

Northern India was the initially targeted demographic. So how would you approach this problem and provide a substantial solution.

Firstly the company need to pull in volunteers for tea trials to get the overview about the general population's taste. That being said the company can develop a new product line that caters to the targeted audience.

Ok proceed.

The company can improve the quality of tea by sourcing better quality tea leaves. Also, can enhance the packaging and branding of tea products. Most essentially the company can explore the South Indian market.

Can you elaborate further?

We can tap into the South Indian market and yield the best out of it. Precisely, the company can attend tea fairs and exhibitions in South India to showcase its products and network with potential customers.

What is going to be the company's 'USP' then?

Building a strong brand identity is what going to give the business an image, a voice. More likely the company need to develop a brand identity not just a logo. This is what is going separate the brand from competition.

Ok sounds good. Then how are you going to design marketing strategies?

There are many ways. We can go for various forms of marketing including the most relevant like social media marketing, influencer marketing, content marketing, event marketing etc.

Can you brief us about the event marketing?

The company can organize events such as tea tastings and workshops to promote the tea brand and as I mentioned earlier this will increase the engagement with the potential customers.

How else the client can grow their total customer base?

The client can either target new customer segments, more specifically can develop new products and distribution channels. Also, the company can make a mobile-friendly website in order to approach larger audience.

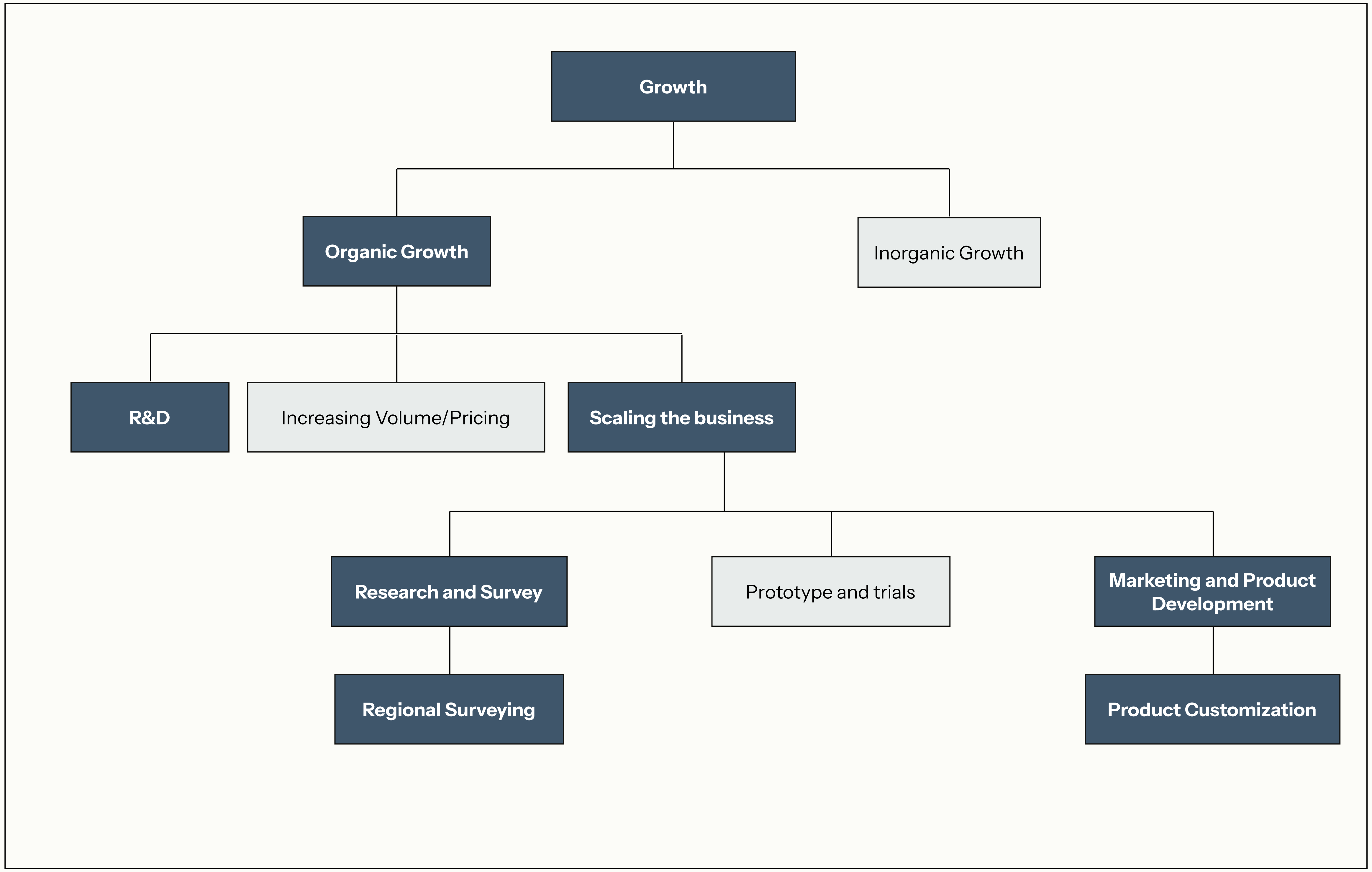
Good. Is there anything else?

The client needs to give very lucrative offers and discounts to attract new customers. For instance offering free samples in malls, yoga studios, etc.

That concludes the case.

Relaunch of a tea brand

Growth | Easy | FMCG



Your client is a tea manufacturer. Lately it is facing series of unsuccessful outcomes.

Case Notes

- Client deals in tea manufacturing and retail
- Client is having issues with the sales Pan India
- Issue-specific to the client and not the whole industry
- The problem needs to be identified in differentiating the product according to different regions and their demands

Recommended Solutions

- The problem arises due to improper research and development before the product launch. High difference in demands and taste arise due to large diversity in the taste cultures.
- Proceed by properly covering the southern part of the country by proper research and analysis
- A survey could be conducted or food and taste exhibitions could be attended
- Product should be launched keeping in mind the differences in cultures, hence different factories and warehouses should be made to work according to the regions where they are located.

Observations/Suggestions

- Tapping into a different market solves only part of the problem. The interviewee could've explored deeper into why the problem was occurring in the Northern part of the country instead of jumping to the South

Shaving Co. - Interview Transcript

Our client is an international CPG (consumer packaged goods) firm called Bryan, with multiple business units (toothpaste, batteries, skin & body care, among others). They are the global market leader in every market they play in except for the hair removal market. They came to us asking how they can also become number one in this market. How can you help them out?

Before diving into the case, I have a few questions. What type of products do our client offer and how many of each do they offer?

Our client provides Wet-Shaving, Dry-Shaving, and Waxing products. They provide 2 wet-shaving for women and 6 for men, 0 dry-shaving for women and 3 for men, and 1 waxing in common.

How are the volume sold and pricing for these products?

In terms of Market Share, the respective shares for Wet-shaving, Dry-shaving, and waxing are 10%, 0%, and 1% for women and 33%, 20%, and 5% for men. As for pricing, the respective ranges are medium-low, none, medium for women and high, medium-high, and medium for men.

How are the market share statistics for competitors in each of these markets and how does our client feign amongst them?

The men’s market has strong players (the 3 biggest players hold 75% of the market), which are not strong in the women’s market. Bryan is the second company in terms of market share for wet anddry shaving. It is however the 8th for waxing. The women’s market is very fragmented, with 8 companies possessing only 60% of the total market share.

As far as I can see the women’s market share is much lower than the men. Is there any reason for that?

Bryan is seen as a cheap brand by its female customers. Men see it as a high-end brand. All products have similar profit margins.

So the trend is that women find the brand less appealing, so there should be a brand survey conducted to find out what are their exact perceptions and preferences. Also, since the hint is already given saying the “cheap” is an issue, we can increase the pricing of the products. Moreover, to increase the brand image, we can use marketing strategies that women find appealing like celebrity marketing and social media marketing.

Okay great. Now dive into the men’s market.

Although, waxing is common to both markets, it also seems to be another source of issue. Before diving into that, what is the demand for waxing in the individual segments?

There is a low demand for waxing for men as they generally don’t prefer it, whereas there is a very high demand for waxing for women.

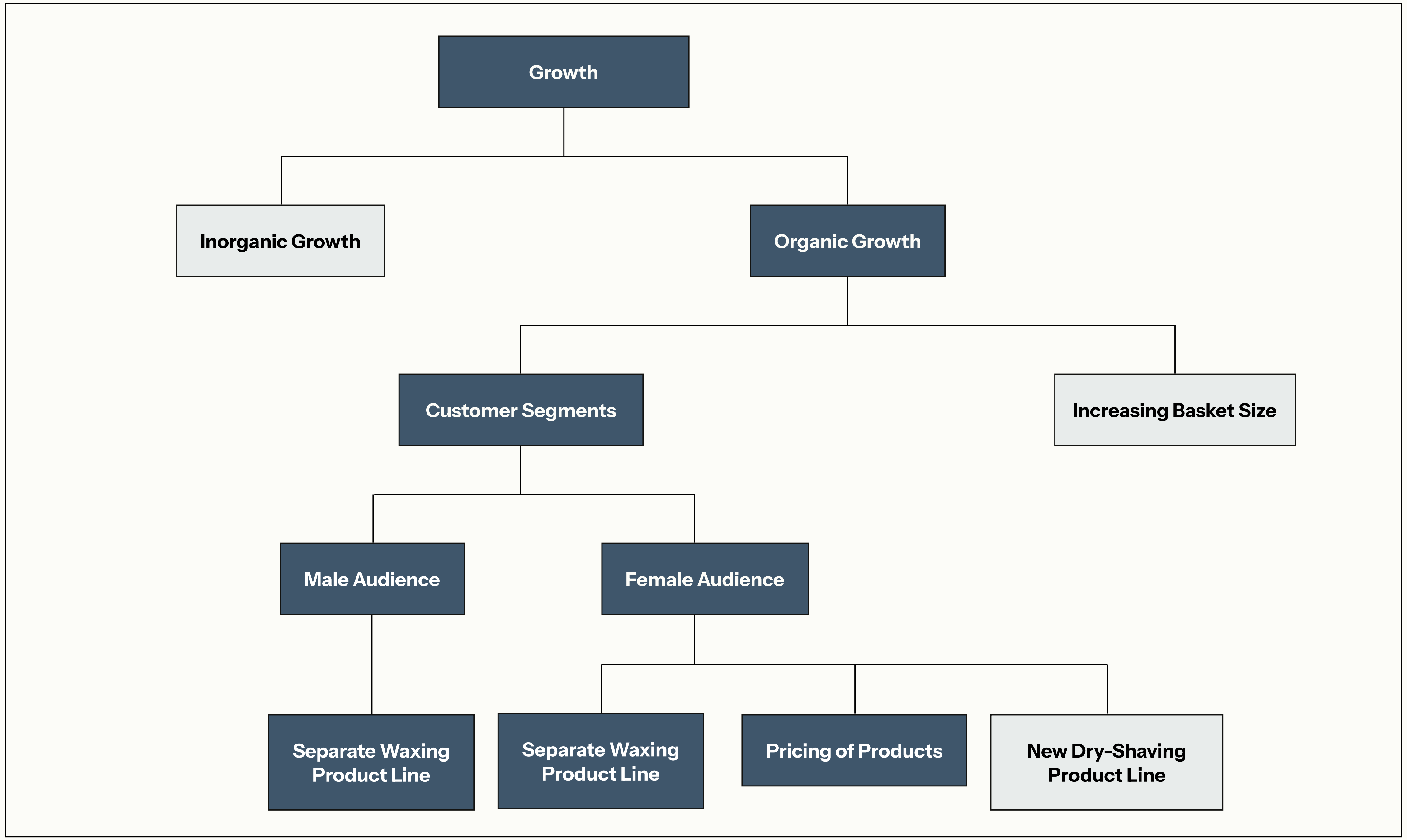
Since, there is a single common product for both men and women, they won’t find it as appealing. Releasing a separate product line for the individual segments would prove more effective and focusing the development on women segment primarily as there is a much higher demand.

Anything else?

Others forms of inorganic growth can also be considered like a merger with a top competitor or an acquisition of a smaller, yet niche brand to achieve greater market dominance.

Shaving Co.

Growth | Moderate | Other



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Case Notes

- Dive into different segments of the targeted market.
- Make solutions specific to the different product lines and market segments.
- Primary focus is on expanding the brand through marketing and different product lines.

Recommended Solutions

- Short term:
- Target Audience specific marketing for women and men to reach out to them more.
- Make a gender specific product (a new product line) for women and men in waxing and for women in dry-shaving.
- Long term:
- R&D on different product lines and improving the current set of products.
- Consider a merger or acquisition for a greater market dominance.

Observations/Suggestions

- It's important to dive into the different segment and understand our client's position in the market for these segments.
- Could've gone deeper into the segments for a more finished solution.
- The case could've led to a pricing strategy framework model to improve the female audience's appeal for the brand.

Social Media Interview Transcript

Your client is a social media company whose significant chunk of users are Urban/well-to-do people. The client also has a small Tier 2 and 3 Rural user base. But a new competitor is taking away this share of the client's user base. You have to advise them on how to keep the urban user base intact or even increase it, but alongside counter the competitor and expand in Tier 2/3 rural areas.

Okay, How does the client operate?

The platform aims to remain classic and sophisticated and does not want to push a lot of user generated content to public feed viewers. We want to keep the vibe in the public feed domain.

What is different about the competitor ?

The competitor has a lot of user-generated content coming up, which hooked the tier ⅔ users on it, and there seems to be a lack of belongingness to the tier 2 and 3 users in the client's product.

One of the challenges is the absence of user-generated content on the client's platform, which has led to users seeking that engagement elsewhere. Additionally, there is a need to enhance the sense of belongingness for the Tier 2 and Tier 3 users. They currently don't feel connected to the platform in the same way as the urban users.

How do you propose to address these challenges and retain or increase the urban user base while countering the competitor and expanding in Tier 2 and Tier 3 rural areas?

I have a multi-faceted approach to tackle these challenges. Firstly, I suggest introducing user-generated content in a way that aligns with the client's desired classic and sophisticated vibe. This could involve creating private spaces where users can share their content, which would be visible to their followers only.

What other strategies do you recommend?

In order to increase the sense of belongingness for the rural users, I propose implementing features that cater specifically to their interests and backgrounds. This could involve showcasing localized content, promoting local events and initiatives, and encouraging users to share their experiences from their respective regions.

How would you leverage the influence of urban users to create a sense of aspiration for the rural users?

To create a sense of aspiration for the rural users, I would recommend highlighting success stories and achievements of urban users from similar backgrounds. By showcasing these stories, we can inspire the rural users and make them feel more connected to the platform.

Is there anything else you would like to add?

One more thing I would recommend is actively seeking feedback from both the urban and rural users. This will help the client better understand their needs and preferences, allowing them to continuously improve the platform and provide a personalized experience for all users.

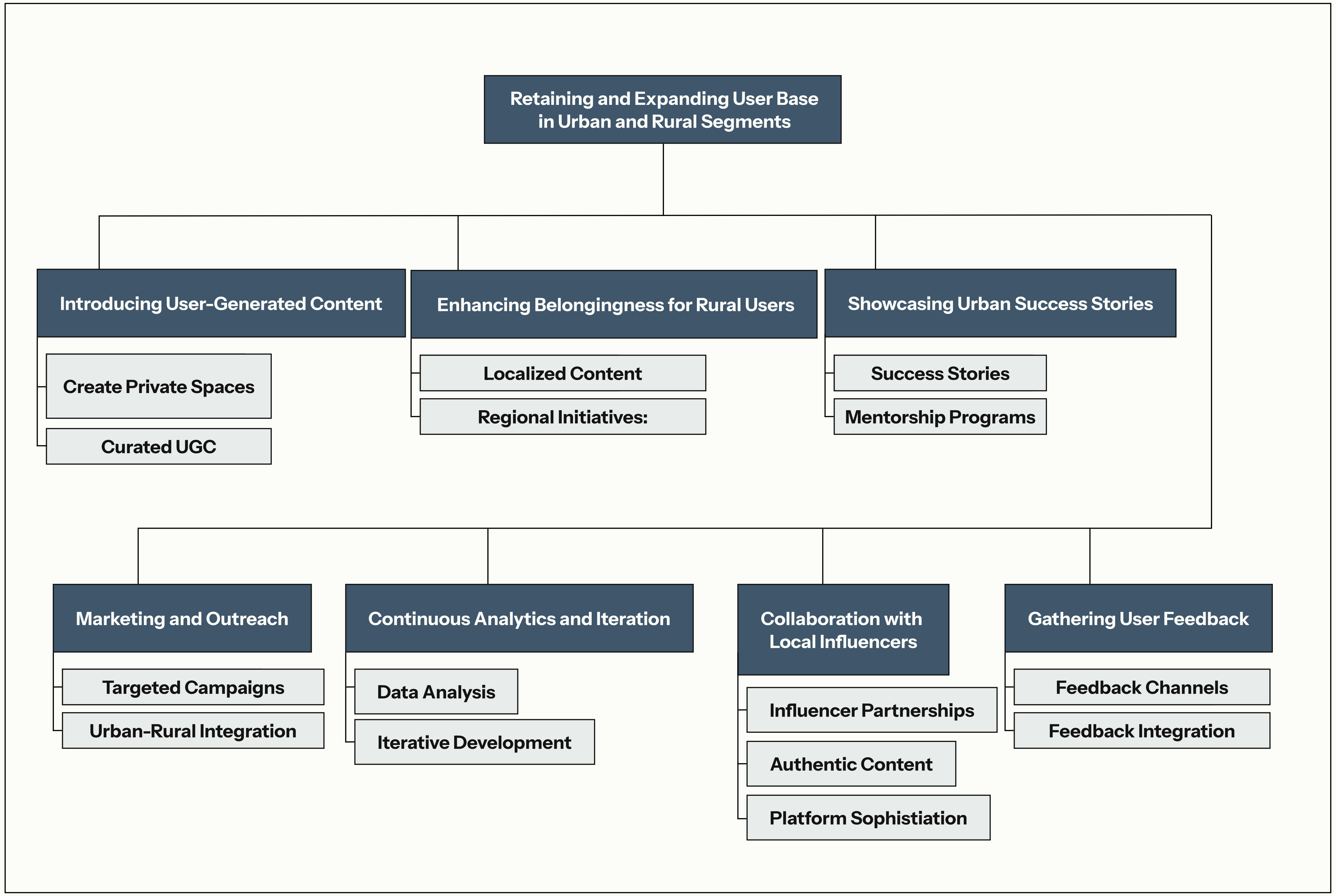
Thank you for sharing your insight. Do you have any other ideas or strategies you would like to discuss?

Yes, another strategy that can be considered is collaborating with local influencers or content creators in Tier 2 and Tier 3 rural areas. These influencers can help bridge the gap between the urban and rural users by creating content that resonates with the rural audience while still maintaining the desired brand image.

That concludes your case.

Social Media Company

Growth | Moderate | Other



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Case Notes

- Urban-focused platform competes with user-gen content
- Challenges include bridging urban-rural gap and retaining sophistication.
- Strategies- private user-gen spaces, rural engagement, urban success showcase, user feedback, local influencers, targeted communication, network growth, adaptation, user-centric approach.

Recommended Strategy

- User-Gen Integration: Introduce private user-gen spaces while maintaining sophistication.
- Rural Engagement: Tailor content and events to rural interests.
- Urban-Rural Bridge: Showcase urban success stories to inspire rural users.
- Feedback Loop: Gather user feedback for continuous improvement.
- Local Influencer Collab: Partner with rural influencers for relatable content.
- Targeted Communication: Market sophistication and strengths to urban users.
- Network Growth: Encourage referrals for urban-rural connection.

Observations/Suggestions

- User Demographics: Urban-centric with rural presence.
- Competitor Impact: Rival draws rural users via user-gen content.
- Client's Approach: Sophisticated, limited user-gen exposure.
- Challenges: User-gen absence, urban-rural disconnect.
- Strategies: Private user-gen spaces, rural engagement, urban-rural connection, feedback loop, influencer collaboration, targeted marketing, network growth.

Public Sector Bank

Your client is a public sector bank. Five to six years ago, they were losing a lot of money on payout fees. You are hired to help them figure out the reasons.

Can I know about the bank's size and quantum of loss?

The bank is one of the top four with pan-India operations, with losses in excess of Rs 100 crore.

What is the market share of our Client and whether the other competitors are facing similar issues?

This is an example of a zero-sum game, and the client has 6% market share in retail.

I see. If I am not wrong then Payout fee = No. of customers * % of customers using another bank's ATM * frequency of transaction * Flat rate of payment. Can I know whether we have been facing issues in any of these?

Customers are using other banks ATM 40% of the time and on an average each customer does 4 transactions per month. Why don't you focus on the number of ATMs first?

Sure. Do we have any data about the number of ATMs that our competitors are having? Especially the market leaders, and what is the current total number of ATMs in the country?

Currently India has a total of 3 lakh ATMs. We have 10,000 ATMs. The market leader has 30000 ATMs, accounting for 10% of the market, the second player has 22500 ATMs, accounting for 7.5% of the market, and the third player has 21000 ATMs, accounting for 7% of the market.

Based on the data, we can see that all banks are lagging behind in terms of the number of adequate ATMs, but we are lagging far behind to them.

Yes, the number of ATMs has been a problem for our client, but let's say they have strategically placed new ATMs in locations, although there have been a few hiccups which they faced due to the bureaucratic nature of the L1 models. Now the payout fee is still high after increasing the no. of ATMs. Can you look at the possible reasons for that?

Sure. I think this issue is dependent on the condition of the ATMs. This can be broadly broken down into 2 parts: 1. ATM machines are not getting switched on; 2. ATMs are switched on but still not operating properly.

Good observation. Let's proceed with the different factors that can create the first problem.

Few Factors that I can think of for the first problem is, 1. Electricity issue, 2. Maintenance Issue, 3. Unavailability of guards

Sounds reasonable. Can you list the reasons why the ATMs aren't working even after they've been turned on?

Sure. The factors can be broken down into the following heads,
1. Software issues
2. Hardware issues
3. Cash Refill/Availability issue
4. Network Issue
Do we have any information on out of these four, what has changed over the time?

We don't have any issues of Software or Hardware, neither we have issue of refilling cash. Can you look at the network issues?

As per my understanding, ATMs require you to connect to the server to fetch and verify user information and update the bank balances in the bank server. So, if there is a network connectivity issue due to location or some other factor, ATMs may not work properly.

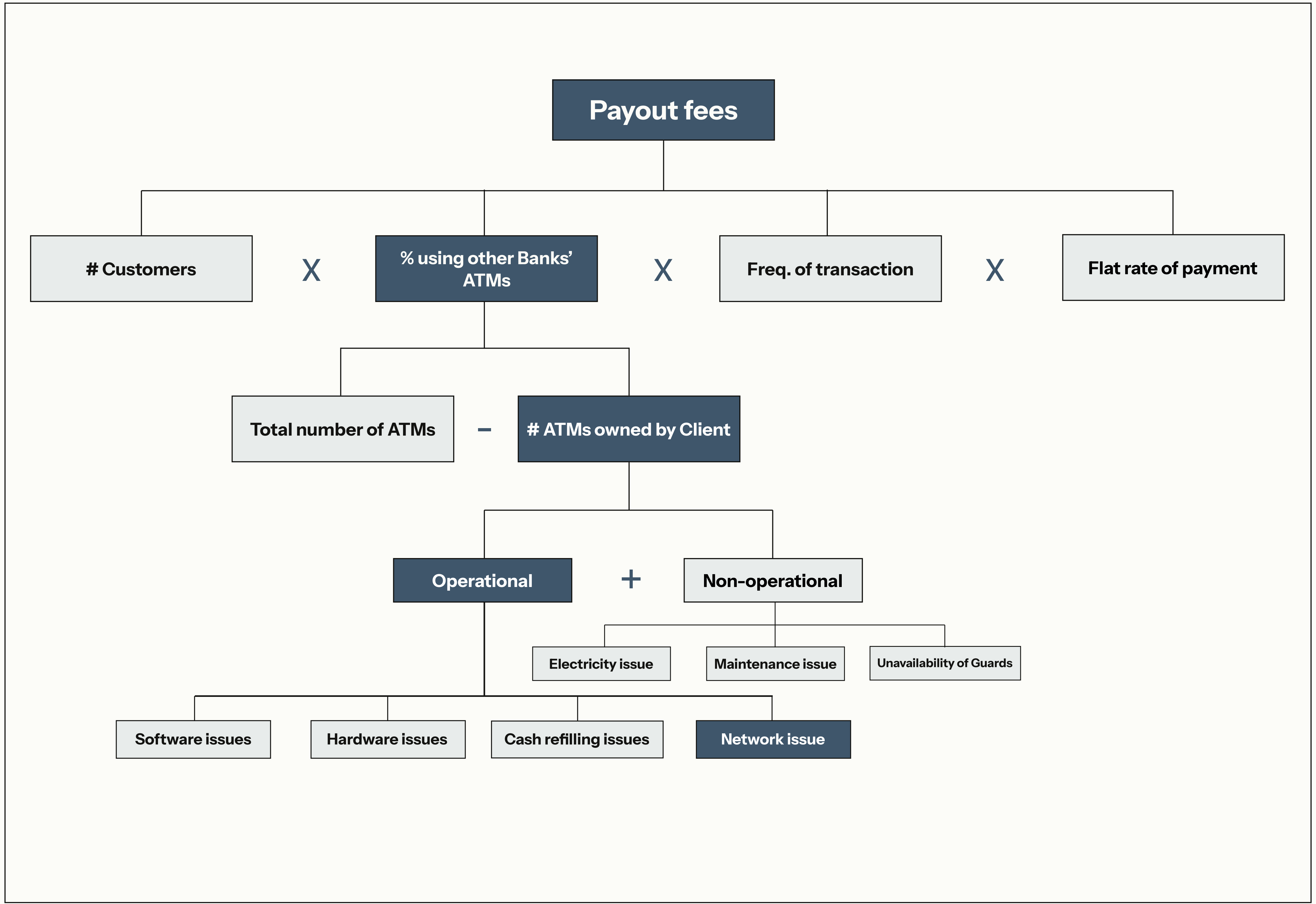
Yes, you are correct. The client did place a lot of new ATMs in rural areas without even testing the network connectivity, which is why the ATMs were not operational properly. Proceed to the solution

- So some possible solutions to considered are:
Switching to a different network provider who's services are much better in the given area.
Contacting the current network provider and asking them to set up a better service network in the given area by showing them the benefits.
Performing Load Balancing operations to enhance the network operations of the bank.

No, you did a good job. We can end this case here.

Public Sector Bank

Growth | Moderate | Banking



Your client is a public sector bank. Five to six years ago, they were losing a lot of money on payout fees. You are hired to help them figure out the reasons.

Case Notes

- Client is a public sector bank and they are facing the issue of payout fees.
- Payout fees are charged by banks and interbank networks charge for the use of their ATMs.
- Number of ATM machines owned by Client are lesser than their competitors.
- Operational ATMs of rural area are facing the network issue.
- Client has placed many ATM machines in the rural areas without proper checking of the Network.

Recommended Solutions

- Switching to a different network provider who's services are much better in the given area.
- Contacting the current network provider and asking them to set up a better service network in the given area by showing them the benefits.
- Performing Load Balancing operations to enhance the network operations of the bank.

Observations/Suggestions

- It's essential to find the key revenue streams for the education platform
- Calculate the net effect of reduction of prices on profit and the possible ways of increasing revenue from the convenience store
- Develop equation between x and y and find desired relationship
- Evaluate the integration of existing products and platforms.
- In case of unaware of the **payout fees** term ask for the formula from the interviewer
- Apply MECE approach in order to segment the various buckets.

Fire Extinguisher - Interview Transcript

Your client is a fire extinguisher company, who wants to triple their revenue in the next two years. Evaluate how this can be done and suggest recommendations.

Just to ensure that I have understood the case, we have a fire extinguisher company that wants to triple its revenue in the next two years. Is that correct?

Yes, that's correct.

When we say fire extinguishers, what range of products are we referring to?

The company has a single product line of conventional red can fire extinguishers.

Since we are looking to triple the revenue in the next two years, what is the current revenue of the company?

At present the company has a revenue of 100 Crore Rupees.

In what geographies does the company operate? Do we have any specific geography contributing to maximum sales?

The company operates pan-India and the revenue is evenly distributed.

Who are our customers and how much do they contribute to the revenue?

The customers are primarily of three types - Commercial Properties (Malls, Hotels, Restaurants) , Residential Complexes, Offices, with the Residential Complexes contributing the maximum - 20% of the total revenue.

What part of the value chain does our client operate in?

The client has a robust end to end value chain starting from the procurement of materials to the after sales support.

Since we now know the major contributors to the revenue, we can have a look at the market and our competitors. How large is the market for fire extinguishers in India?

The market size is about 200 Crore INR and the market shares of our two major competitors are 25% and 20% respectively. The rest of the market is fragmented.

In that case, I believe that the problem could lie with either the occupation or the residence part. Since our client is the government dealing with a piece of land in an affluent area, we can assume that due to immense development, there would be a general constraint of space.

Yes that is a good assumption.

What is our client's current market share?

Our client holds 50% of the market currently.

Interesting, so we have 50% of the market share and we want our revenue to be 300 Crore rupees in two years, despite the market size being 200 Crore Rupees at the present. At what rate is the market growing?

You can consider the market growth rate as 10%.

This implies that the market size after two years is 242 Crore Rupees, and we are aiming at a revenue of 300 Crore Rupees. Thus the target set seems to be something which is unattainable, given the market size and its growth trends.

That is a very good observation. Keeping aside the aforementioned target, what do you think could be possibly done to increase revenue?

The company could consider entering into a new product line or a new market. Since we already have majority of the market share in India, we could think of expanding into new locations. Apart from this we could also consider selling complementary products like alarms, sensors, etc to ensure more revenue.

In case the company isn't looking for expansion, what are the things that can be done then?

We can segment revenue as the number of fire extinguishers sold and the price of one fire extinguisher. Since we need to increase our revenue we can first look at increasing the number of fire extinguishers sold.

Fire Extinguisher - Interview Transcript

How do you propose to do this?

In order to increase the number of fire extinguishers sold, we would have to increase the demand. The factors that affect the demand of a product are its need, affordability, accessibility, and the customer experience.

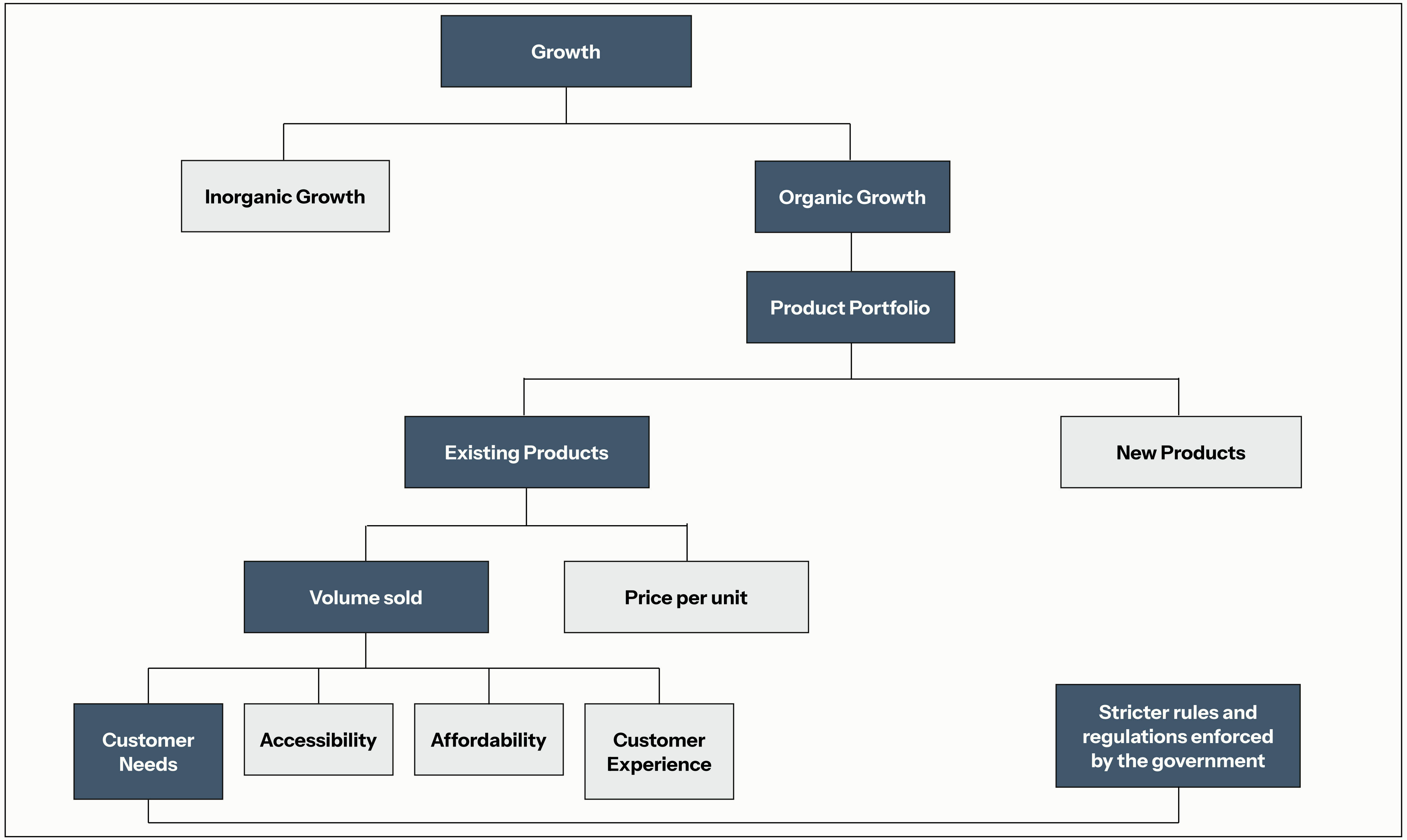
Could you take me through what could be done in this case for increasing the need?

Fire extinguishers as a product are not a commodity and thus the need can't be just increased by increased promotions. There are government norms which dictate the number of fire extinguishers depending on several factors like the type of property, its area, etc. We could look at properties not meeting this number and tap into their needs. Increasing need actually lies in the enforcement of the government rules and policies than the customer segment itself. The stricter is the enforcement of the rules and regulations, more would be the demand.

That's a very good point. We can conclude the case here. Thank you.

Fire Extinguisher

Growth | Moderate | Other



Your client is a fire extinguisher company, who wants to triple their revenue in the next two years. Evaluate how this can be done and suggest recommendations.

Case Notes

- Dive into the product evaluation of the fire extinguishers and compare with how the different competitors are in the industry.
- Offer a new product line.
- Increasing the volume sold of products can be broken into customer needs, accessibility, affordability, and customer experience.
- Increasing customer need for a public commodity is difficult so offer increasing strictness of rules and regulations.

Recommended Solutions

- The need can't be just increased by increased promotions. There are government norms which dictate the number of fire extinguishers depending on several factors like the type of property, its area, etc.
- Increasing need actually lies in the enforcement of the government rules and policies than the customer segment itself. The stricter is the enforcement of the rules and regulations, more would be the demand.
- Although clients are not considering a dive into a newer product line that is also a good alternative.

Observations/Suggestions

- It's important to dive into the different segment and understand our client's position in the market for these segments.
- The solution is a very unique one but there are very few alternatives that can be done in this situation to increase the need for fire extinguishers.

Consulting & Analytics Club
IIT Guwahati

Mergers & Acquisitions

Interview Transcripts

Merger of two Ed-tech Firms - Interview Transcript

Your client is an online education platform A, and is looking to acquire its competing platform B. How should they proceed?

Okay, could you shed some light on the present number of courses offered by both A and B and their Market strength.

"A" currently offers 7 courses (1,2,3,4,5,6,7), while "B" too offers 7 courses (1,2,3,4,8,9,10). Both are major players in the market

Okay, Before we delve into further details, could you clarify why "A" is interested in acquiring "B"? Are there specific financial goals or is this more about a strategic expansion?

The primary goal for "A" is to boost their revenue through this acquisition. They are also looking to expand their product portfolio through this acquisition.

Great, so we may deal this by dividing the problem into Financial and Non-Financial aspects. Which should I first look into?

You may start with Non-Financial aspects.

Certainly. The fit between the two companies is crucial. "A" should assess how well they align culturally, strategically, and organizationally. This involves evaluating the compatibility of employee skill sets, shared long-term goals, and company policies. External factors like a PESTEL analysis are important too. For instance, if there are any regulations against monopolies in the market, the acquisition might face challenges in regulatory approvals as their combined market share may pose a threat like a monopoly.

Perfect. Now, let's move on to the financial considerations.

Financial feasibility is important. "A" needs to factor in the costs of the acquisition itself and the integration process, such as combining technical interfaces. On the revenue side, they should anticipate an increase due to the expanded course portfolio. Can you provide revenue and cost numbers to continue with the calculations?

Certainly, the revenue, fixed costs, variable costs and overhead costs for both "A" and "B," as well as their combined entity after the merger are here

Right. So, the calculated profit after the acquisition is three times the combined profit of individual firms earlier.

Great. Can you think of any other benefits through this deal?

Yes, additionally we should consider synergies that can arise from the acquisition. This acquisition could lower overhead costs for “A” and expand its customer base and cross selling opportunities.

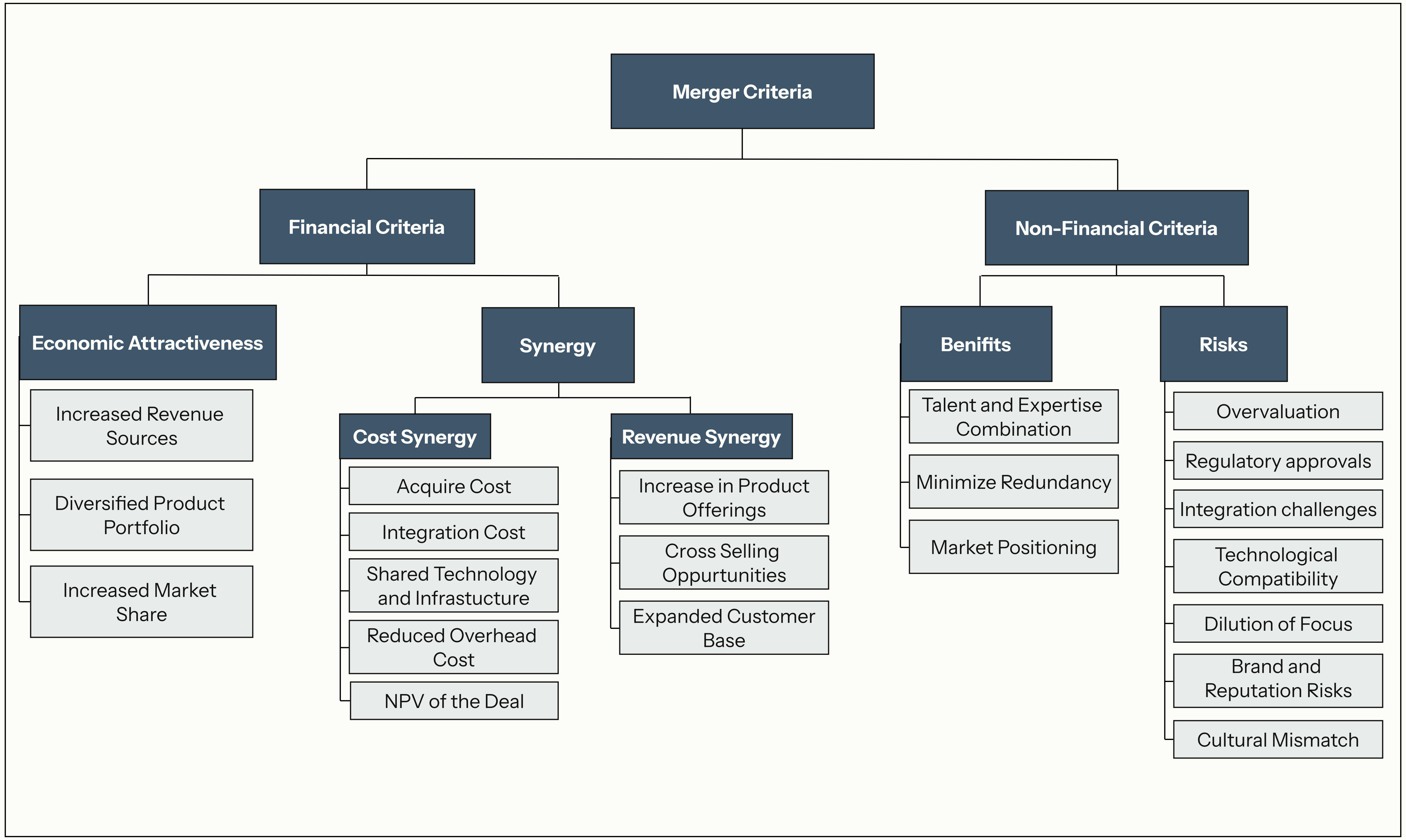
Great, are there any risks involved with this deal?

Yes , I could see overvaluation and delay in regulatory approvals as major risks. Also there could be Integration challenges like technological mismatch which could be an issue.

You've covered both the non-financial and financial aspects quite well. A successful acquisition involves a careful assessment of cultural alignment, strategic fit, and financial feasibility. Thank you for your insights.

Merger of two Ed-tech Firms

M&A | Advanced | Miscellaneous



Your client is an online education platform A, and is looking to acquire its competing platform B. How should they proceed?

Case Notes

- Online Education Platform
- Looking to acquire competitor firm B
- Boost revenue through acquisition

Recommended Solutions

- Identify potential risks and challenges that could arise during the merger process.
- Offer support and training to ensure a positive customer experience.
- Combine the best features of each product to create a comprehensive and competitive offering.
- Understand the synergies of 2 companies and achieve a strong foundation for the merger.

Observations/Suggestions

- It's essential to find the key revenue streams for the education platform
- Calculate the net effect of reduction of prices on profit and the possible ways of increasing revenue from the convenience store
- Develop equation between x and y and find desired relationship
- Evaluate the integration of existing products and platforms.

Acquisition of a clothing firm - Interview Transcript

Your client is a large multinational clothing brand looking to increase market share and seeking economies of scale by acquiring a smaller clothing firm that is popular locally. Your job is determining what factors they should consider for this acquisition to go smoothly.

I'd like to know more about the client regarding what section of the market they cater to and their mode of operations.

As a vast MNC, the client caters to all market sections regarding clothing and has a sufficiently varied product line. As for their mode of operation, the client follows a brick-and-mortar business model as well as a highly successful e-commerce platform.

Okay. What is the client's motivation behind this investment? Also, what is the expected ROI for this venture?

The client is looking to expand its luxury line of products by acquiring a smaller clothing firm with a famous brand name. The expected ROI is estimated to be around 15%.

Got it. Can I know some details about the client's e-commerce platform? What percent of the sales go through the website/app?

The website is integral to the client's business model and accounts for 30% of the sales.

I got it. Now that I have sufficient information on the client, I'd like to know more about the company to be acquired. What does it deal in, and what is its business model?

The company the client is looking at is a luxury brand highly rated by its customers but has seen limited growth for various reasons and stayed primarily relevant locally. The business model is a traditional brick-and-mortar model with a significant focus on individualised customer treatment, which is one of the reasons for the company's limited growth outside local markets.

Thanks for that. So, the client hopes to leverage the smaller firm's famous brand name by incorporating it into their line-up and hoping to boost production via economies of scale. Is that a fair analysis of this acquisition?

Precisely. The client needs a renowned luxury brand in their line-up and hopes to capitalise on the smaller firm's reputation in delivering the best personal experience to its customers.

Finally, can I know the number of stores the smaller firm has and which region it is most prevalent in? What is the valuation of the firm?

The smaller firm currently has 50 stores and is most active in India's northern regions. The firm is currently evaluated at INR 500 Cr.

- Excellent. I have sufficient information to proceed with the case. The factors to be considered for this investment can be separated into financial, legal, and social. The financial aspects are:

Cost of acquisition&integration- The smaller firm boasts high local popularity. Thus, the price of acquisition must be appropriately negotiated. Similarly, proper financial due diligence is needed to ensure the integration costs are accounted for.

Pricing- Since the smaller firm focuses highly on individualised customer experience, the pricing of the product should be kept in mind while incorporating it in the client's line-up

The legal aspects include:

Company policies and contracts- Loopholes in company policies can create legal trouble for the firm down the line, and thus, due diligence is in order.

Intellectual Property (IP)- Review the local firm's IP portfolio, including trademarks, copyrights, and design patents. Ensure the IP rights are adequately owned, protected, and transferable to the multinational company.

Finally, the social factors to be kept in consideration are as follows:

Acquirer fit- This includes the cultural, organisational and strategic fit of the acquired firm with the client.

Brand Alignment- Evaluate whether the brand identity, values, and customer base of the smaller local firm align with the multinational company's existing brand portfolio. Ensuring a strong brand fit is crucial to maintain customer loyalty and prevent dilution.

Sounds good. Now let us focus on the risk assessment of the investment proposal under consideration?

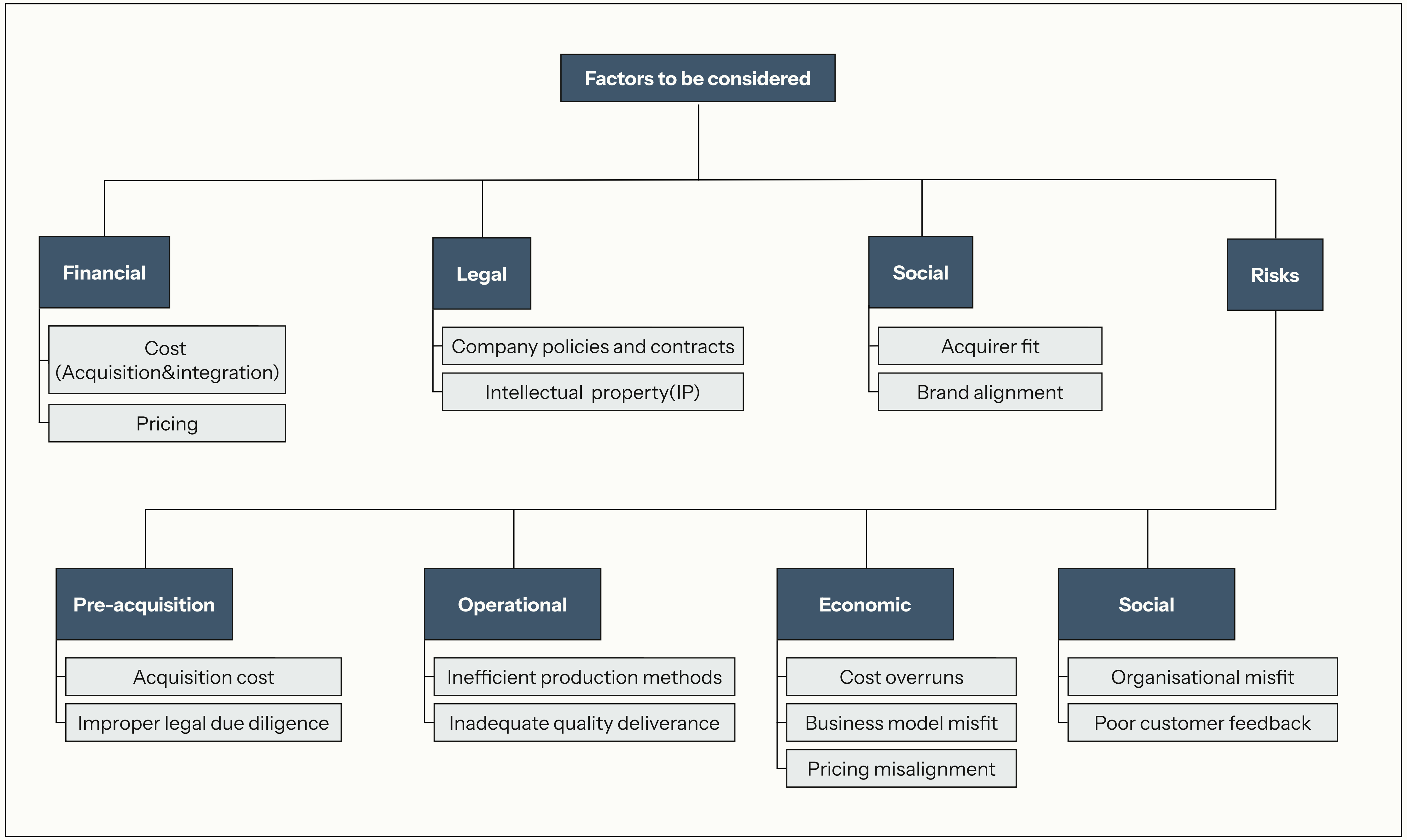
- Certainly. The risks associated with this acquisition can be categorised as:

Pre-acquisition- risk of overstating the acquisition cost, risk of improper legal due diligence.
Operational- risk of inefficient production, risk of inadequate quality deliverance.
Economic- business model misfit risk, pricing misalignment risk, production cost overrun risk.
Social- organisational misfit risk, risk of not conveying the brand image of the firm as expected.

Well that wraps it. We're done with the case.

Acquisition of a clothing firm

M&A | Moderate | Retail



Your client is a large multinational clothing firm looking to acquire a smaller clothing firm with high local popularity. Put together the factors the client should consider before making the acquisition.

Case Notes

- Client is a large clothing firm with international presence.
- Looking to acquire a smaller firm with high local popularity.
- Plans to leverage high brand awareness of the smaller firm and incorporate the same into its own line-up.
- Smaller firm benefits from economies of scale and large capital reserves.
- All factors including risks to be analysed before the acquisition.

Recommended Strategy

Short term:
- Client should work towards a smooth consolidation of the smaller brand into its portfolio.
- All the factors and risks should be properly assessed.

Long term:
- Explore new manufacturing methods and technologies.
- Steadily incorporate the acquired brand into the e-commerce platform.

Observations/Suggestions

- Venturing into the luxury clothing space demands high attention to detail and intricacies.
- All the contracts and patents should be cohesive as the acquisition occurs.
- Proper manufacturing techniques should be employed to maximise the economies of scale

Consulting & Analytics Club
IIT Guwahati

Unconventional

Interview Transcripts

CEO Of BCG - Interview Transcript

Our client is the CEO of BCG. He wants to know what he has to do.

So to clarify, our the CEO of BCG wants to know how to proceed about his work.

Yes that is correct.

Is this going to be how his day should look or an overall outlook on his responsibilities?

The overall outlook on his responsibilities.

A CEO's general responsibilities are Stakeholder Management, Financial Decision-Making, Organizational Strategy. Is there a specific one you want me to dive into?

For now, we will proceed with Stakeholder Management.

Stakeholders consist of Investors, Customers, Employees, Suppliers, Government bodies, Media, and Communities. Do you want me to focus on any specific one?

Dive into Investors, Employees, and Customers.

Investors primarily require the company (BCG's) performance statistics and profit margins, along with plans for the upcoming future. A CEO's job is to ensure that the investors are satisfied and are going to back the company. As for Employees, since BCG is a partnership driven firm he also has to update all the partners regularly about the company's proceedings.

Looking good so far, go ahead with Customers.

Right. For customers, each of the offices have their respective Managing Directors and partners who handle the offices' individual clients and the CEO's job is to ensure the managing directors handle these clients without problems.

Alright. Now dive into the Organizational Strategy aspect of a CEO's job.

Organizational Strategy begins with the CEO meeting with respective CXO's and Heads of subdivisions of the company such as Marketing, Sales, Finance, Operations, Strategy, IT, etc. and listening to problems and proposing solutions.

Other than just solving problems, what else should a CEO do in Organizational Strategy?

More than strategically proposing solutions to these problems, the CEO should also make the organization's performance more effective, both financially and temporally. Effective distribution of work down the hierarchy from CXO's to Associates is one of the examples.

How does the financial aspect of being a CEO work?

The chain of financial transactions begin from the Investors, and as mentioned in Stakeholder Management, it is important that they have your back and support you when required. It proceeds into the CFO and CEO, who make business decisions on where to allocate these funds based on requirement and usage. From there it moves into the team of focus that require these funds and leads to excellent performance of the company overall.

Anything else?

Yes, so besides these, the CEO should also oversee the profitability and the global footprint of the company. Regarding the profitability, the CEO must evaluate the present revenue and cost segments and prepare future plans for these categories to improve functionality and return.

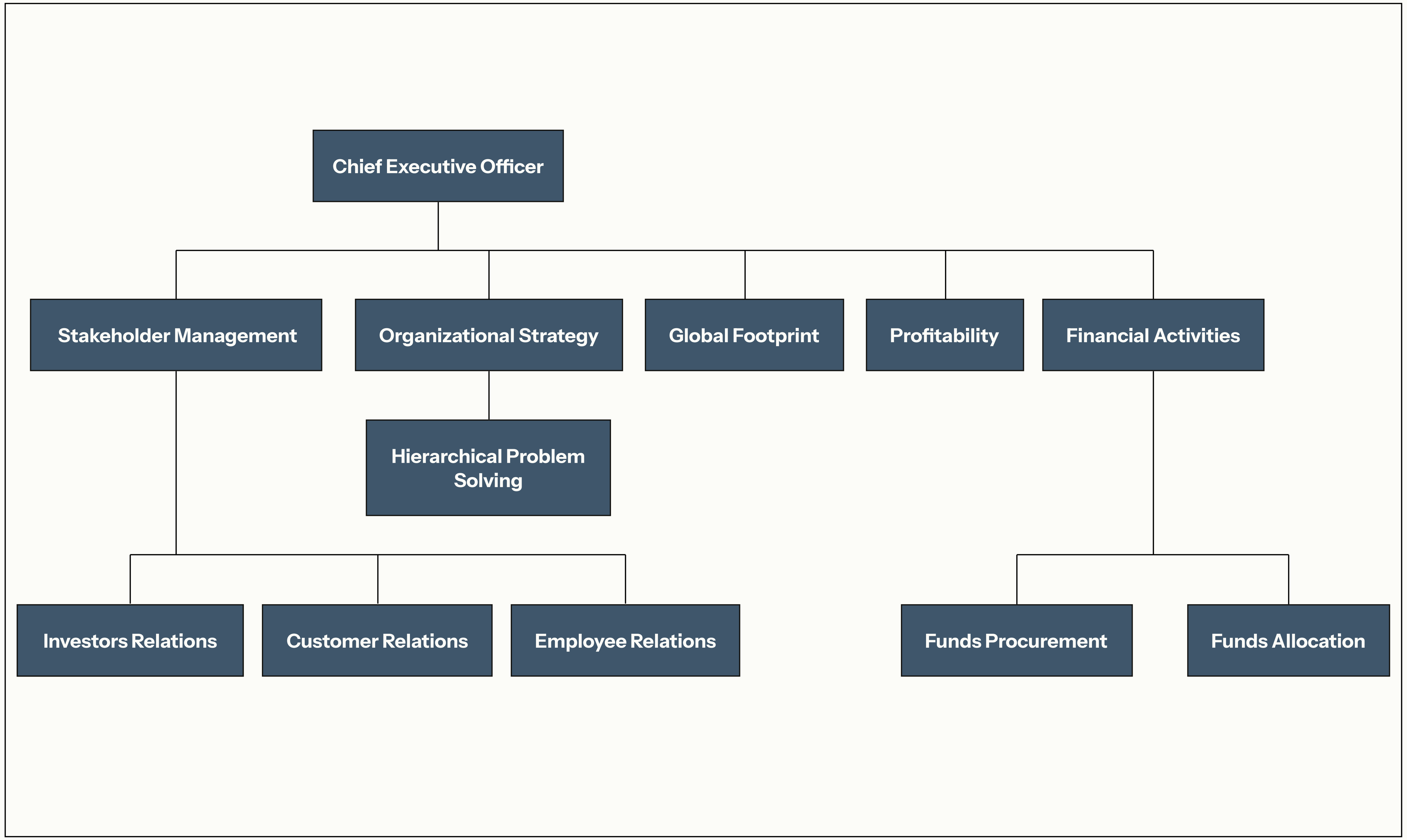
Dive deeper into the Global Footprint aspect.

For the global footprint, CEO needs to focus on increasing the company's impact in Metro and Tier 1 cities and a market entry into larger and higher end of tier 2 cities. As BCG is a highly prestigious and expensive firm, smaller companies might not be able to afford it, so larger tier 2 cities is a good initial focus group.

Great work. That concludes your case.

CEO Of BCG

Unconventional | Advanced | Miscellaneous



Our client is the CEO of BCG. He wants to know what he has to do.

Case Notes

- The CEO of BCG - Chief "Executive" Officer - Meetings with Board (Partners, Investors, CXOs)
- Important to note that BCG is a partnership based firm (autonomously each office is ran but still report to CEOs)
- Manage the operations of the company - Dive into segments like Marketing, Finance, Operations, Strategy, IT, Services, CRM, etc.
- CEO/CFO (If present) would deal with the financial aspect (Money comes from Investors goes to respective heads)
- Ask questions related to autonomy, specific functions to dive into, in a day/ overall responsibility.

Recommended Solutions

Short term:
- Meeting with respective Managing Directors and Investors to ensure smooth performance of the company.
- Prepare financial plans (along with CFO) and propose these to Investors for funding procurement and allocation

Long term:
- Establish a perfect Organizational Strategy specific to different domains by communicating with the respective heads.
- Prepare plans for improving the global footprint and profitability of the company.

Observations/Suggestions

- CEO's job is very vast so diving into niche and specific approach would be better than a vague and universal approach.
- It is also important to know that BCG is a partner based firm and knowing the structure of the firm is important.

Disney buying Star Wars - Interview Transcript

Disney purchased Star Wars 6 years ago for USD 6 Billion, was it a good decision or a bad decision?

Alright, so our aim is to evaluate the decision of Disney buying Star Wars. I would like to approach this question by evaluating the Revenues that Disney has generated from Star wars since its acquisition and looking into whether the break-even point has been reached yet. Was there any target we had set back then during the acquisition and what was the specific purpose we were looking to achieve from this acquisition?

Yes, you can assume the target has been achieved now, and now we want to estimate the revenues that Star Wars has generated for Disney.

Sure, would you like me to focus on Revenues from any specific location or shall I consider it globally throughout?

You can restrict yourselves to the Indian region.

Sure, I would like to consider that the sources of revenues are majorly of 3 types:
-The revenue generated from Movie tickets Sales
-Merchandise of Star Wars
-Licensing or Broadcasting rights of the movies and Star Wars related Events.
Do you feel is there any other revenue stream that I'm missing out on?

Yes these seem to be fine, you can focus on the Movie ticket sales as of now.

Sure sir, can you tell me how many movies have been released within this time frame?

There were 2 movies released during this time, you need not go into the details of theatres at that point in time, consider the current status of theatres itself.

Alright, For estimating the revenue generated via tickets per movie, it would be:
(Number of theatres)*(% theatres that would screen a Star wars Movie)*(Number of Screens)*(Number of Shows per screen)*(Total capacity of the theatre)*(%Occupancy)*(Price per ticket)*(Number of days the Movie is being screened).
Do you feel have I missed out on any factor? And also Do we have any number for total theatres in the nation?

Yes this approach seems fine, Could you brief me on what your approach would be to estimate the total theatres in India?

For estimating the total number of theatres in India, I'd like to divide the cities into tier-wise approach and have Tier 1- around 50 theatres; Tier 2 with around 15 theatres and Tier 3 with around 5 theatres. Then look into the number of such cities in each category.

Great, for now, you can proceed with this question and assume the number of theatres to be around 1000.

Alright so assuming the average Number of Screens per theatre to be around 3 and 40% of the theatres would be willing to screen Star Wars movie, considering 4 shows per screen and 300 Seats per screen, with an average occupancy of 65%(considering weekends and weekdays) and price of the ticket as Rs.250.If we assume the movie is being screened for 15 days (on average).We can perform the following calculation: (1000)*(40%)*(3)*(4)*(300)*(65%)*(250)*(15)This gives us around 350 Crores per film and then multiplied by the total number of films released during this time frame.

Great, this seems to be a fair number. Now can you take me through the approach on revenue from merchandising? (No need to get the exact value)

Sure sir, for this estimation of revenue from merchandising, I would like to take an urban-rural split of 30-70 for India and Revenue generated from the Urban segment only. And considering Income as a second factor, We can assume that Below the poverty line and Lower Middle-class people can't afford merchandise, which leaves us with the Rich(20% in urban) and Above the Middle-class level(40%). Then consider the age division as well(mainly consider the age of 5-30 years). And then finally multiply with people who are actually willing to purchase merch(60% of people watch Star Wars and usually 50% amongst them would be willing to buy the merch).

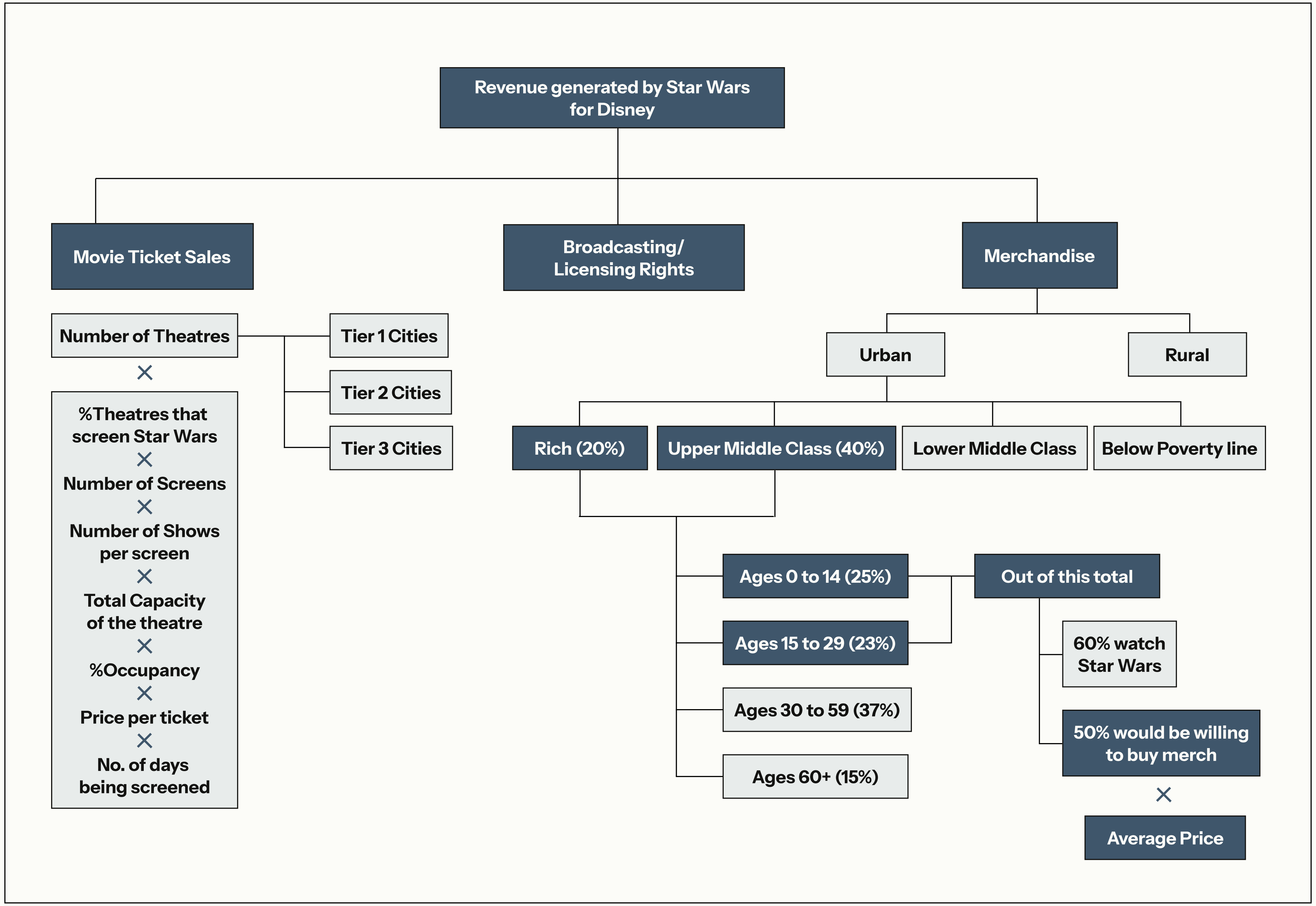
Okay but this approach would give you the total number of customers possible, but how can you generalize the different types of merch being bought?

Yes sir, since there is a vast product line for the merchandise, I would like to consider an Average price considering different types of merch(Apparel, toys, etc.), but what we observe on a whole is that the price of this merch is usually a notch above the rest due to the Brand value it carries(upsell of products), I would like to consider Rs.750 as an average price and move forward.

That reasoning seems fair, We can wrap up the case here.

Disney buying Star Wars

Unconventional | Advanced | Entertainment



Disney purchased Star Wars 6 years ago for USD 6 Billion, was it a good decision or a bad decision?

Case Notes

- Initially confirm if the expectations of acquisition were fulfilled and confirm if the break-even point was achieved.
- For Revenues, consider different streams possible
- Movie Ticket sales and Merchandise were the main streams to focus upon.
- Important that we don't neglect factors like % occupancy and no. of days.

Observations/Suggestions

- For the split of Merchandise revenue, we can first find the suitable target audience (by splitting on Urban-Rural and then Income and Age basis.
- Calculation of the Average price of different possible merch is an interesting aspect where you need to consider a different range, from keychains to clothing and Sneakers.
- If Broadcasting Rights were asked upon, we can take a digital and satellite split and find out the revenue accordingly.

Land Usage - Interview Transcript

Your client is the Delhi State Government. The client has a piece of land available, and it wants to make good use of this land in a way that it can use the land for some social good and recover the investment on whatever activity we pursue using the land.

To confirm that I have understood the question, the Delhi government has a piece of land available. We have to put the land to good use and justify the use of the land.

Yes, that's correct.

I would like to begin with a few clarifying questions first to understand the situation better. What do you exactly mean by social good of land?

Using the land in a way that would solve any problem faced by the maximum number of people in the area. It is just one of the things that can be done, and not necessarily the only use

I see. Where is this piece of land located and what is the area of this land we have?

The area of the land is roughly 60,000 square feet and it is located in an affluent area, containing both residential buildings and office spaces.

Since the area is in the proximity of both office spaces and residential areas which have been built in the past decade, we could aim at looking at the major problems faced by the people to determine the possible uses.

That sounds like a good start to begin with, please go ahead.

The basic needs of any individual can be categorized into: occupation, lifestyle, residence. Since the area is in the office proximity and has residential buildings, we can assume that the land is getting high footfall.

Sounds good, let's begin by analyzing them one by one.

Do we have any information about the lifestyle amenities present in the locality?

The area has convenience stores, salons, schools and other amenities needed for a daily basis at a very convenient distance, with high reachability.

Is there demand for any particular type of amenity in the locality and are the current amenities able to cater to everyone?

Yes, the current facilities are pretty robust and are able to cater everyone in the locality.

In that case, I believe that the problem could lie with either the occupation or the residence part. Since our client is the government dealing with a piece of land in an affluent area, we can assume that due to immense development, there would be a general constraint of space.

Good point! There is indeed a lack of parking space for the people of the area.

Most residential complexes have their own parking facilities that people buy at the time of purchasing their homes, especially in affluent areas. As for corporate offices, they usually have a lot of employees and generally not enough parking space for every employee, especially when they have been built in the past decade. Top executives may be able to reserve parking spaces but that is not necessarily the case for other employees.

That's an apt observation. The problem is essentially that the offices do not have enough parking spaces and the office vehicles are causing congestion.

The given land can be used for occupational parking purposes and we can set up a competitive pricing such that even the government earns substantial annual profit from it

Considering that the government builds a multi-storey parking center on this land, what do you think the price of the parking should be assuming we have 600 cars to be accomodated.

How much is the initial investment and by when are they planning to recover it by?

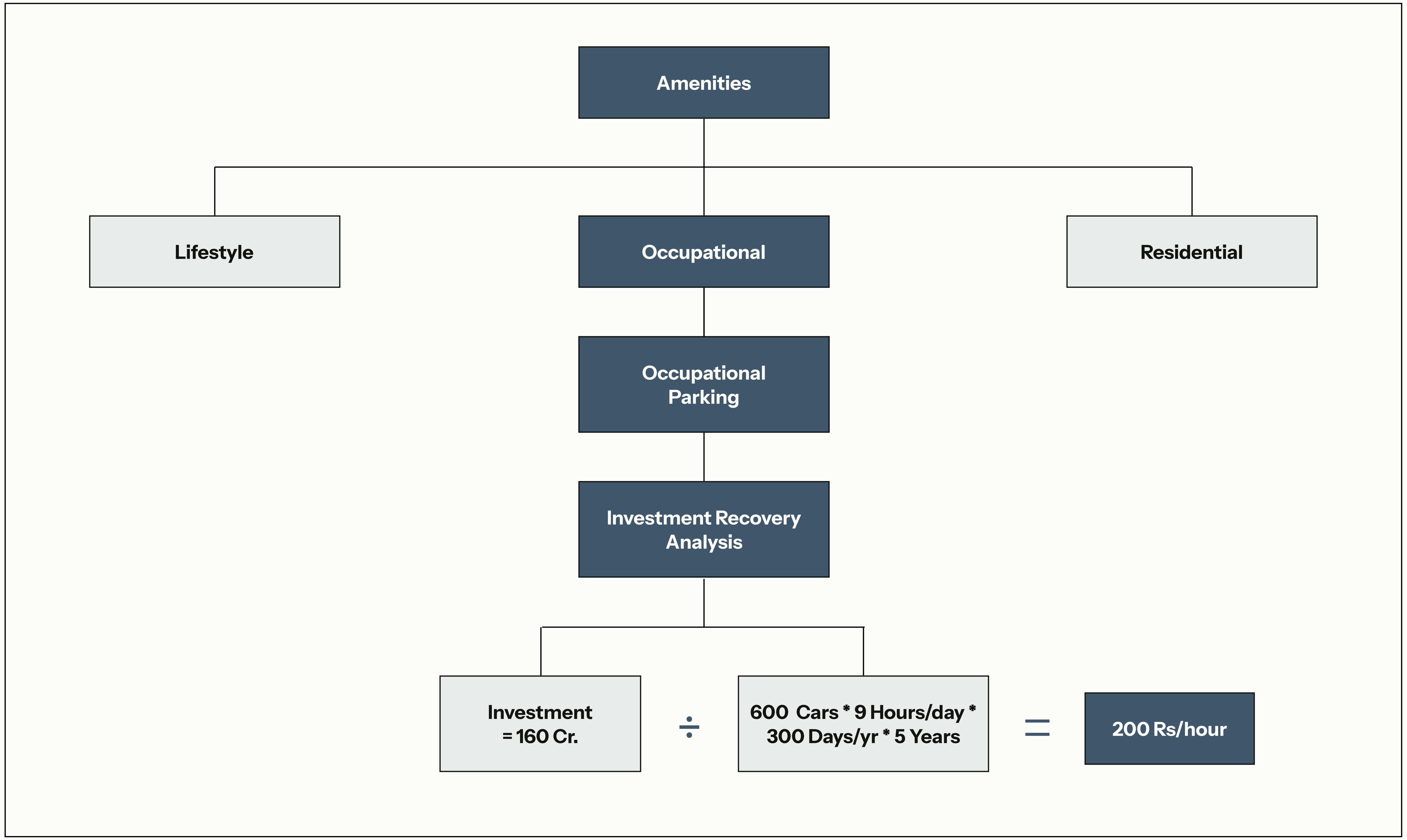
The initial investment is 160 Crore Rupees and we're looking to recover the investment in 5 years of operations. Assume that the car parking charges are the same for all five years.

Assuming that every car stays in the parking for 9 hours daily on an average, and most corporate offices work only on weekdays. Thus we have about 300 days of cars being parked in the center. We can assume that due to multiple office shifts, a total of 600 cars visit the center. The pricing per hour = 160 Cr. / (600 * 9 * 300 * 5) which comes out to be approximately 200 Rupees per hour.

That sounds good! We're done with the case. Thank you.

Land Usage

Unconventional | Advanced | Government



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Case Notes

- The CEO of BCG - Chief "Executive" Officer - Meetings with Board (Partners, Investors, CXOs)

Recommended Solutions

Short term:
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Consulting & Analytics Club
IIT Guwahati

Miscellaneous

Interview Transcripts

Argentinian Toy Manufacturer - Interview Transcript

The Client is an Argentinian toy manufacturer. It has 50% market share in Argentina and is the market leader in South America. However, its international market share is only 5%. Their CEO wants you to brainstorm and structure potential ideas to increase the company's profit margins and market share. The CEO also wants you to think about exploiting new revenue sources.

Commencing on our discussion, I would like to know about the customers of the company, both local and international.

The company segments their customers into local and international markets. Since there are no significant local competitors, the company charges local customers premium prices. However, U.S., Chinese and Indian imports threaten our client's local position.

Fine, could you kindly furnish me with some data pertaining to the market expansion within the toy industry?

The global toy market is growing at an average of 1% per year. Further every year, India's market grows 10% and China's market grows 15%. However, the U.S. and European markets are shrinking at a yearly rate of 5%. The Argentinian toy market is growing at a yearly rate of 10%.

Alright, I would now like to comprehend the Client's business with greater clarity. Could you please brief me about the challenges that you are facing?

Sure, our company is a prominent toy manufacturer in Argentina, holding a solid 50% market share in the country. We're proud to be the market leader in South America as well. However, when it comes to international markets, our market share is just 5%, which is significantly lower. We're facing the challenge of expanding our global presence and increasing our profit margins while maintaining our leadership locally.

Thank you for that overview. Expanding internationally is certainly a big step. To successfully expand your global market, I would like to inquire about the company's product portfolio: types of product prices and the number of units sold.

Rightly asked! The domestic market sales comprises 3 principal products with 600000, 200000, and 200000 sales respectively. The average selling price of the products are 21.00$, 12.00$ and 10.50$ respectively.

Further, can I know a little bit about the competitive environment? Are the competitors also facing the same issue as us?

Our current industry is very dense. There has obviously been healthy competition. But our competitors, in general, have seen significant growth.

Okay. So let me focus on the cost aspects. I will start by analyzing the value chain. I will start by dividing the value chain into the following major subgroups:
R&D, Raw material extraction, Inventory management, Storage Transportation and Distribution and finally outsourcing and marketing.

The unit costs of the products are 9.00$, 6.60$ and 5.60$ respectively. However, the international sales are not so promising with only 200000, 100000, and 50000 sales of products 1,2, and 3 respectively. The average selling price of the products at an international level are 17.00$, 14.00$ and 8.00$ respectively.

Thank you for that overview. Expanding internationally is certainly a big step. To successfully expand your global market, I would like to inquire about the company's product portfolio: types of product prices and the number of units sold.

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Well, after analyzing the profit margins of the three products, it can be concluded that products 1 & 3 are more profitable locally whereas product 2 is more profitable internationally.
How do you plan to innovate and diversify your product portfolio?

Innovation is key in the toy industry. We're investing in research and development to create unique, trendsetting toy designs that cater to evolving consumer preferences. We're also exploring eco-friendly and educational toys to align with market trends and appeal to conscious parents who value both sustainability and learning opportunities.
However, production lines cannot be easily altered to produce different products. It will cost a lot to alter production lines. So, without significant investment, factories cannot easily change the production mix.

Well, in that case, how do you plan to leverage digital platforms for growth considering e-commerce the future of business sales?

Argentinian Toy Manufacturer - Interview Transcript

E-commerce is indeed a game-changer. We're focused on enhancing our online store to provide a seamless shopping experience for customers worldwide.

Hiring experienced web developers and web designers will do the work. Strategic partnerships often play a vital role in expansion. Could you tell us more about your plans in this area?

Absolutely. We're actively pursuing partnerships with well-established retailers in our desired markets, aiming to present and sell our products in high-traffic stores. Furthermore, we're evaluating the potential of licensing arrangements with renowned entertainment franchises to create co-branded toys, tapping into existing fan bases and expanding our reach.

Expanding into new regions requires careful planning. Are there any specific emerging markets you're targeting?

We are considering the possibility of procuring businesses in more favorable markets such as China and India. This is also important because the company's primary export destination, the United States, is experiencing a decline.

It's clear you're exploring multiple avenues for growth. How do you plan to maintain customer engagement and drive brand loyalty?

Customer engagement is a priority. We're considering developing interactive apps that complement our toys and building online communities where customers can share their experiences and feedback. We are confident that this initiative will foster a feeling of inclusion and strengthen the bonds between our brand and customers.

These strategies sound promising. Are there any issues pertaining to the production and distribution of the products?

The factories are operating at full capacity and there are no significant issues regarding the distribution of the products.

Okay, these are a few things which I will recommend to expand the market share of the company internationally. The company should focus on the marketing and distribution of product 2 since it is more vulnerable to the international market. Reducing its price to some extent and re launching the product in the international market with a more enhanced marketing would benefit the company in the long run, thus increasing its international market share gradually. The client should also ask the local Argentinian government to help its exports become more successful.

Anything else?

Okay. So let me focus on the cost aspects. I will start by analyzing the value chain. I will start by dividing the value chain into the following major subgroups: R&D, Raw material extraction, Inventory management, Storage Transportation and Distribution and finally outsourcing and marketing.

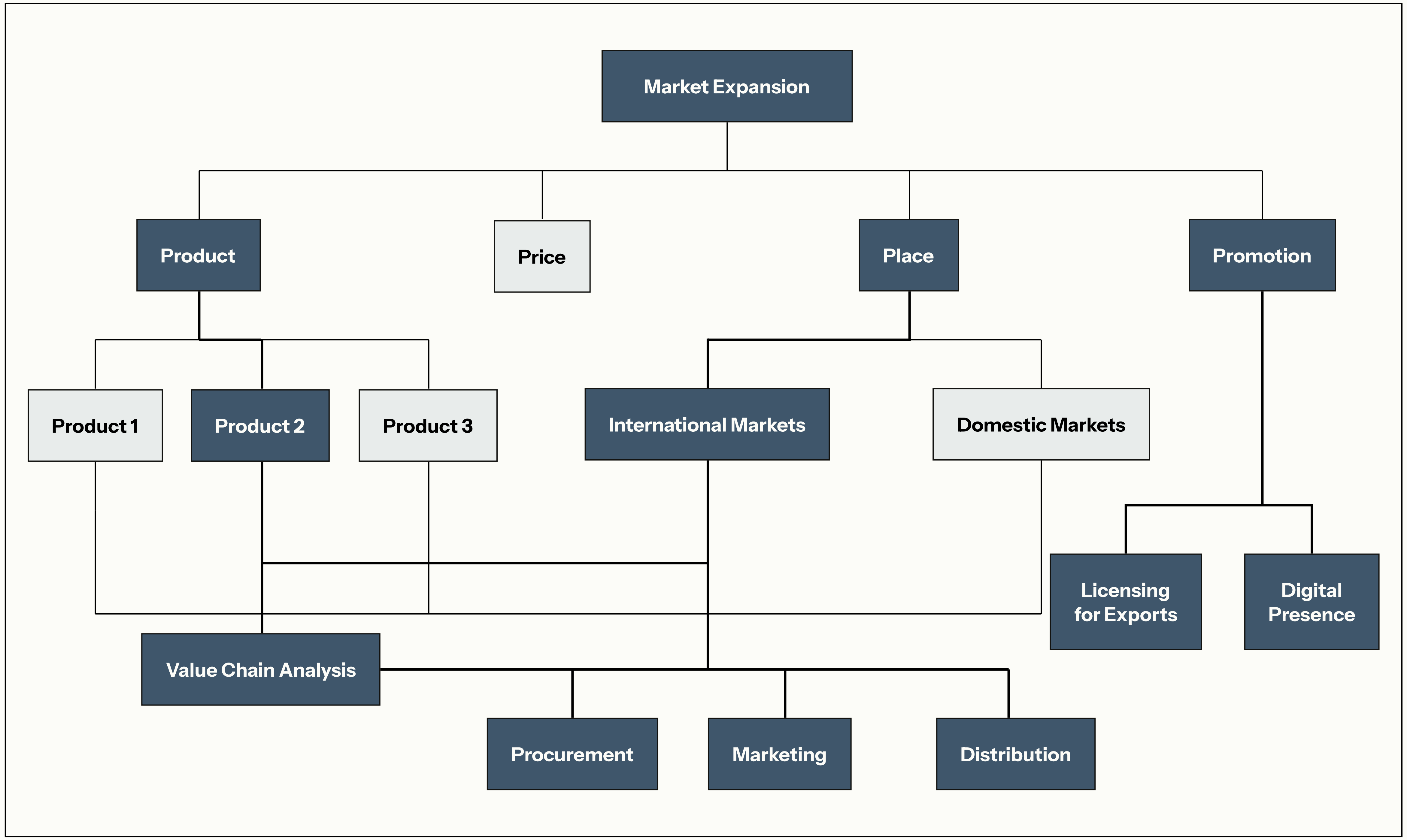
Thank you for the suggestions! In addition, what else would you recommend to maintain the company's position in the local market?

In order to maintain their leading position in the Argentinian market, the client could consider reducing its price to compete with Indian, Chinese and U.S. imports. Although this would reduce profit margins, the client's market size could increase, thus increasing the client's overall profitability. The client should also consider partnering with Argentinian clients to develop new products and to establish new distribution channels (e.g.: franchising, selling at supermarkets, selling online) to increase their client base.

Setting up virtual showrooms where customers can interact with our products virtually will boost the market share of the company globally. Digital marketing, utilizing social media and collaborations with online influencers will play a significant role as well.

Argentinian Toy Manufacturer

Organizational Expansion | Advanced | Miscellaneous



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Case Notes

- Product 1 & 3 are more profitable locally. Product 2 is more profitable internationally.
- The factories are running at full capacity. Without significant investment, factories cannot easily change the production mix.
- There are NO significant competitors in the region. However, imports could provide some competition.

Recommended Solutions

- In order to maintain their leading position in the Argentinian market, the client could consider reducing its price to compete with Indian, Chinese and U.S. imports.
- **Risk:** Although this would reduce profit margins, the client's market size could increase, thus increasing the client's overall profitability.
- The client should also consider partnering with Argentinian clients to develop new products and to establish new distribution channels (e.g.: franchising, selling at supermarkets, selling online) to increase their client base.
- The client should ask the local Argentinian government to help its exports become more successful. Ways the Argentinian government could help our client:
  - Subsidies
  - International commerce chambers
  - Customs tax partnerships
- The client should also consider acquiring companies in more promising markets (e.g.: China and India) because their main export market, the U.S., is shrinking.

Old Winery - Interview Transcript

You have inherited the "Old Winery" from your grandfather, a winery that has been family-owned for five generations and can be dated back to the 16th century. Your grandfather never wanted to change the winery's image and left the managerial and administrative tasks to a young, energetic wine-maker. Due to the not-so-well-known brand, the demand for the "Old Winery" wine is currently relatively low. Given your limited knowledge of winemaking, you do not intend to run the winery operatively but find owning a winery exciting. You plan to give the winery some fresh impetus.

Thank you for the case. Before moving ahead with the overall strategy, I would like to understand the winery, the area of land used for cultivation, and its method of raising.

We have 11 hectares of land used for cultivation, of which half of which are used to grow white grapes and the other half to grow red grapes. They are grown conventionally, i.e. they are not organically farmed and certified. The vine stocks are in good condition regarding age and care.

Are we selling the whole produce as wine or some produce as grapes as well?

Only ¼ of the harvest is made into wine by the winery; the rest is sold as grapes.

It seems significantly less. Do we know what amount of wine is produced per kg of grapes and the number of grapes cultivated per meter of Vine?

Good question. 1 kg of grapes yields usually between 0.4 and 0.8 l of wine. For a small and semi-professional winery like yours, yields are below average. 1-meter of Vine provides about 3 kg of grapes for wine production

What is the target size of the wine bottles we will use?

We are targeting the wine bottles at 0.75 l. Why don't you come up with some strategy regarding the core problem?

Sure. Give me a couple of minutes, and I will be back with the overall strategy.

Sure. Take your time.

Thank you. Here is my overall strategy. First, I will look at the potential number of wine bottles that can be made using Vine. Then, I will cover the qualitative factor as the feasibility of establishing the value chain, which includes cultivation, harvesting, vinification, bottling, and sales, and the Quantitative factors, such as pricing, revenue, and cost.

Your structure seems good. Why don't you go ahead?

So, for calculating the total bottles, I will use the formula Total wine bottles= Total grapes produced(kg)/ hectare * # hectares * Wine produced/kg of grapes / Volume of each bottle.

Seems fine. Go ahead with your assumptions and calculations.

For that, I would assume Vines per area: approx. 2 m vines per 2 x 2 m² = 4 m². The quantity of grapes per area is 2/4 m/m² x 3 kg/m = 1.5 kg/m². 1 hectare = 10,000 m². So, the quantity of grapes per hectare will be 15,000 kg/hectare. Total bottles = (15,000 * 11 * 0.5 L)/0.75 = 1,10,000 / year.

Your calculation is correct. Why don't you analyze the Value Chain

Sure. I will consider the feasibility of establishing the value chain where I will consider the major buckets to be cultivation, harvesting, vinification, storage, bottling, and sales.

Your segmentation seems exhaustive. Go ahead.

Do we have any information on the current processes and their efficiency, which I have mentioned in the value chain?

We use simple and rather old equipment for cultivation, harvesting, vinification, and bottling. The capacity of the available barrels suffices only for the currently produced amount of wine, and currently, no direct retail sale at the winery occurs. Why don't you suggest some solutions for this?

Since our methods of preparation are very old, we should have to upgrade ourselves. For that, we should look into the following major changes:

1. Technical upgrades for cultivation and harvesting.
2. Additional wooden barrels to increase the capacity of storing the wine.
3. Technical upgrade for in-house vinification and bottling process.
4. Improving the design and appearance of the winery for sale (e.g. building, office, tasting room)

Good observation. Suppose that we do not consider any interest payments, as the money for the initial investment can be borrowed from your uncle, i.e., $120,000. He wishes a steady repayment

Old Winery - Interview Transcript

of the money over the next 15 years –meaning a depreciation over 15 years. Why don't you calculate the price for each bottle that our Client should have to charge?

For that, I would require the numbers on Fixed cost, variable cost and the quantum of profit our Client is targeting.

What costs will you include in fixed and variable buckets?

I will include Insurance, Property tax, Maintenance in Fixed costs while Labor costs, Packaging materials, Wooden barrels, Taxes and Marketing in Variable costs.

Good. Consider fixed cost per year to be $190,000 and variable cost per bottle to be $ 7.3. Also, consider the Client is willing to sell their product without any profits. Can you give a rough price for each bottle?

- Sure. I will consider the Price of bottle= Fixed cost/bottle + variable cost/bottle + Depreciation. Investments to be written-off over the next 15 years: $ 1,200,000/15 a = **$80,000/a**
- Fixed costs and depreciation per year: $ 190,000/a + $ 80,000/a = **$ 270,000/a**
- Fixed costs and depreciation per bottle: $ 270,000/a / $ 110,000 bottles/a = **$ 2.50/bottle**
- Variable costs, fixed costs and depreciation per bottle: $ 7.30/bottle + 2.50/bottle = **$9.80/bottle**

Your calculations seem fine. Consider that the average price in the Market per 0.75 l bottle of wine across all customer segments is below 3 $. What steps would you take to sell your product and increase the profitability?

Sure. For this, I will consider the three key drivers: volume, costs, and price.

Good observation. How would you achieve this?

So, to increase the profitability, we can increase the volume by increasing the yield by purchasing additional grapes, buying other vines, or using fertilizers.
Further, we can decrease the costs by using less expensive harvesters from low-wage countries, using cheaper packaging materials, or optimizing the overall process.
At last, we can increase the price charged per bottle by addressing the target customer segment who is willing to pay a price of over 10 $ per bottle for a new wine brand like "**Generation Y**"

Can you tell me why have you mentioned Generation Y?

Sure, "Generation Y" is the first "Digital Natives "generation, i.e., the population raised with the Internet. They are less price-sensitive and more quality-focused and value the origin/ story of the product. Sustainability plays an important role for the "Generation Y".

Good observation. How would you place our product in the Market to justify the price? Suggest some marketing strategies.

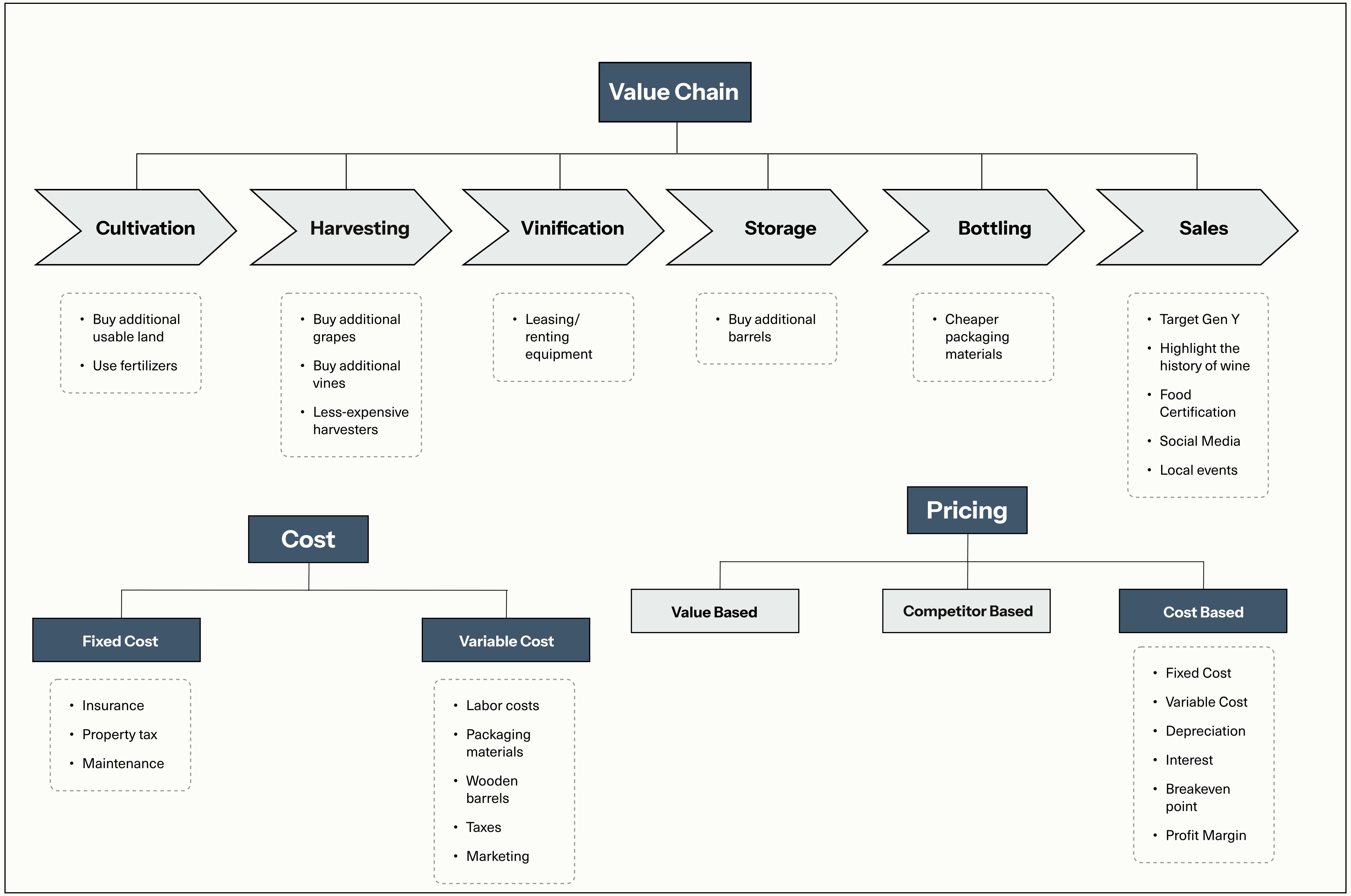
First, we should develop critical elements and concepts for an image and marketing strategy to address "Generation Y "customers, being the most willing to pay more than 10 € for a bottle of wine. We should look for the **needs** of this segment, and then we can add possible elements of an image and marketing strategy like:

1. Highlighting the long and personal **history of the winery**
2. **Physical/optical improvement** of the "Old Winery"
3. **Organic food certification**
4. **Focus on the quality/appearance** of the wines such as new, modern labels/ bottles for the wines, possibly also individualized labels for smaller series upon customer request
5. **Use of new/ social media channels**
6. Activities in blogs and networks to present the winery online
7. Sale and marketing through existing wine Apps or by developing one's App
8. Organization of **local events at the winery**
9. Direct sale at the winery

Good recommendations. We can end the case here.

Old Winery

Organizational Expansion | Advanced | Food Processing



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Case Notes

- Client has inherited a winery and currently only 1/4th of the total 11 hectares is used for making vines
- Client is using old and typical method of making the vines
- Initial cost of Investment= $ 120,000 with no interest for 15 years
- Cost of manufacturing each bottle of vine comes out to be $ 9.80
- Average cost of vine in the market is $ 3.00
- Client has to target those customers who are less price sensitive

Recommended Solutions

- Technical upgradation in cultivation, harvesting, vinification and bottling processes
- Increase additional wooden barrel capacity
- Highlight the history of winery
- Organic Food Certification
- Social Media Channel, Blogs
- Direct Sales
- Local Events

Chip Equity - Interview Transcript

Our client is an electronics holding called Chip'n'Chip.They want to invest in a Printed Circuit Board (PCB) manufacturer called OnBoard, and asked you whether it's going to be a good investment.How would you help them?

I want to start with a few clarifying questions. How much is our client willing to invest and how much is OnBoard looking to be paid?

Chip'n'Chip has more than$80 m for investments. It requires a 10% ROI in the first year in order to invest. OnBoard has a valuation of $320 m. They are looking for a private equity investor to inject $80 m and is looking to give 20% of the shares for investment.

Where does OnBoard operate and how is the market growth rate for PCBs?

OnBoard is looking to invest the funds into the factories in Vietnam. Also, the market for the 2-layer PCB technology has been declining globally 4% per year in the last years and tends to keep falling. The market for the new 3-layer technology had an increase of 10% per year in the last few years (smartphone boom).

So I'm assuming our client is planning to use these investments to expand in the 3-layer PCB technology is that correct?

Yes that is correct.

What is their target production capacity?

6 m units of the 3-layerPCB technology.

How is the competitive environment in the Asian market?

Japanese manufacturers control more than 50% of the market, but have been facings tagnation as new manufacturers in Asia (specifically China and Southeast Asia) improve their technology with less labour costs.

Hmmm, that means OnBoard's target investment in Vietnam seems like a good choice. What other places does OnBoard operate in?

OnBoard has factories in Germany, China, and Vietnam.

How are the current production of these factories and what capacity utilization do each of these factories have?

The capacity of the factories in Germany/Vietnam is 5m boards per year, whereas the capacity in China is 10m boards per year. The factories are working with the following capacity utilization: Germany 60%, China80% and Vietnam 100%.

Just to clarify, these values are only for 2-layer PCBs right?

That is correct. There is no active production of 3-layer PCBs from any of OnBoard's factories.

Great. So what are the costs pertaining to each of these factories?

China and Vietnam consume $3.5 per unit and Germany consumes $4 per unit produced.

And what prices are these products sold at?

All of these are sold at $5 per unit.

That means China and Vietnam see $1.5 per unit and Germany sees $1 per unit profit. How will these costs and prices change for 3-layer PCBs?

The unit costs for the new 3-layer boards will be exactly the same as for the old technology. The unit price, however, will be of $6.5 per unit.

That means a profit of $3 per unit instead of $1.5 per unit since the investment in only in Vietnam.

Hmmm yes the conclusion seem quite accurate. Proceed further.

Okay since the profits seem very attractive, I will proceed into the synergies. Since our client is an electronics holding company, do they have any other clients that can benefit from OnBoard?

Chip Equity - Interview Transcript

Good question. Yes our client own many manufacturers which need PCBs.

Where do those manufacturers operate?

Those companies are all in the US, apart for one motherboard manufacturer for high-end laptops in India.

How are the current purchases for each of these factories in terms of both volume and price?

The factory based in India currently outsources the production of 10 million units of the 3-layer PCBs.The client's companies in the US buy 20 million 2-layer PCBs per year for a price of $5.

I noticed that the prices of these PCBs are same for the US-based companies as OnBoard. This means there are no switching costs for those companies but indirectly our client benefits from the switching anyway.

Yes that is a good observation and suggestion.

Since our factories in Germany, China, and Vietnam produce a total of 20 million units already (5 m, 10 m, 5 m respectively) all of them can be exported to US-based companies. The total revenues will be **5 * 1 m + 10 m * 1.5 + 5 m * 1.5 = $27.5 m** What would be the transportation costs for these units to the US?

You can assume the transportation costs are negligible.

Great. Also, since we are producing 6 m units of 3-layer PCBs from investment, we can provide those to India, whose requirement is 10 m. This will further give our client **$ 3 * 6 m = $ 18 m** and a total revenue of **$27.5 m + $ 18m = $45.5 m**. Since our factories in Germany and China still don't have 100% capacity utilization, we can focus the next investment on improving those with acquired profits.

Yes the calculations seem accurate and the insight is also very useful for future business decisions. Proceed with an ROI sanity check.

Since our client holds 20% of the shares, the ROI will be (45.5/80) * 0.2 * 100% = 11.3% ROI which is more than our client's expected 10% ROI.

Okay so what is your final solution?

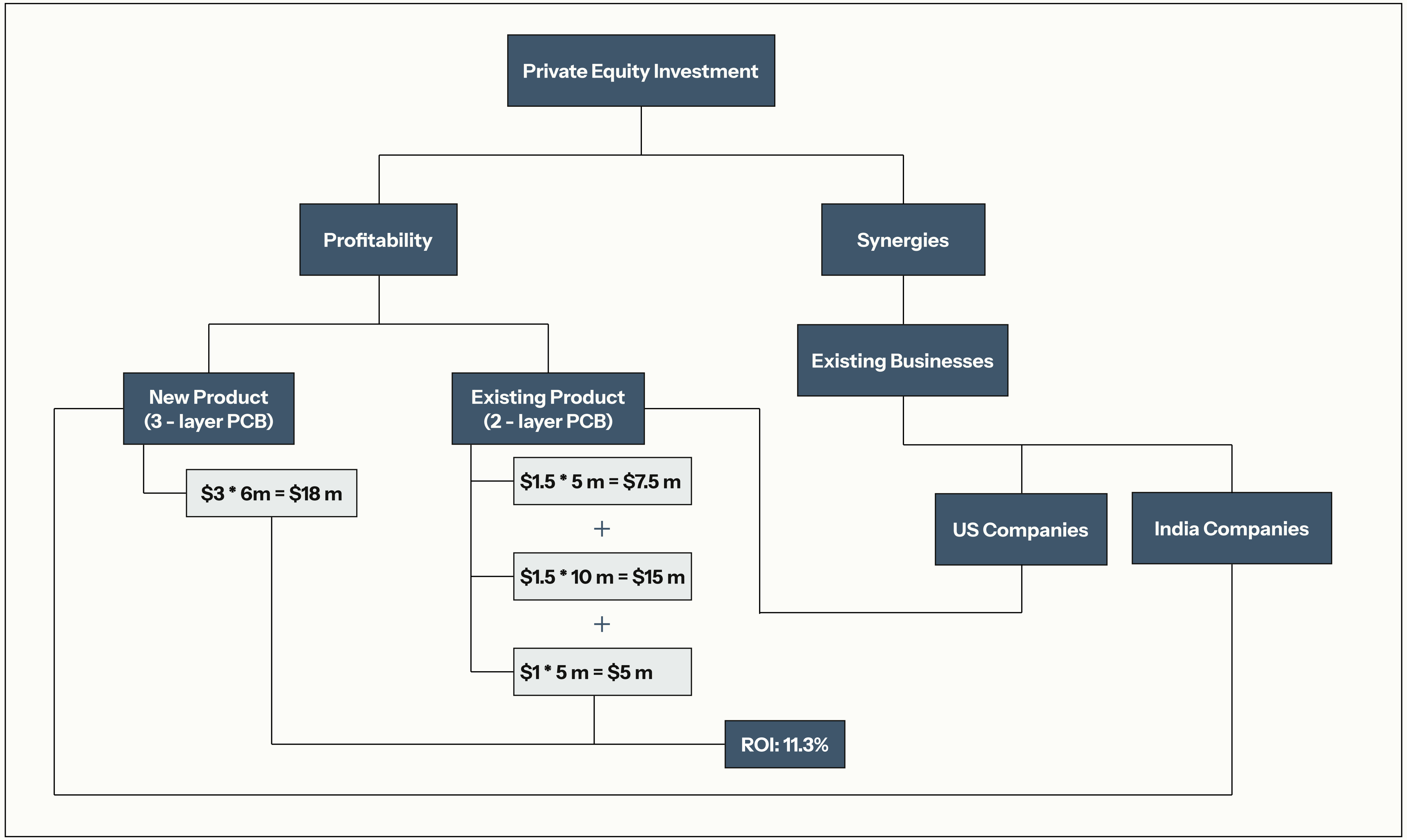
- Our client should proceed with the investment because:

The expansion into 3-layer PCBs market seems very attractive.
The profitability for both the 2-layer and 3-layer PCBs are also very attractive.
The companies' synergies also match as our client's existing companies based in US and India could be potential customers for OnBoard and when these sales are converted, that gives our client an ROI of 11.3% which exceeds our client's expectations.
The investment also brings more business opportunities as there is potential to improve capacity utilization of factories in Germany and China which will further increase the sales of Onboard and profits of our client.

Great that concludes your case.

Chip Equity

Private Equity Investment | Advanced | Semiconductors



Our client is an electronics holding called Chip'n'Chip.They want to invest in a Printed Circuit Board (PCB) manufacturer called OnBoard, and asked you whether it's going to be a good investment.How would you help them?

Case Notes

- The framework should split into different sets of analyses for both the new product and the existing product.
- The competitive landscape doesn't seem to have a large significance since the market is a emerging market.
- Since client is an electronics holding company, they should own other electronics companies who could be potential customers for OnBoard.

Recommended Solutions

Short Term:
- The expansion into 3-layer PCBs market seems very attractive.
- The profitability for both the 2-layer and 3-layer PCBs are also very attractive.
- The companies' synergies also match as our client's existing companies based in US and India could be potential customers for OnBoard and when these sales are converted, that gives our client an ROI of 11.3% which exceeds our client's expectations.

Long Term:
- The investment also brings more business opportunities as there is potential to improve capacity utilization of factories in Germany and China which will further increase the sales of Onboard and profits of our client.

Observations/Suggestions

- The framework and case structure is very intricate as many connections are made throughout the case to the previous discussions.
- Other synergies could've also been explored to further strengthen the solution of the case.

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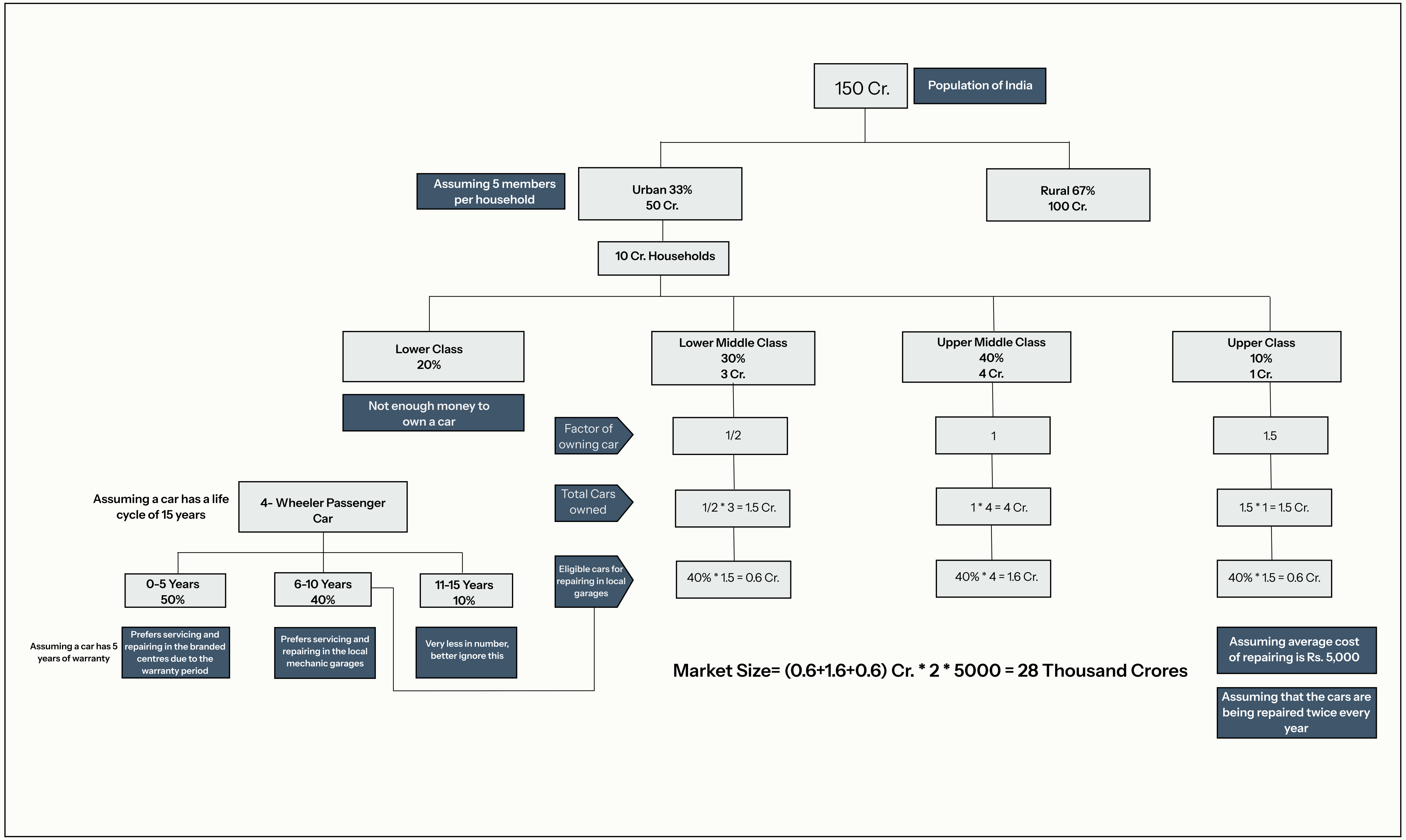
Market Sizing

Automobile Spare Parts

Automobile Industry | BCG

Estimate of the market size for spare parts catering to four-wheeler passenger cars within India's local mechanic garage sector, denominated in Thousand Crores INR.



Formula

Market Size= #Different Cars repaired in local garages in one year * #Times repaired per year *Cost of repairing each time

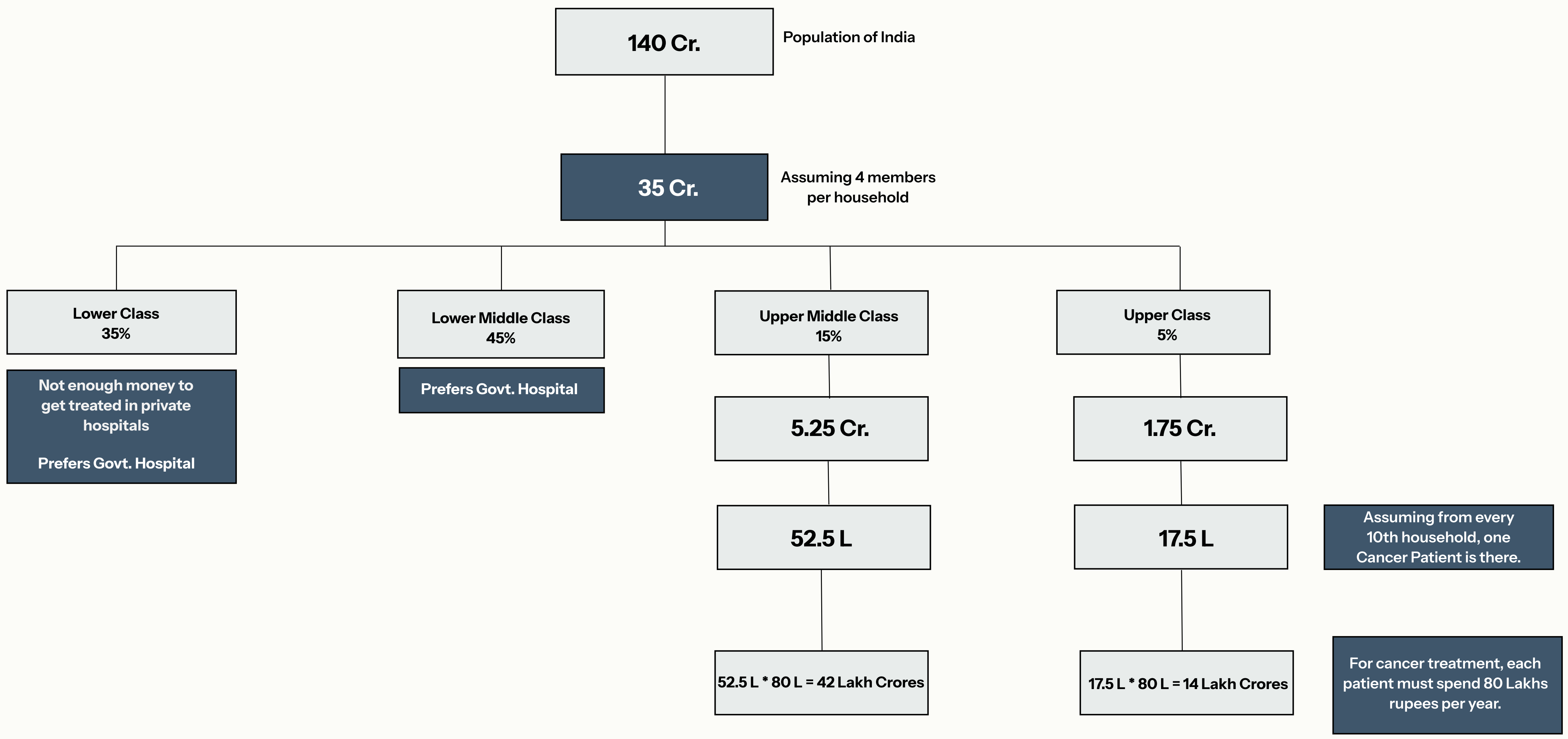
Points for Interviewee:

- Rural households have not been taken, however it should be confirmed from the interviewer before proceeding
- Private cabs can be taken into consideration
- A big chunk of households belong to the upper class can opt for premium services even after expiry of warranty period
- Cost of repairing has been taken same for each income class, but it can vary from class to class

Private Cancer Hospitals

Healthcare Industry | BCG

Estimate the market capital of Private Cancer Hospitals in India



Total Capital = 42 Lakh Crores + 14 Lakh Crores = 56 Lakh Crores

Formula

Market Capital= #Cancer Patients * Cost of treatment per year per patient

Point to note:

Actual Market of Cancer is **2 Lakh Crores** in India

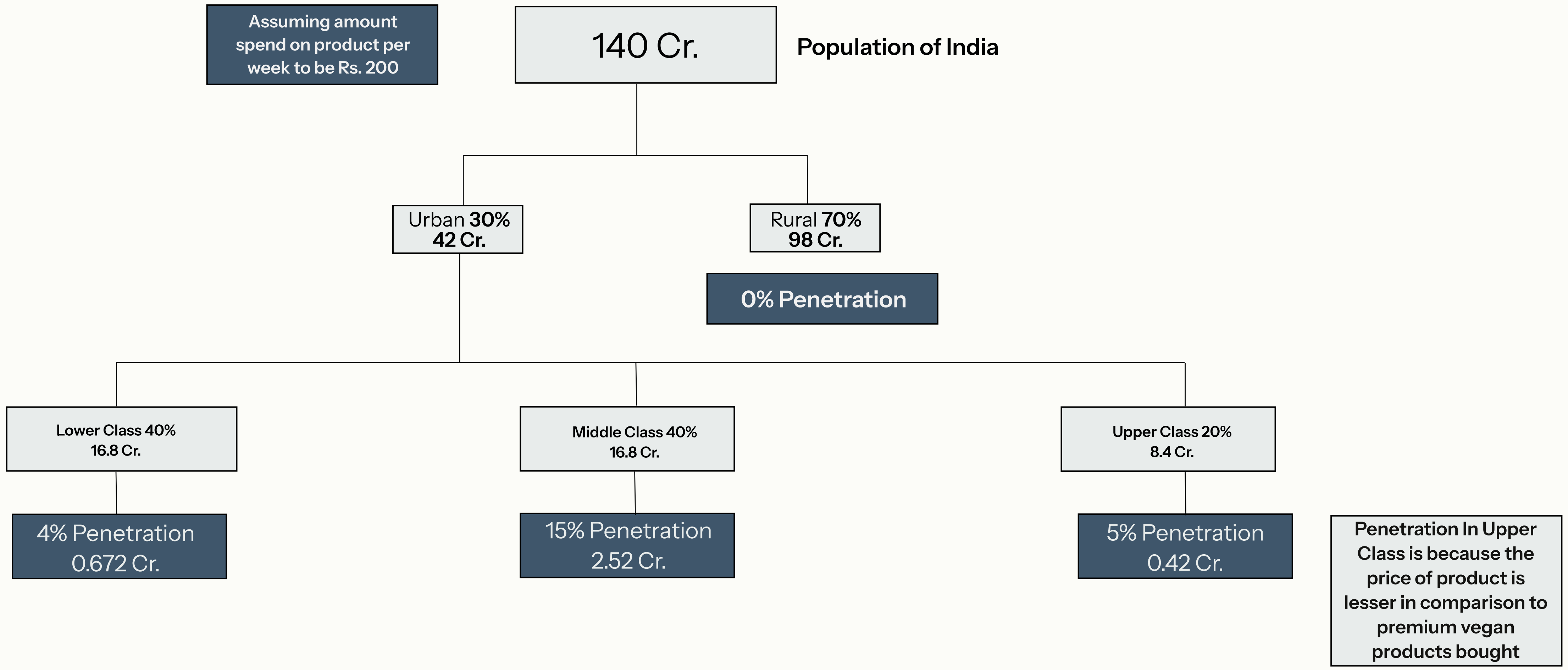
Probable reasons of miscalculation:

- Interviewee has estimated very large number of patients per household, it should be taken 1 patient per 100 households in India
- For different stages of cancer treatment, cost of treatment differs

Vegan Meat

Food Processing Industry | BCG

A new vegan meat substitute is being introduced in India. Can you estimate the size of the potential market for this product?



Market Size= # Customers * Cost of Product = (0.672+2.52+0.42)*200*50 = Rs. 36,120 Cr.

Formula

Market Size= # Customers * Cost of Product

Assumptions:

- Consider that rural India is not the target market in current situation
- Penetration of the product in Upper Class of Urban India is low because the price of the product is lesser in comparison to premium vegan products.
- Consider amount spend per person per week on vegan meat to be ₹ 200.
- Consider 50 weeks in one year.

MRI Scanner Manufacturer

Market Sizing | EY-Parthenon

Equinite is a manufacturer of horse MRI machines in the UK. Equinite provides MRI-qualified veterinary clinics with a horse MRI machine for use in the diagnosis of lameness without the additional complexities of general anaesthesia. Their main source of revenue is fee per scan, but they also offer maintenance services. A private equity firm is interested in acquiring the business and has engaged you to assess the size of the market in which Equinite operates.

Horse Population
1,000,000

% Addressability	Competition (20% = 200,000)		Leisure (80% = 800,000)		
% Incidence of lameness	20%		5%		
% Referral to MRI	10%		1%		
# Scans/year	4,000		400		
	X		X		
Fee	$400		$400		
Total fee from scans	$1,600,000	+	$160,000	≈	$1.8M

Formula

Market Size of MRI Scanner = # Scans/year * Fee/scan

Assumptions

- For coming up with population of horses in UK, interviewer wants from the interviewee that he/she should use some proxy
- In this case, interviewer has given the number of horses in US as 10 M
- Take ratio of #horses to the # population of US as 1:30
- Taking the ratio into account, assume UK horse-to-human ratio to be 1:60
- UK horse population = UK population of 60M * horse-to-human ratio 1:60 = 1M
- Racing horses assumed to have a higher incidence of injury

Points for Interviewee

- Maintenance revenue of MRI should also be considered
  Maintenance revenue= # Scanners * Annual maintenance fee

Baby Strollers

Household Products Industry | MBB

Determine the annual market revenue of baby strollers that are sold in the United States?

Population of US	330 M	X 0.333
Households in US	110 M	X 0.800
Household w/ children	88 M	X 0.800
Household w/ strollers	70.4 M	X 0.033
Strollers per year	2.3 M	

2.3 M X $200 = $460 M

Formula:

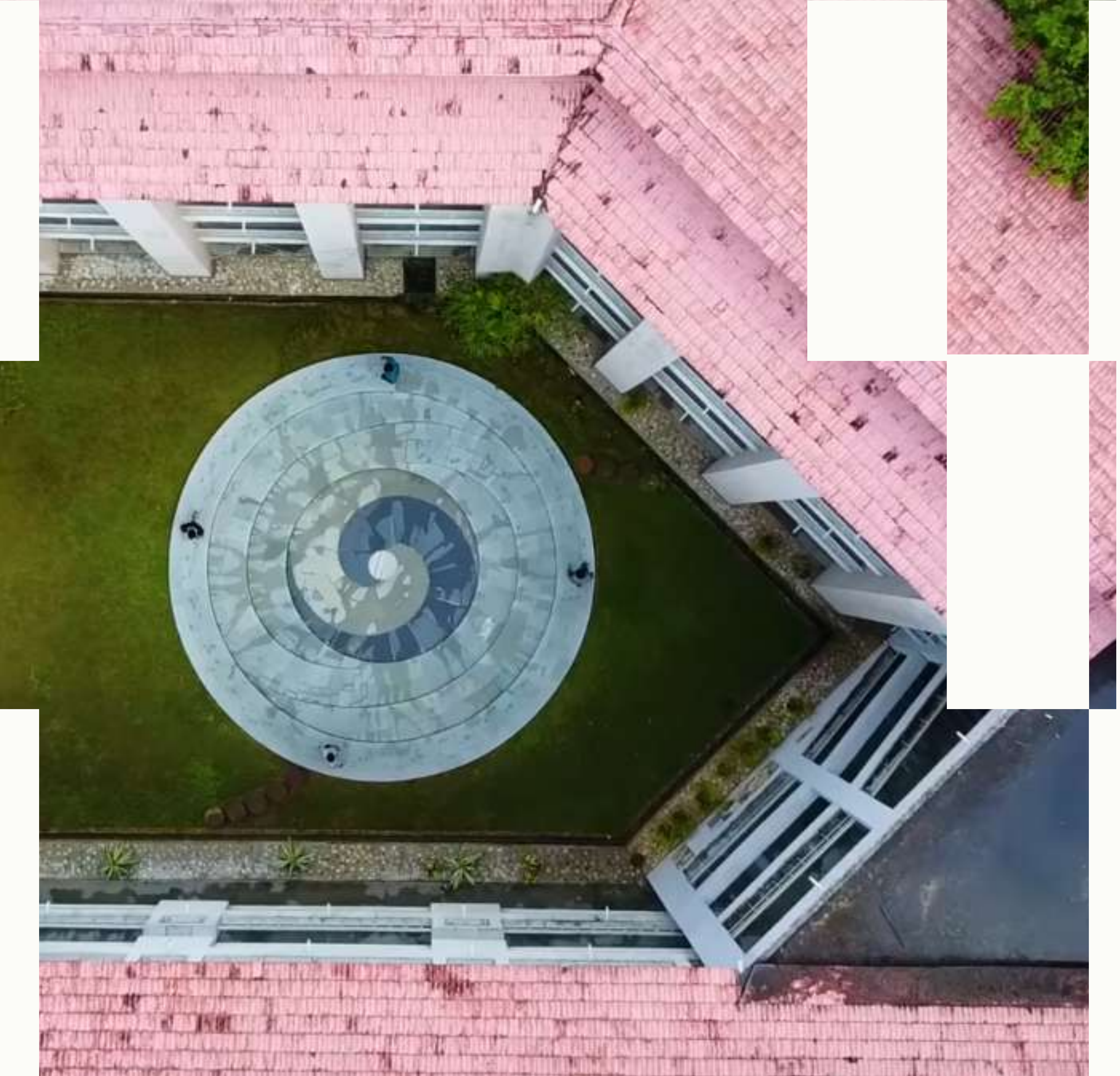
Annual market revenue of stroller per year = ((Number of people in US per household * percentage of households w/ children * percentage of households w/ strollers) / time in which family buys a stroller) * Average price of strollers.

Assumptions:

- Population of US = 330M
- People per household in US = 3
- Percentage w/ children = 80%
- Percentage w/ children and strollers = 80%
- Time in which a family buys a stroller = 30 years

Points for Interviewee

- It is important to some assumptions such as population of the US and people per household. Other assumptions can be estimated but have to be close to these assumptions.
- Another approach that could've also been taken with the number of babies born in a year per family and percentage that are first born (as strollers are passed down for second, third, etc. children) and then multiplied by average price of strollers



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Guesstimates

Steel Manufacturing

Steel Industry | BCG

Estimate the growth rate of steel manufacturing industry in India

Usage of Steel

	Construction	Machinery	Automotive	Household appliances (Electrical & non-electrical)	Energy	
Market Share	20%	20%	20%	20%	20%	Assuming equal market share of each industry
Factor of growth rate	3/4	5/4	3/2	3/2	5/4	State the proper reason for considering the factor
Growth rate	5.25%	8.75%	10.5%	10.5%	8.75%	GDP * Factor of growth rate

Growth rate = Σ (Market share*Growth rate)/100 = 8.75%

Formula

Growth rate = Σ(Market share*Growth rate)/Σ(Market Share)

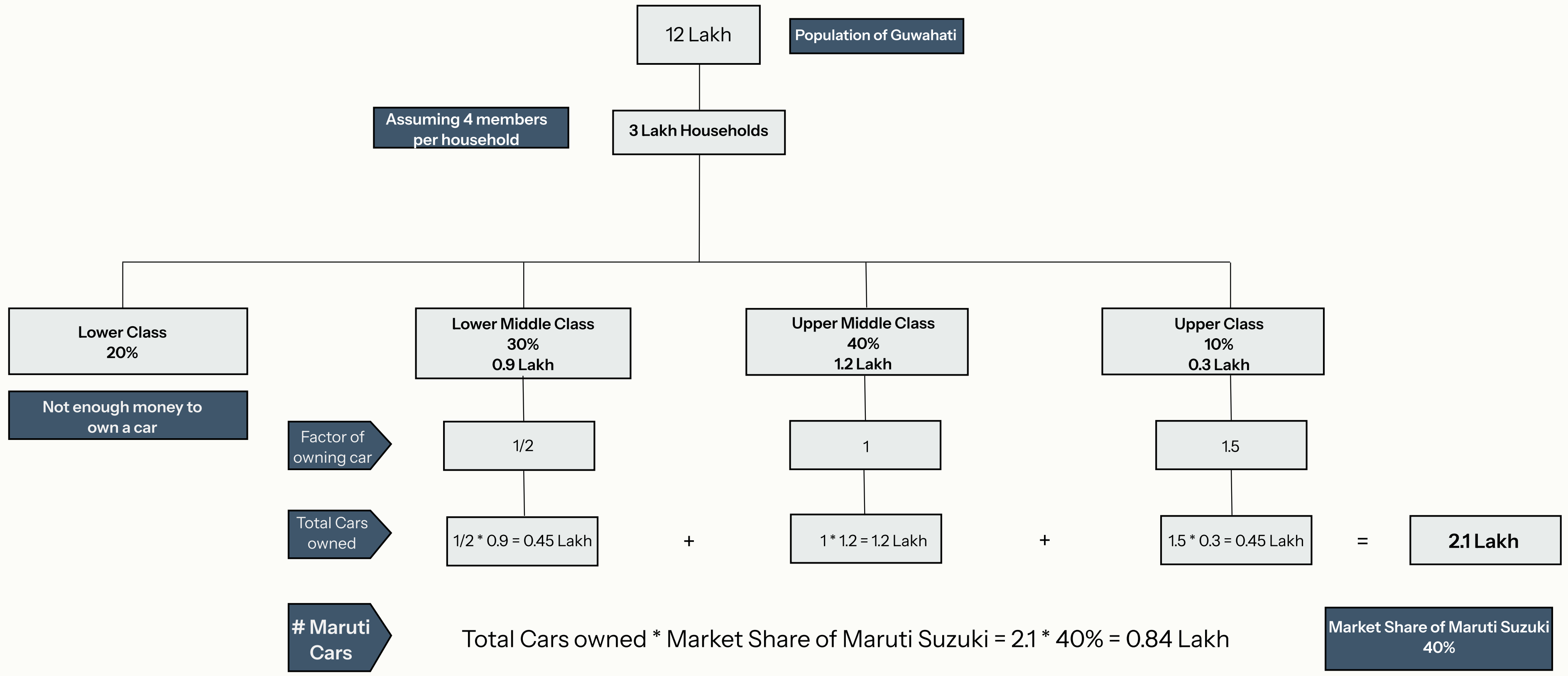
Points for Interviewee:

- Look for the major industries/sectors which uses Steel/Steel Products
- Ask for the GDP of India from your interviewer
- Justify the factor of growth rate with proper statements
- Variable market share can taken while considering the market share of each industry

Maruti Service Centers

Automobile Industry | BCG

Estimate the number of service centers of Maruti Suzuki in the Guwahati City



Servicing/day = # Maruti Cars * # Servicing per year per car / Total work days

# Maruti Cars	0.84 Lakh
Servicing per year/car	1
# Working days	300

Servicing/day = (0.84Lakh * 1) / 300 = 280

Cars serviced/day/service center = (Operational hours per day/hours req. per servicing) * # Maximum simultaneous servicing/ service center

Operational Hours	10
Hours req. / servicing	2
# Max. simultaneous servicing	3

Cars serviced/day/service center = (10 / 2) * 3 = 15

service centers = 280/15 = 19 (approx.)

Formula

#Service Centers= #Servicing per day / #Cars serviced per day per service center

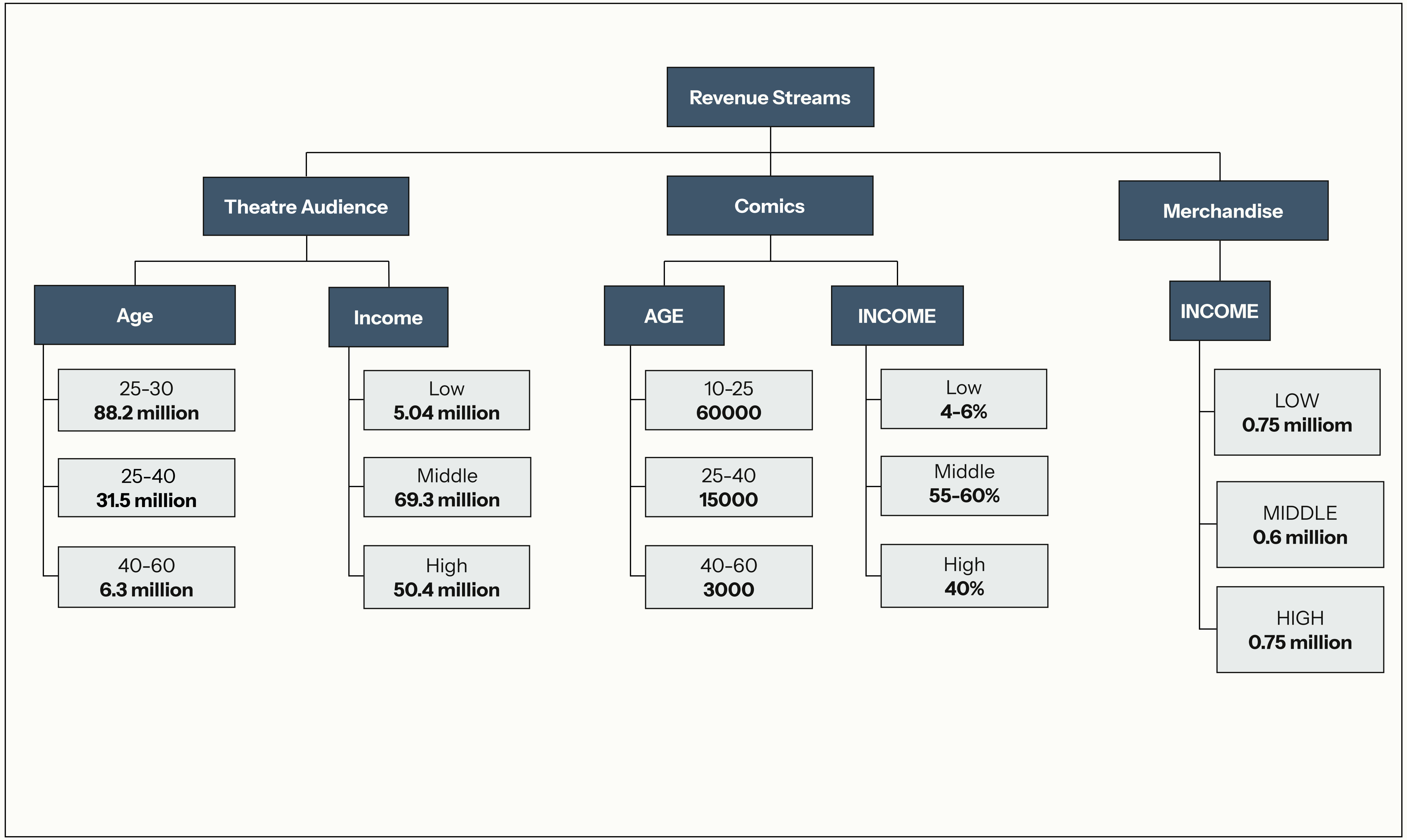
Points for Interviewee:

- Ask for the market share of Maruti Suzuki from your interviewer
- A split can be taken for the age of cars and their variable rate of servicing
- Narrow down the problem to the household, only after confirmation from the interviewer

MCU Revenue Sources

Entertainment Industry | BCG

What are the revenue sources for a studio like MCU.



Assumptions:

- MCU has a very broad demographics of viewership and a wide range of revenue streams
- Consider three major types of revenue streams, i.e., Theatre, Comics and Merchandise
- Take the further split on the basis of affordability and eligibility, i.e., Age & Income

Points for interviewee:

- Revenue through theme parks and character bidding can also be considered
- Case is more of a qualitative type than quantitative

Highway Side Petrol Pump

Oil Industry | BCG

Estimate the revenue of a highway side petrol pump per day

Revenue Streams

	Petrol	Diesel
# Tanks	3	3
Size of each Tank	5000 L	5000 L
# Days to refill	15	12
Price/Liter	100	98
	Revenue = ((3*5000)/15)*100 = Rs. 1,00,000	Revenue = ((3*5000)/12)*98 = Rs. 1,22,500

Liters of petrol sold/day = (# Tanks * Size of each tank) / # Days to refill

Revenue = Liters of petrol sold/day * Price/Liter + Liters of diesel sold/day * Price/Liter = 1,00,000 + 1,22,500 = Rs. 2,22,500

Formula

Revenue = Liters of petrol sold/day * Price/Liter + Liters of diesel sold/ day * Price/Liter

Assumptions:

- Petrol pump sell petrol & diesel only
- Number of tanks to be 3 each for petrol and diesel
- Size of each tank to be 5000 L
- Since diesel vehicles are more in number thus take less number of days to refill their tanks or either assume the capacity of diesel tank to be > 5000 L
- Consider an average price for both petrol and diesel, i.e., Rs. 100/L and Rs. 98/L respectively

Points for interviewee:

- Ask to the interviewer for the capacity of tanks else take a proxy
- Consider equal consumption of oils each day
- Supply side approach has been considered as we cannot assume the number and type of vehicles visiting the petrol pump everyday

Tattoos in Mumbai

Tattoo Industry

Estimate the total Number of Tattoos that People in Mumbai have on their bodies.

- Population of Mumbai (20 M)
  - 0-18 Years (20% = 4M)
    - No Tattoos (98% = 3.92M)
    - 1 Tattoo (1% = 0.04M)
    - 2 Tattoos (0.5% = 0.02M)
    - 3 Tattoos (0.5% = 0.02M)
    - > 3 Tattoos (0%)
  - 18-35 Years (50% = 10M)
    - No Tattoos (95% = 9.5M)
    - 1 Tattoo (2% = 0.2M)
    - 2 Tattoos (2% = 0.2M)
    - 3 Tattoos (1% = 0.10M)
    - > 3 Tattoos (0%)
  - 35+ Years (30% = 6M)
    - No Tattoos (99% = 5.94M)
    - 1 Tattoo (0.5% = 0.030M)
    - 2 Tattoos (0.25% = 0.015M)
    - 3 Tattoos (0.25% = 0.015M)
    - > 3 Tattoos (0%)

 # Tattoos = 1*(0.04+0.2+0.03) + 2*(0.02+0.2+0.015) + 3*(0.02+0.1+0.015) = 1.145 M

Formula

 # Tattoos = Σ(# Tattoos* % population having # tattoos)

Assumptions:

- Take population of Mumbai to be 20M
- Distribute the population of Mumbai under different age brackets as given:
  0-18 Years = 20%
  18-35 Years = 50%
  35+ Years = 30%
- Average number of tattoos per person are grouped under five heads:
  No tattoos
  1 tattoo
  2 tattoos
  3 tattoos
  > 3 tattoos
- Assume that no person has more than 3 tattoos on their body.

Points for interviewee:

- In this case, income split has not been considered because Tattoos are more related to the age groups rather than the income one.
- Split based on gender can be considered along with the age brackets.

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Industry Reports

Airline
Industry

Inbound Logistics
- Aircraft lease
- Fuel
- Route selection
- Facilities planning
- Yield Management
- Flight/Crew Scheduling
- Aircraft Acquisition

→

Operations
- Ticket Counter
- Aircraft operations
- In-flight services
- Baggage and cargo handling
- Onboard Services
- Ticket Offices

→

Outbound Logistics
- Baggage and cargo connection
- Flight connection
- Rental Car & Hotel
- Reservation System

→

Marketing
- Travel agents
- Coupons, discounts
- Electronic tickets
- Frequent flyer
- Advertising
- Group Sales

→

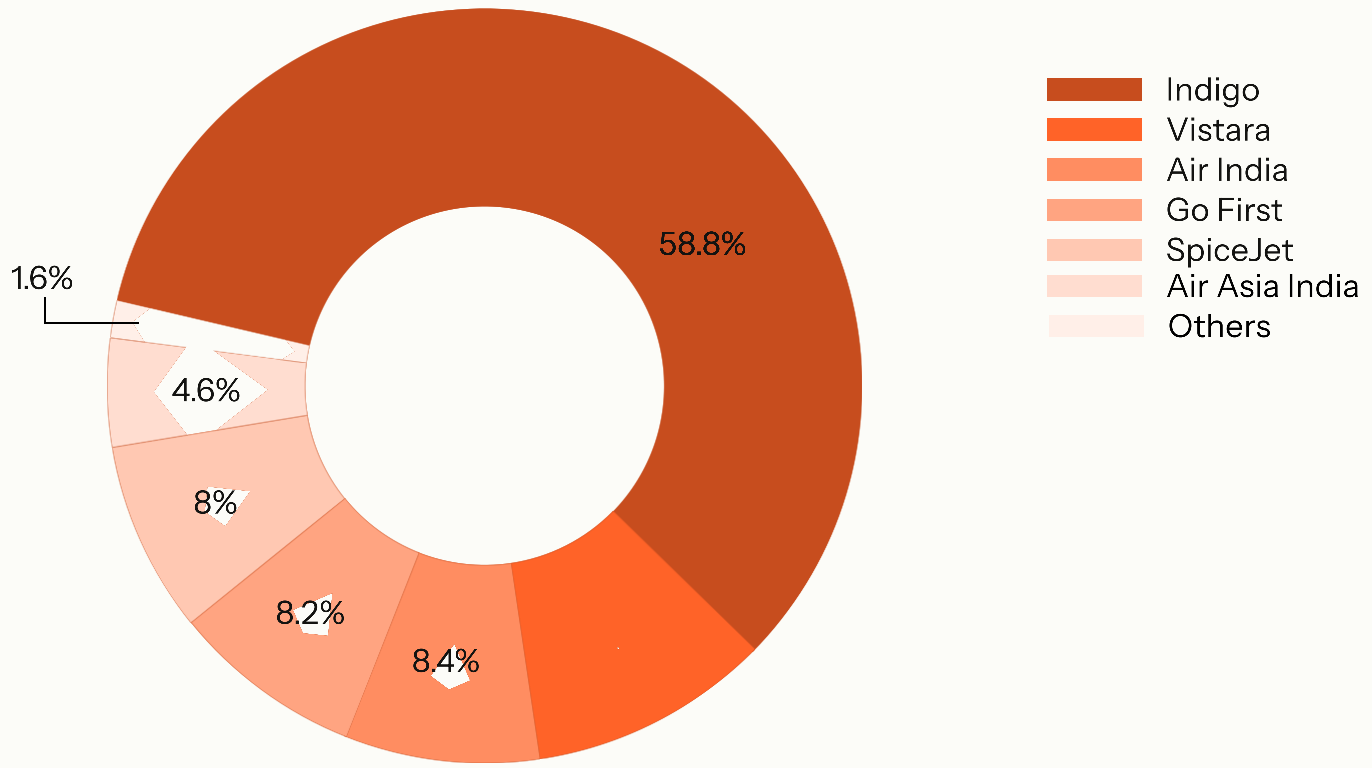
Services
- E-ticketing
- Support Centre
- Lost Baggage Service
- Complaint Follow up

Key Drivers

Revenue segments
1. Baggage Services
2. Inflight services
3. Ticket Price

Cost segments
1. Fuel
2. Aircraft Lease
3. Hangar and warehouse charges
4. Employee Salary

Key Players



PESTEL Analysis

Political	UDAN scheme (Ude Desh ka Aam Naagrik) aims to connect small towns and remote areas with air travel. Announcement of a new safety audit program for airlines in 2002 adding to the costs of compliance.
Economic	Growth of middle class contributes to the growth of aviation industry.
Social	Growing demand for international travel, as Indians are becoming more interested in exploring the world.
Technological	Self-flying drones and electric aircraft, will make air travel more affordable and accessible. $1 billion investment by government in the development of new aviation technologies.
Environmental	Governments plan to reduce carbon emission by 50% by 2030.
Legal	Mandatory for all airlines to have a safety management system in place.

Porter's Five Forces

Bargaining power of suppliers

High, due to the fact that there are a limited number of suppliers of aircraft, engines, and other aviation equipment.

Bargaining power of buyers

High, due to low switching costs owing to customers viewing air travel as standardized service.

Threat of new entrants

High, due to low switching costs owing to customers viewing air travel as standardized service.

+

Threat of substitutes

Low, as there are no close substitutes for air travel. Establishment of expressways linking adjacent cities may result in decreased reliance on air travel for inter-city commuting.

Competitive rivalry

High, as rivalry is due to limited product differentiation and significant exit barriers.

—

Automobile Industry

Supply Chain Intake
- Essential resource acquisition
- Management of storage facilities

→

Production
- Framework Modelling
- Design, machining and welding
- Quality control

→

Outbound logistics
- Warehousing
- Distribution
- Dealer franchise management

→

Marketing & Sales
- Campaigns according to trends
- Offer unique schemes
- Remarketing strategy

→

Service
- Repair and Maintenance
- Innovation and Testing
- Rebuilding and Reconditioning
- Collision service, Warranty

Key Drivers

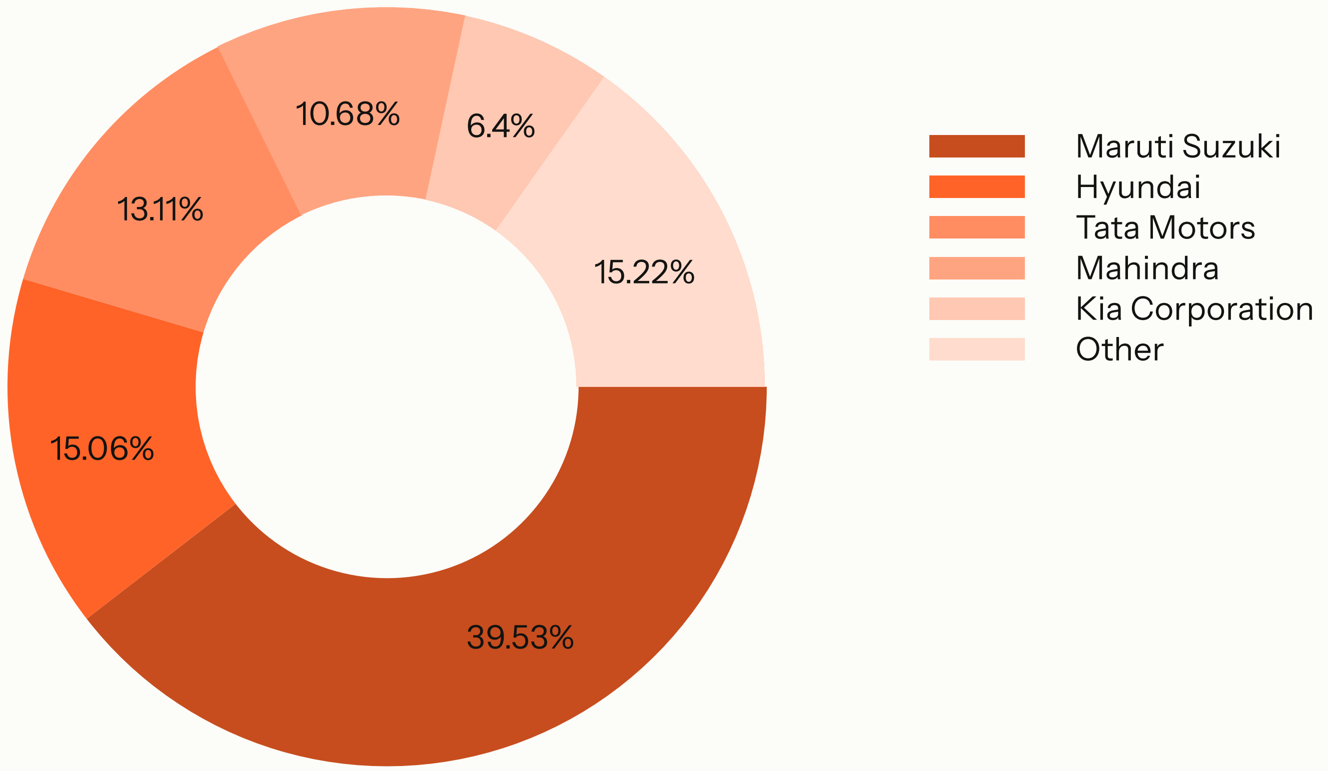
Revenue segments

1. Automobiles Sales
2. After sale services
3. Financial services

Cost segments

1. Raw material consumed
2. Labour
3. Advertising
4. R&D

Key Players



PESTEL Analysis

Political	Regulations regarding the production of automobile parts to ensure the safety and restrict the ample usage of fossil fuels to avoid pollution.
Economic	Countries have imposed taxes on luxury items which have increased their price, and hence a specific section of buyers may not choose to buy one.
Social	Cars are not only vehicles but are also considered as fashion statements.
Technological	The automobile industry is hugely dependent on innovative technology to en sure the safety of the people.
Environmental	Emission from vehicles being a concern for the environmentalists, the governments are promoting electric vehicle segment.
Legal	Strict laws to decrease the number of vehicles on the street. During the forensic test of an accident, if it is proved that there was any problem with the faulty parts or airbags, the company may have to face legal proceedings.

Porter's Five Forces

Bargaining power of suppliers

Low as there is a Large number of suppliers, fragmented supply. Long Lasting Stainless steel parts also decreases bargaining power of suppliers

Bargaining power of buyer

Low, as there is a large number of options available in automobile sector.

Threat of new entrants

Low, as high entry barriers keep small players away. Foreign company intrusion with strong technology and capital is affecting domestic market players.

+

Threat of substitutes

Moderate as there is low risk, but increasing gradually due to development of public mobility option.Increasing gasoline prices and traffic should also be kept in mind.

Competitive rivalry

High, as there is high competition from established players and upcoming new EV players.Oligopoly market (sellers are so few that the actions of any one of them will materially affect price) which helps to minimize the effects of price-based competition

—

Banking
Industry

Inbound Logistics
- Customer Acquisition through promotion and advertising
- Data collection of customers, finance, and others for risk assessment

→

Outbound Logistics
- Delivering financial products and services physically or online.
- Distributing statements, documents, and information to customers.

→

Compliance and Governance
- Ensuring compliance with banking regulations and financial laws.
- Managing risk, security, and data protection to maintain customer trust.

→

Business Development
- Product Promotion to promote banking products and services.
- Cross-Selling to existing customers based on their needs and preferences.

→

Products & Services
- Providing loans, securitization of assets, facilitating online transactions.
- Investment services such as mutual funds and bonds
- Assistance services like portfolio management and account info.

Key Drivers

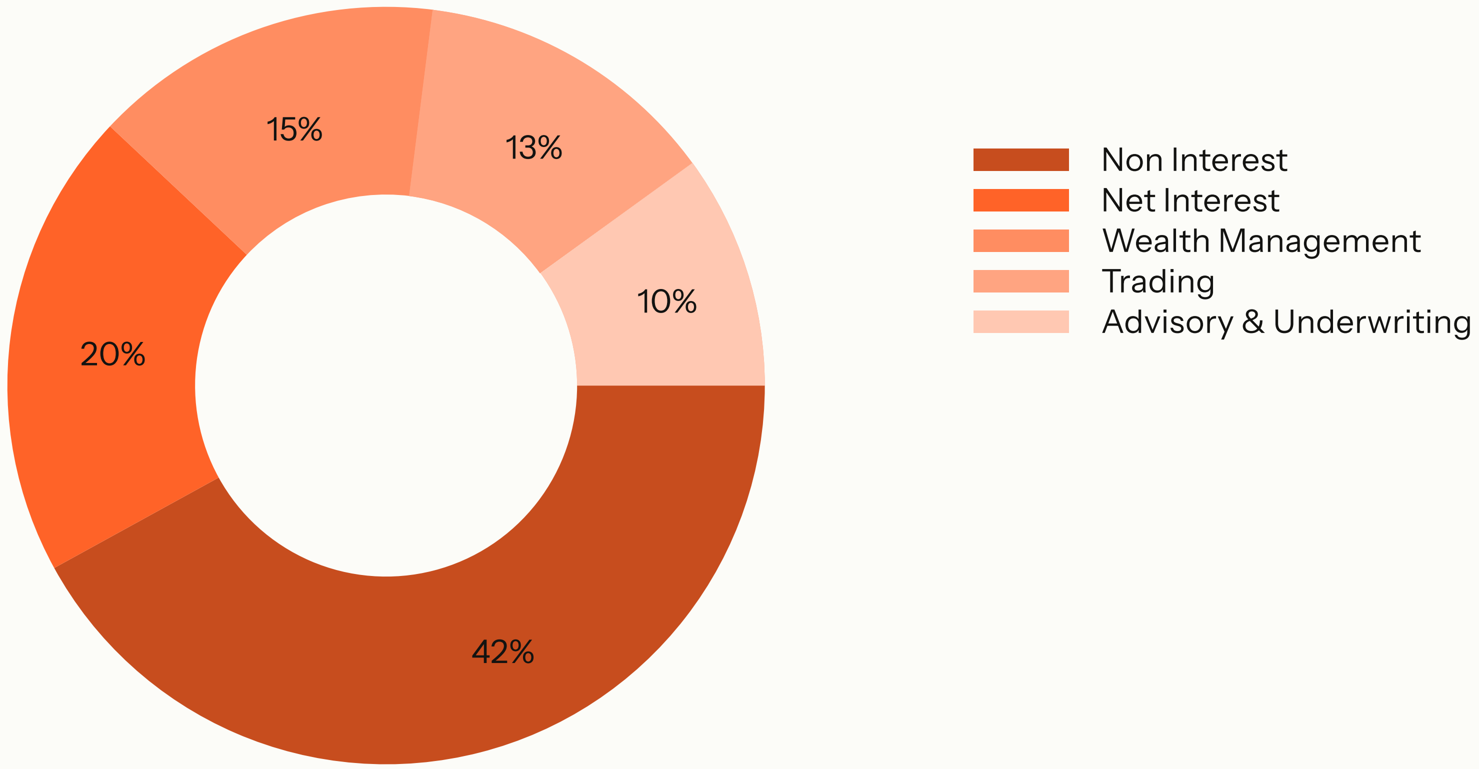
Revenue segments

1. Asset Management and Wealth Services
2. Investment and Trading Income
3. Interest Income
4. Non-Interest Income

Cost segments

1. Customer Acquisition and Management
2. Technology and Compliance,
3. Operational Costs
4. Financial and Risk Management

Market Segments



PESTEL Analysis

Political	Political stability, favorable laws and conditions.Government supervision over banks makes investments less risky.
Economic	Economic downturns, inflation and recession, dampen consumer spending. fluctuations in currency conversion rates driven by these conditions can deter foreign investors, compounding the impact on banks' operations. Loans to the small business and small-scale industries leads to creation of jobs.
Social	Trend of cashless transactions among youngsters, Rate of financial literacy.
Technological	Use advanced technology to have a secured system and maintain privacy, developed mobile banking services to avoid brick-and-mortar banking, tools like the internet and SMS to keep the customers aware of the transactions.
Environmental	Indirect effects: Cashless transactions have led to reduced paper use, solar ATMs with rechargeable lithium-polymer batteries.
Legal	Laws ensuring the safety of money, and bans on non-compliance.

Porter's Five Forces

Bargaining power of suppliers

Low, as the money is supplied and regulated under RBI control, so it is fixed.

Bargaining power of buyer

Low to Moderate, as there are high efforts and costs of switching.

Threat of new entrants

Low, as there are a lot of factors like license issuance, high regulation, and high expenses.

Threat of substitutes

Moderate, as the companies can face competition from other financial intermediaries (like NBFCs).

Competitive rivalry

High, as there are many established players and customers usually have accounts in multiple banks.

E-Commerce
Industry

Inbound Logistics

- Goods and raw materials need to be stored, inventoried, packaged and moved.
- Software and apps can benefit inventory control, transportation and tracking

→

Operations

- Technology automation, communication and interconnection
- Robots Integration

→

Outbound logistics

- Distribution and delivery order fulfillment, distribution, product tracking, and delivery, improved by several kinds of technologies such as GPS, robotics (through drones), communications (smartphone apps), and security.

→

Marketing And Sales

- Customer Targeting and segmentation through social media.
- Personalized Pay-Options and Gift Vouchers

→

Services And Feedback

- Virtual Customer Assistance to improve customer satisfaction.
- Customer Feedback collection, return options with refunds, surveys and polls via emails and social media.

Key Drivers

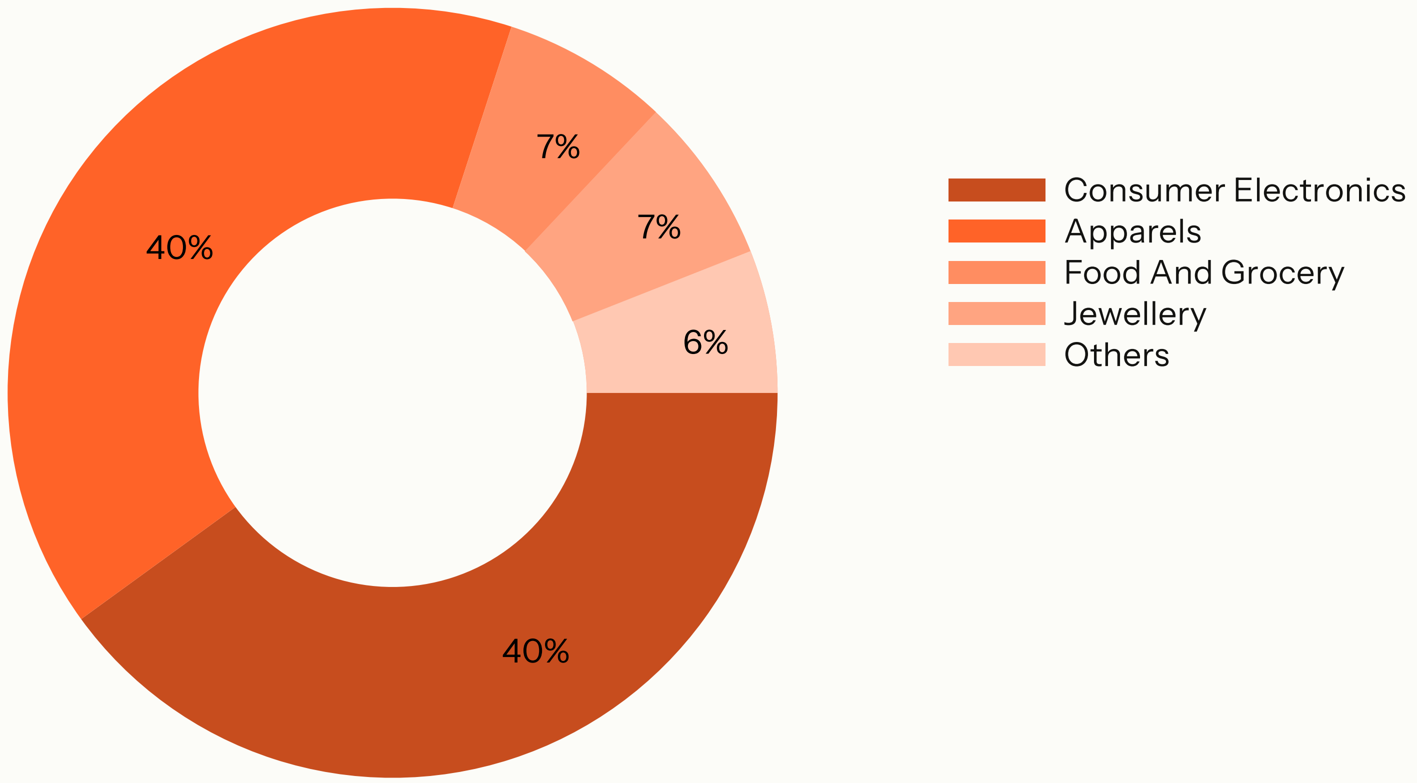
Revenue segments

1. Customer Centricity
2. Radical Transparency
3. Mobile And Internet expansion
4. Commission model
5. Delivery And Subscription

Cost segments

1. Digital Advertising
2. Logistics: Shipping And Warehousing

Market Segments



PESTEL Analysis

Political	Trade policies , high taxation on imported products , ban on certain products.
Economic	GDP Per Capita (Buying Power), High Inflation meaning less demand, and low interest rates could lead to more investments.
Social	High Internet Penetration can increase industry reach. Younger audience would prefer buying online.
Technological	Algorithms to improve consumer recommendation which can increase sales. UPI Adoption has increased convenience.
Environmental	World Risk Indicator: High WRI may lead to natural disasters causing transportation issues
Legal	Data Privacy And Cybersecurity can prevent data breach, enhancing industry reputation. Intellectual property laws can prevent intellectual theft

Porter's Five Forces

Bargaining power of suppliers

Low as there are many e-commerce platforms and offline stores to list their products

Bargaining power of buyers

High, as there are multiple options available

Threat of substitutes

High as there are multiple offline and online players in the market and there are low switching costs

Threat of new entrants

High as the entry costs required to set up a company are very low

Intensity of Rivalry

High as there multiple players in the market with minimal difference between them

+ —

FMCG
Industry

Inbound logistics
- Raw material
- Quality Control
- Documentation
- Warehouse

Operations
- Manufacturing and Production
- Packaging
- Quality Check
- Storage

Outbound Logistics
- Maintain Quality
- Delivery
- Route Optimization
- Distribution

Sales and Marketing
- Merchandising
- Branding and Marketing
- Sale offers
- Customer Satisfaction
- Seasonal Planning

Services
- Cyber Shopping
- Warranty and Guarantee
- Feedback Policies
- Exchange Offer
- Product Information

Key Drivers

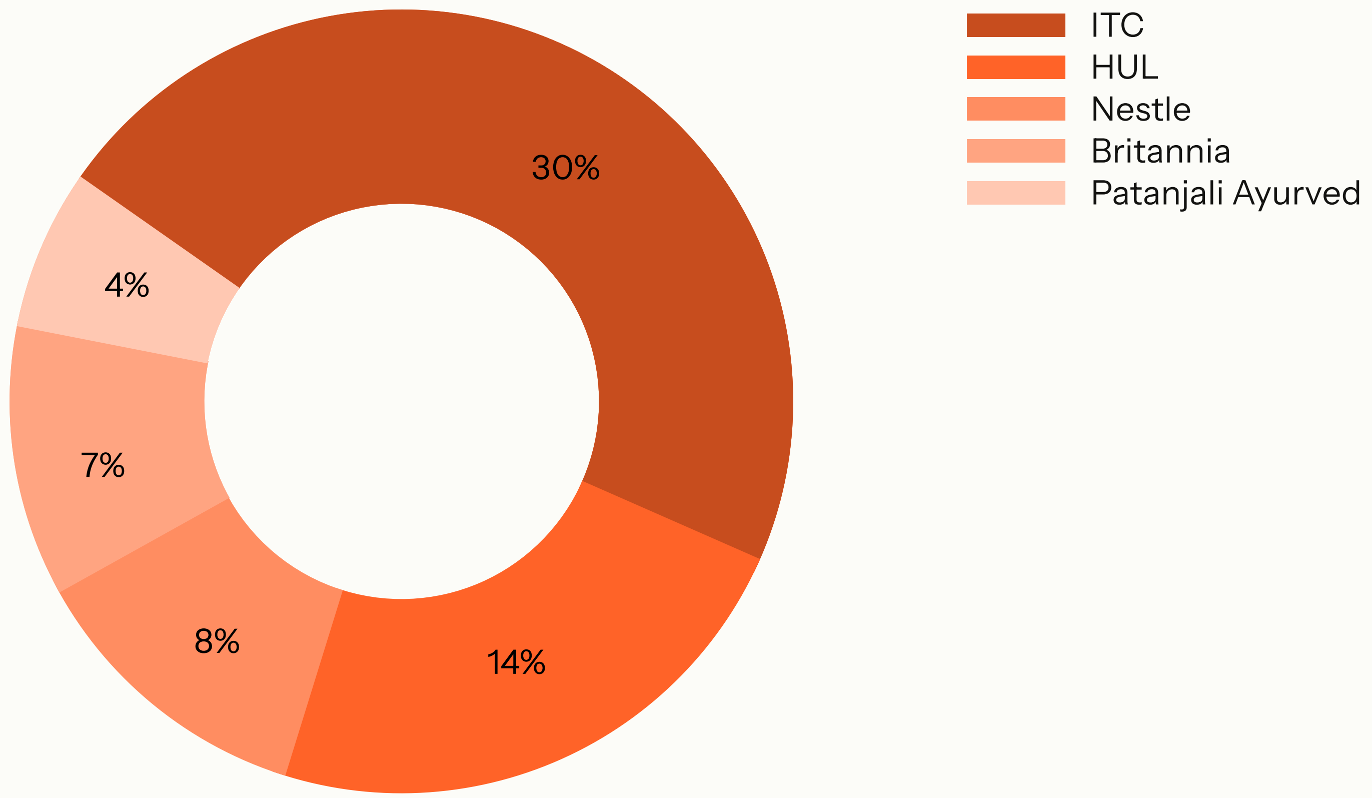
Revenue segments

1. Product Sales
2. Advertising
3. Distribution Channel

Cost segments

1. Manufacturing and Packaging Cost
2. Distribution and Logistics
3. Trade incentives and promotions

Key Players



PESTEL Analysis

Political	Government regulations and policies , Trade policies and tariffs , Political stability
Economic	Exchange rates , Economy growth , Income levels , Inflation rates
Social	Consumer behaviour and preferences , Health and wellness trends, Demographics
Technological	Automation and digitization , E-commerce and digital marketing , Innovation
Environmental	Sustainability and eco-friendliness , Regulatory pressures , Resource Scarcity , Waste management , Cradle-to-Cradle Design
Legal	Health and safety regulations , Intellectual property protection laws , Competition laws , Advertising and Marketing Regulations

Porter's Five Forces

Bargaining power of suppliers

Low, as it is majorly fragment and small scale buyers

Threat of new entrants

Low, as industry requires large capital Investment, warehousing facilities and extensive distribution channels

Bargaining power of buyers

High, as there are readily available substitutes and ease of switching between brands

Threat of substitutes

High as there are readily available raw materials and less differentiation of products

Competitive Rivalry

High, due to competition from established corporates and upcoming D2C brands

Healthcare Industry

Research & Development
- Discovering diseases and cures
- Clinical trials

→

Consulting and diagnosis
- Taking appointments
- Doctor visit
- Lab tests
- Radiology

→

Admission
- Beds, monitors, drip, etc
- ICU
- Nurses
- Ambulance

→

Treatment
- IPD(surgery)
- Medicines, vaccines, etc
- Therapy treatments
- Surgery equipment
- Health insurance

→

Maintenance
- Sterilization of hospital, tools ,etc
- Repairing diagnostic machines
- Ensuring quality of doctors and nurses
- Admin and maintenance of patient data

Key Drivers

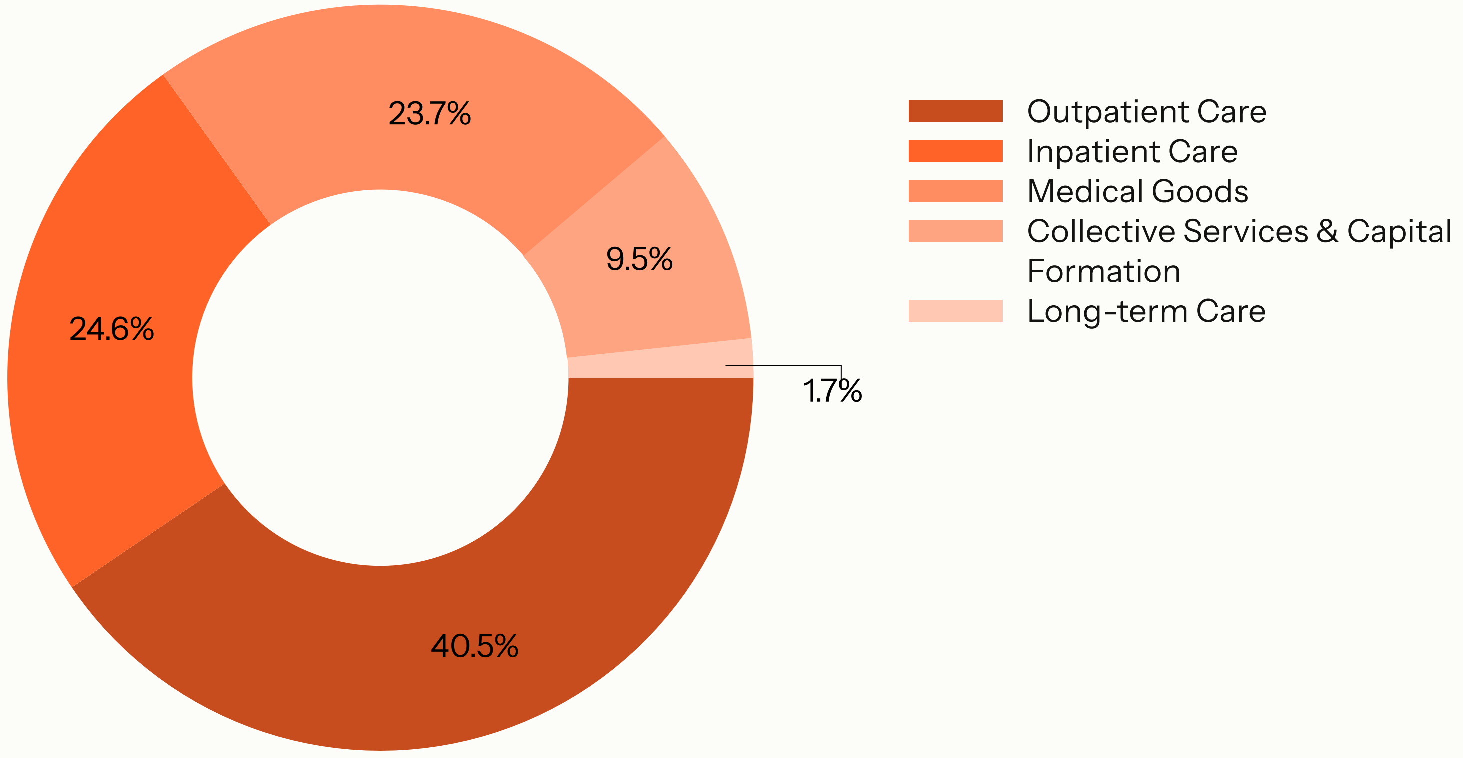
Revenue segments

1. Doctor consultation
2. Lab tests
3. Medicines, treatments and therapies
4. Vaccinations
5. Healthcare Insurance

Cost segments

1. Infrastructure
2. Sanitation and maintenance
3. Employee salary
4. Medicines and medical equipment
5. Transportation
6. R&D

Market Segments



PESTEL Analysis

Political	Tax policies: exemption from certain taxes, laws enabling telemedicine and radiology. Import taxes on medical goods; Employment regulations(such as employee overtime policies, procedures for hiring doctors and nurses); Healthcare insurance policies.
Economic	Unemployment and income affect purchasing power of patient's; Inflation and interest rates will affect the price of treatments.
Social	Lifestyle disorders; Shifting trend towards Ayurvedic treatments and increased health consciousness; Mindset of population after Covid-19
Technological	Increasing market size for telemedicine; Development of computational tools and equipment in treatment; AI
Environmental	Responsible waste disposal; Natural disasters like pandemic,affect demand of the industry.
Legal	Laws and regulations regarding sales/storage of drugs and safe medication, etc; schemes and trade regulations are introduced by the government; laws regarding clinical trials

Porter's Five Forces

Threat of new entrants

Low as few players are dominating, high initial investment, professional licensing and regulation factors along high costs for expertise and R&D.

Bargaining power of buyers

Low, as Healthcare is an essential service and customers are willing to even pay high prices to get good quality treatment.

Bargaining power of suppliers

High bargaining power due to continuous demand for the industry and not many established suppliers.

Threat of substitutes

Moderate as there is a rise in symptom based self-diagnosis and procurement of medication from retail stores at cheaper costs. High standard government hospitals can be a major threat. Other forms of treatment like Ayurveda and wellness centres may also be substituents.

Competitive rivalry

Moderate to low due to presence of major competitors that dominate the market, significance of brand loyalty and reluctance of customers to switch, intensity is reduced. However, a high exit barrier fuels the intensity.

Hospitality
Industry

Inbound Logistic
- Food and beverages
- Quality Control
- Storage and inventory management

→

Operations
- Accommodation services
- Event planning
- Housekeeping

→

Outbound Logistic
- Maintain Quality
- Meals service
- Room bookings

→

Sales And Marketing
- Advertisement
- Offers , promotions & discount
- Booking platforms

→

Services
- Doctor on call
- Feedback policies
- Car rental services
- Tourism

Key Drivers

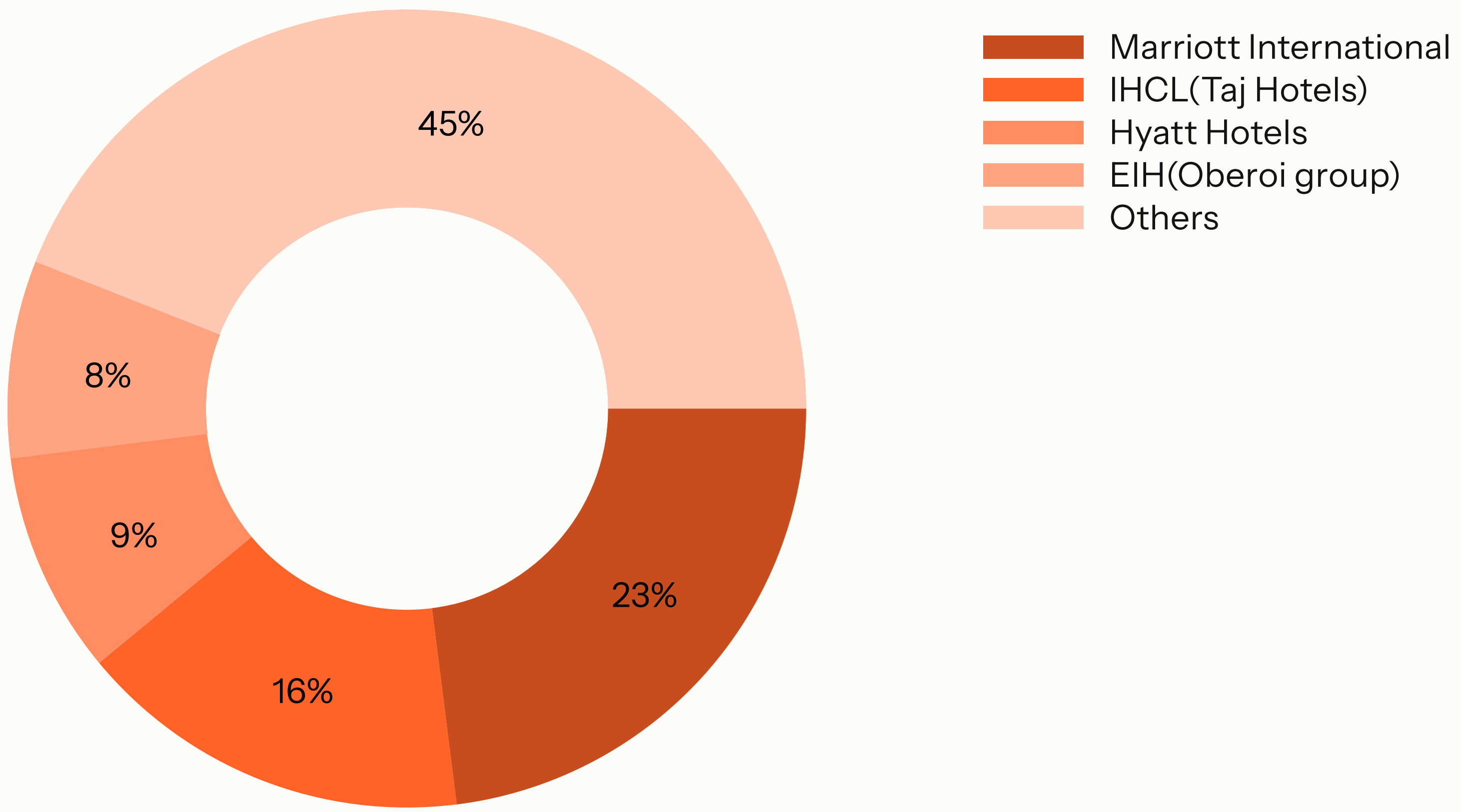
Revenue segments

1. Room tariffs
2. Meals
3. Meetings/Parties

Cost segments

1. Consumables
2. Employee salaries
3. Bills

Key Players



PESTEL Analysis

Political	Tax policies, Government regulations affecting tourism, safety and health.
Economic	Economic growth driving travel and hospitality demand, monetary policy , employment rate.
Social	Travelers are from different classes and large groups, millennials prefer to compare the price of hotels and the amenities before checking into a hotel.
Technological	Online booking platforms, Data security and privacy concerns, Integration of IoT, mobile apps, and intelligent room features.
Environmental	Environment policies, waste disposal, climate change, Impact of climate change on travel plans and infrastructure.
Legal	Employment laws affecting workforce management, copyright & patent laws, safety laws.

Porter’s Five Forces

Bargaining power of suppliers

Low, due to bulk purchases and large number of suppliers providing similar products can lead to competition and drive prices down.

Threat of new entrants

Low, due to high capital requirements, brand presence, and infrastructure create barriers.

Threat of substitutes

High, as Airbnb and other short-term rental platforms provide alternative accommodations

Bargaining power of buyers

High, due to rise of online booking platforms and comparison websites which have increased price transparency and options

Competitive rivalry

High, with intense competition driven by pricing, quality, and marketing efforts due to high fixed costs and perishable inventory.

Insurance Industry

Product

- Customer and market insights
- Cover risks in the market
- Personalized and usage-based.
- Sustainable policies.

→

Marketing

- Advancements in digital engagement capabilities.
- Updating and aligning market functions considering messages, campaigns, mediums, capacity, and talent.

→

Underwriting

- Careful customer selection.
- Exploration of risk profiles and pricing models for usage-based products
- Analyzing risk profiles and premium pricing models.

→

Claims Management

- Advice and services provided by the industry respective of claims.
- Processing of insurance claims and handling it efficiently, accurately, and mutual protection.

Key Drivers

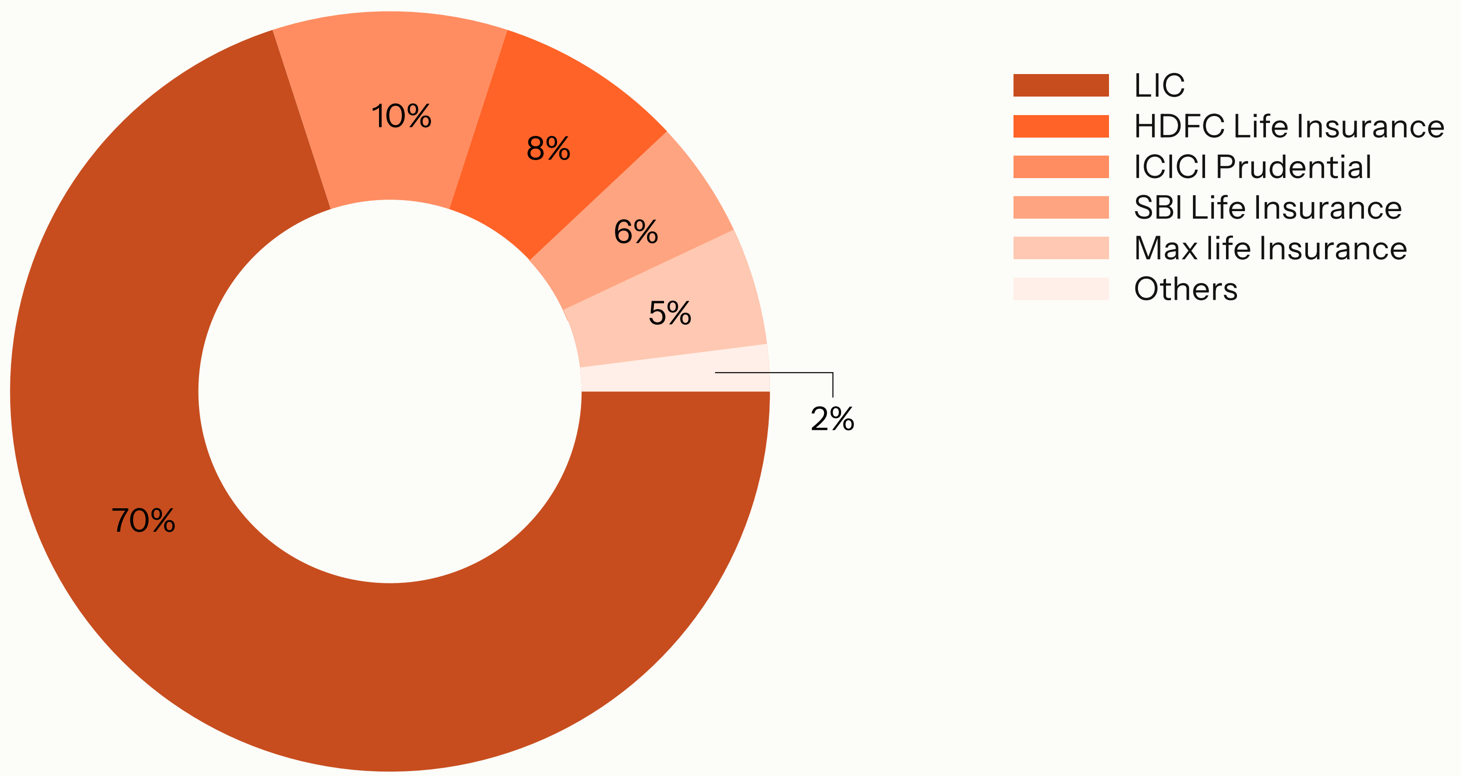
Revenue segments

1. Investment Income
2. Underwriting Profits
3. Service Charge

Cost segments

1. Administrative and operational cost
2. Customer service cost
3. Distribution and sales cost

Key Players



PESTEL Analysis

Political	Governments worldwide regulate insurance to protect consumers and promote fair competition. Initiatives like IRDAI where insurers can invest in debt securities, infrastructure trusts, real estate, etc.
Economic	Inflation rates, interest rates, taxation policies, and changes in GDP affect the insurance sector. Discrepancies occur when other industries in which the insurance companies invested perform poorly.
Social	Majorly constitutes demographic profile like age, education, health, etc. Additionally, cultural norms like societal awareness around health and wellness increase the demand for health insurance products.
Technological	The progressively new term 'Insurtech' has been coined in which technology-driven insurance operations take place. Also, AI systems are more correctly analyzing client data and danger.
Environmental	Insurance companies have to bear the brunt of negative environmental impacts which cause huge losses for the company which then results in high premiums, and high deductibles for policyholders.
Legal	IRDAI a government body implements the regulation, acts, and regulations in the insurance companies.

Porter's Five Forces

Bargaining power of suppliers

Low, as there are a limited number of re-insurance companies is moderated by the availability of alternative suppliers.

Threat of new entrants

Moderate, as new insurance companies can enter but companies struggle to gain market value.

+

Threat of substitutes

High, as customers have various alternative options for investment.

Bargaining power of buyers

High, as buyers can demand lower prices or higher product quality from industry providers

Competitive rivalry

High, as the competition is among establish companies rather than newer companies.

—

Iron & Steel
Industry

Raw Material

- Extraction of iron ores such as Iron pyrites and Magnetites.
- Manufacturing the coke from coal for fuel

→

Iron Preparation

- **Blast Furnaces:** Iron ores, coke, and limestones blasted with superheated air forms molten iron.

→

Steel Preparation

- **Oxygen Furnaces:** Scrap steel, molten iron, and pure oxygen are used to form steel.

→

Conversion/Fabrication

- Standard steel is converted into intermediate products (like wires, and tubes).

→

Sales & Logistics

- Service & Delivery
- Outbound Logistics
- Demand & Pricing
- Team management
- Support tools

Key Drivers

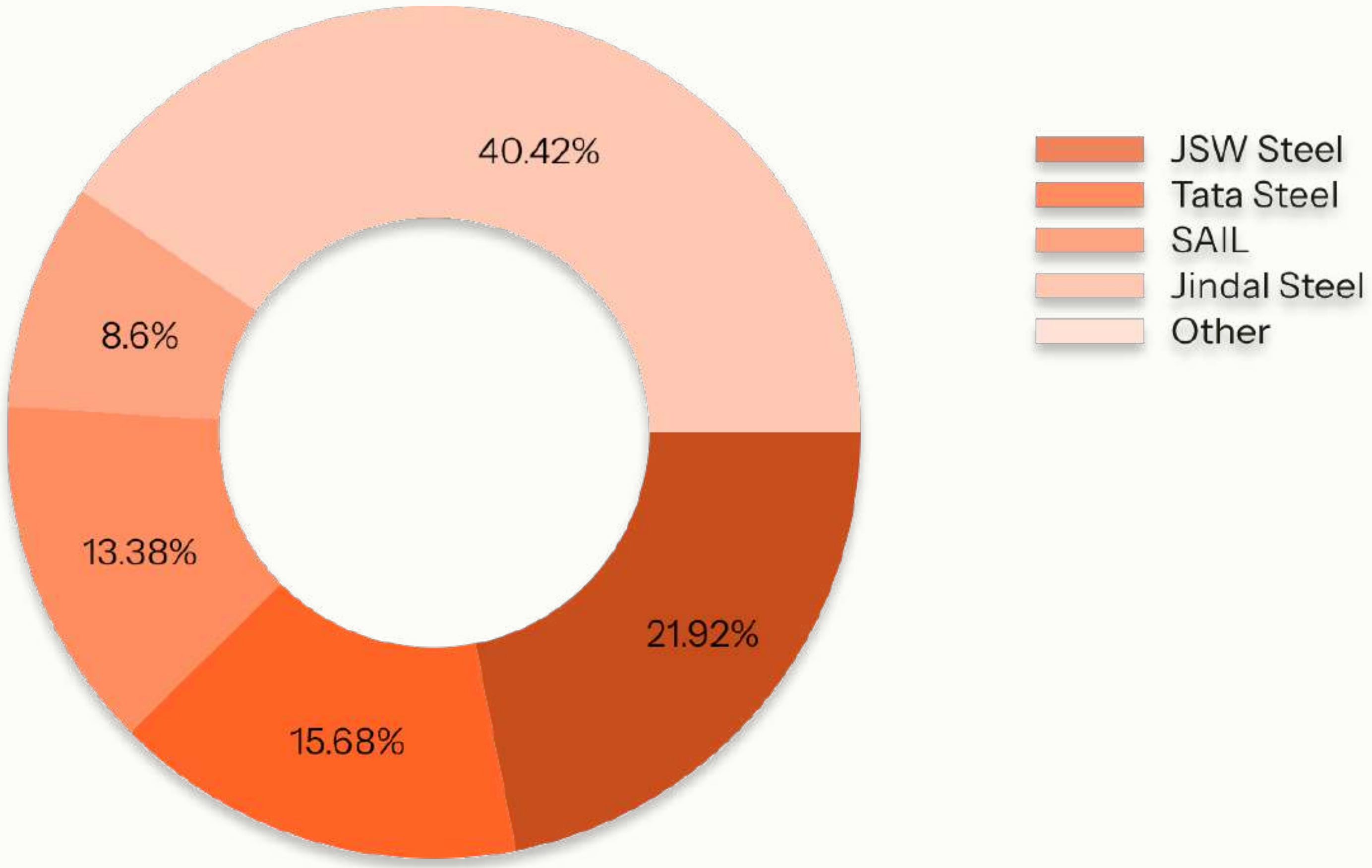
Revenue segments

1. Steel for Construction
1. Steel for Railways
1. Steel for Utensils
1. Sale of by-products and semis

Cost segments

1. Raw Materials (45%)
2. Power & Fuel (10%)
3. Salaries & Wages (5%)

Key players



PESTEL analysis

Political	National Steel Policy from the government to increase production, close the gap between supply and demand, and other special incentives.
Economic	There is a huge gap in supply and demand in the steel industry. There is also lots of Foreign Direct Investment coming into the industry from various market players.
Social	The steel industry works toward giving permanent employment to the people but also creates a division between the rural and urban sector as the plants only contribute to its vicinity's growth.
Technological	Few innovations are there in the industry, mostly traditional equipment. SAIL (Steel Authority of India Limited) is planning to introduce new technologies.
Environmental	Like many of the manufacturing industries, Steel is also very harmful to the environment. But companies like Tata Steel are encouraging Ultra-Low Carbon steel reducing CO_2 emissions.
Legal	Rules and regulations such as rigorous health policies for employees are imposed on the companies.

Porter's Five Forces

Bargaining power of suppliers

Moderate as the raw material availability and cost are comparatively low but there are only few suppliers.

Bargaining power of buyers

Moderate as there are only a few direct buyers but they have high brand loyalty. Also the switching costs are very less.

Threat of new entrants

Low as the exit costs are very high and there are market dominators leading to high entry barriers.

Threat of substitutes

Moderate as there are a lot of substitutes such as plastic, wood, synthetic materials, other metals, etc.) but aren't as reliable and established as steel.

Competitive rivalry

High due to low product differentiation (manufacturing process is similar), high exit barriers (manufacturing plants, distribution channels, machineries) and few market dominators.

IT & ITeS
Industry

IT Services
- ADM
- Infrastructure outsourcing
- Integration
- Software Testing
- OSPD
- IT Strategy & consulting

→

BPM
- Customer support
- Transaction processing
- Knowledge
- Legal services
- Data management
- Analytics

→

Engineering R&D
- CAD/CAM, Embedded design, Design and R&D, Product engineering

→

Software products
- Enterprise solutions
- Platforms
- Apps
- SAAS
- B2C products

→

Internet & E-Commerce
- E-Commerce platforms
- Online marketing
- Social media
- Technology and solutions
- Content and search

Key Drivers

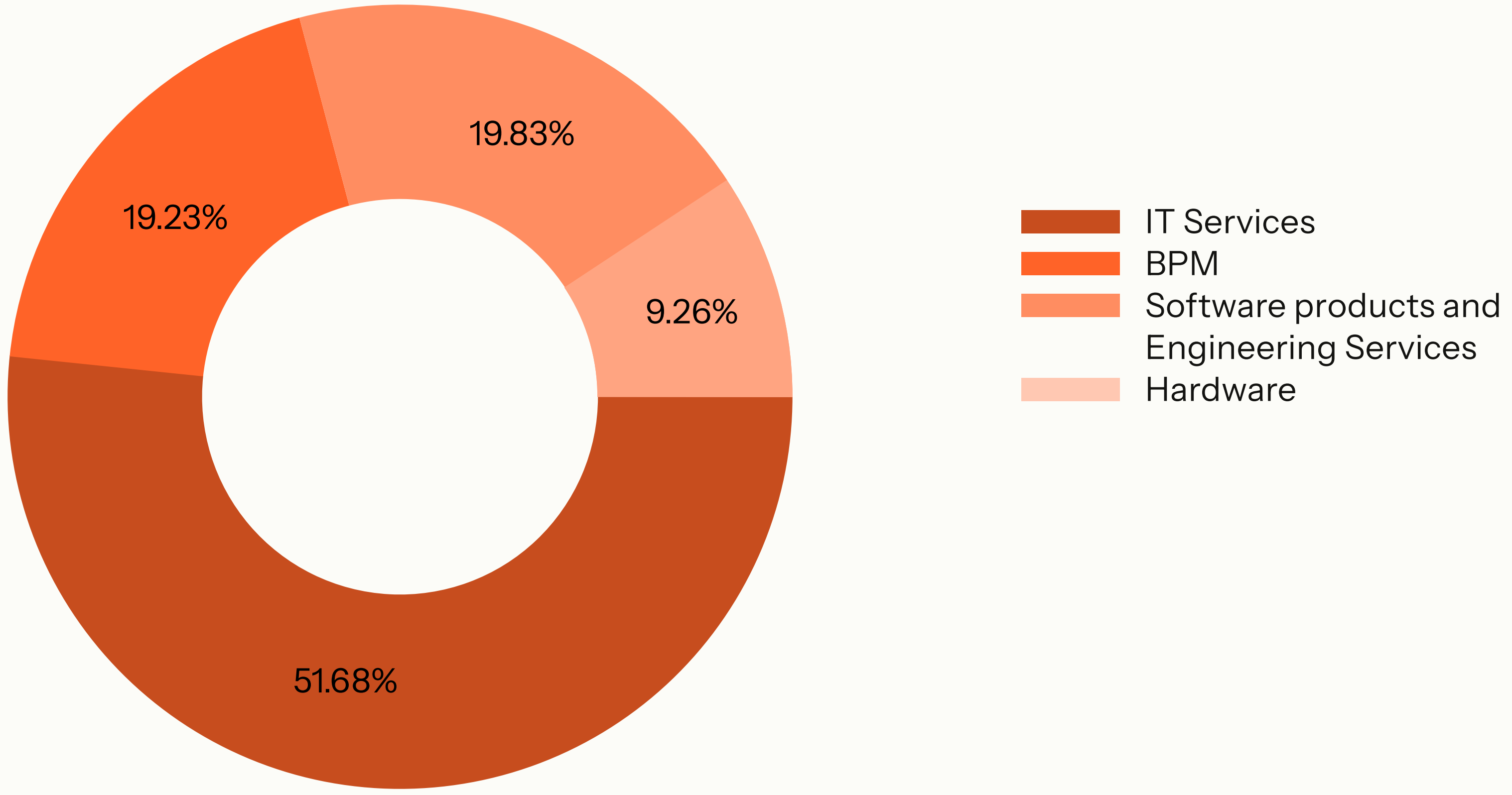
Revenue segments

1. SaaS
2. Maintenance charges
3. Foreign exchange rates
4. Increasing internet penetration

Cost segments

1. Maintenance
2. Legal charges
3. Marketing
4. Salaries
5. Hardware & software costs

Market Segments



PESTEL Analysis

Political	Various regulations related to data privacy, cybersecurity, and intellectual property rights. Also, international trade agreements and tariffs can affect the global movement of IT services and products.
Economic	Economic downturns can lead to reduced IT budgets and a decrease in demand for IT services. Cost containment efforts may lead to increased outsourcing and demand for cost-effective IT services.
Social	Workforce demographics, digital adoption, and cultural differences all affect the influence of the industry.
Technological	Rapid technological advancements and emerging technologies play the deciding roles in the industry.
Environmental	Increased focus on sustainable IT practices, such as green data centers and energy-efficient technology. Regulations on e-waste disposal and energy consumption, can also affect IT service providers.
Legal	Intellectual Property (IP) rights, data privacy, and Antitrust and Competitions Laws.

Porter's Five Forces

Bargaining power of suppliers

High, as dominant license suppliers and major public cloud providers possess substantial negotiation leverage, while infrastructure has been commoditized.

Bargaining power of buyer

High, as in the current landscape, services are becoming more modular, allowing buyers to curate a collection of services from various vendors and even switch them out as needed.

Threat of new entrants

Low, as the experience-driven learning effects significantly influence the quality enhancement and cost reduction of projects involving commoditized services.

+

Threat of substitutes

High, as China, Philippines and Malaysia are emerging as a viable outsourcing alternative to India, while the rise of automation also leads to the obsolescence of specific support services.

Competitive rivalry

High, as in this sector, significant competition among major companies is defined by slight product distinctions, primarily driving them to compete based on pricing.

—

NBFC
Industry

Inbound Logistics

- Acquisition of funds through various sources like deposits, borrowings, and securitization.

→

Operations

- Providing loans, credit, and other financial services to individuals and businesses.

→

Outbound logistics

- Disbursement of loans and other financial services to customers as well as effective customer communication.

→

Marketing and sales

- Building brand reputation and awareness in the market and establishing relationships with potential customers.

→

Services

- Facilitating easy repayment options and handling customer inquiries. Facilitating easy repayment options and handling customer inquiries.

Key Drivers

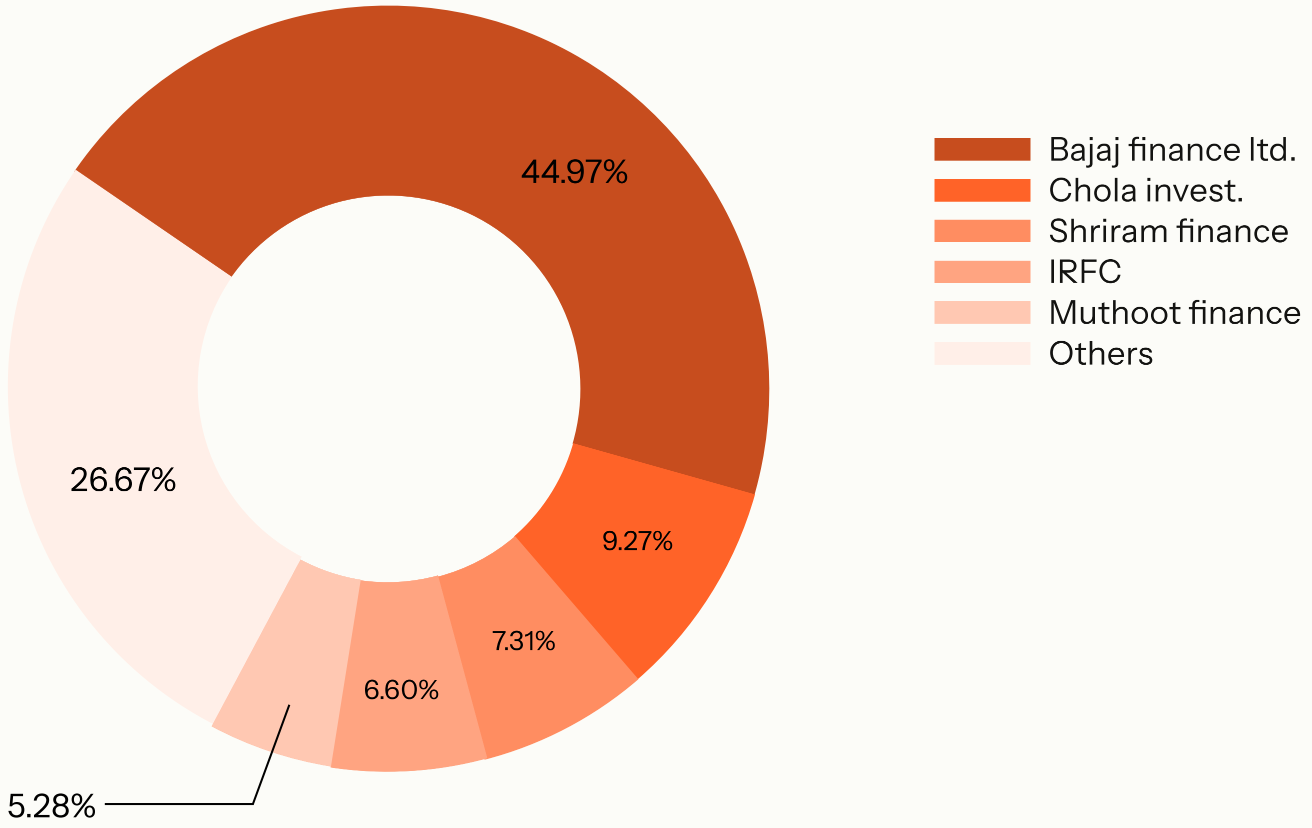
Revenue segments

1. Interest Rate Environment
2. Credit Growth
3. Product Portfolio

Cost segments

1. Borrowing Costs
2. Technology Investment
3. Regulatory Compliance

Key Players



PESTEL Analysis

Political	The NBFC industry in India is heavily regulated by the Reserve Bank of India (RBI) and other government bodies. Changes in regulations and licensing requirements can significantly impact NBFC operations.
Economic	Fluctuations in interest rates can impact borrowing costs and lending rates for NBFCs, influencing their profitability and demand for financial products.
Social	Changing consumer preferences and attitudes toward financial products and services can impact the demand for specific types of loans, investments, and other financial offerings.
Technological	Using technology and digital platforms also raises concerns about data security and privacy, which NBFCs must address to maintain customer trust.
Environmental	Increasing awareness of environmental issues might drive demand for sustainable financing options and investments. NBFCs could explore opportunities in environmentally responsible lending.
Legal	NBFCs need to adhere to consumer protection laws to ensure fair treatment of customers and handle grievances effectively.

Porter's Five Forces

Threat of substitutes

Moderate, as the NBFCs were introduced as a substitute to the banks by the government of India which makes banks a very viable option for customers.

Bargaining power of buyer

High, as the products in the NBFC sector are largely undifferentiated and thus buyers have an easy option to switch to substitutes and bargain.

Bargaining power of suppliers

High, since the providers of funds are more demanding as quality of services provided within minimum time matters a lot.

Threat of new entrants

Low, as the industry is hugely dependent on the customers' trust in the organisation and old players in the industry enjoy much higher levels of credibility and customer trust.

Competitive rivalry

High, as the switching costs in this industry are low, competitive rivalry is high and competition from external sector is more volatile as related industries compete with NBFC sector in areas including leases, loans, etc.

Oil & Gas
Industry

Exploration
- Site identification
- Prepare an FDP

→

Production
- Create Infrastructure
- Platform at sea (splits oil, gas & water)

→

Transportation
- Oil : Crude through tankers
- Gas : Liquified and transferred

→

Storage
- Oil : Stored in large tanks at ports
- Gas : In reservoirs

→

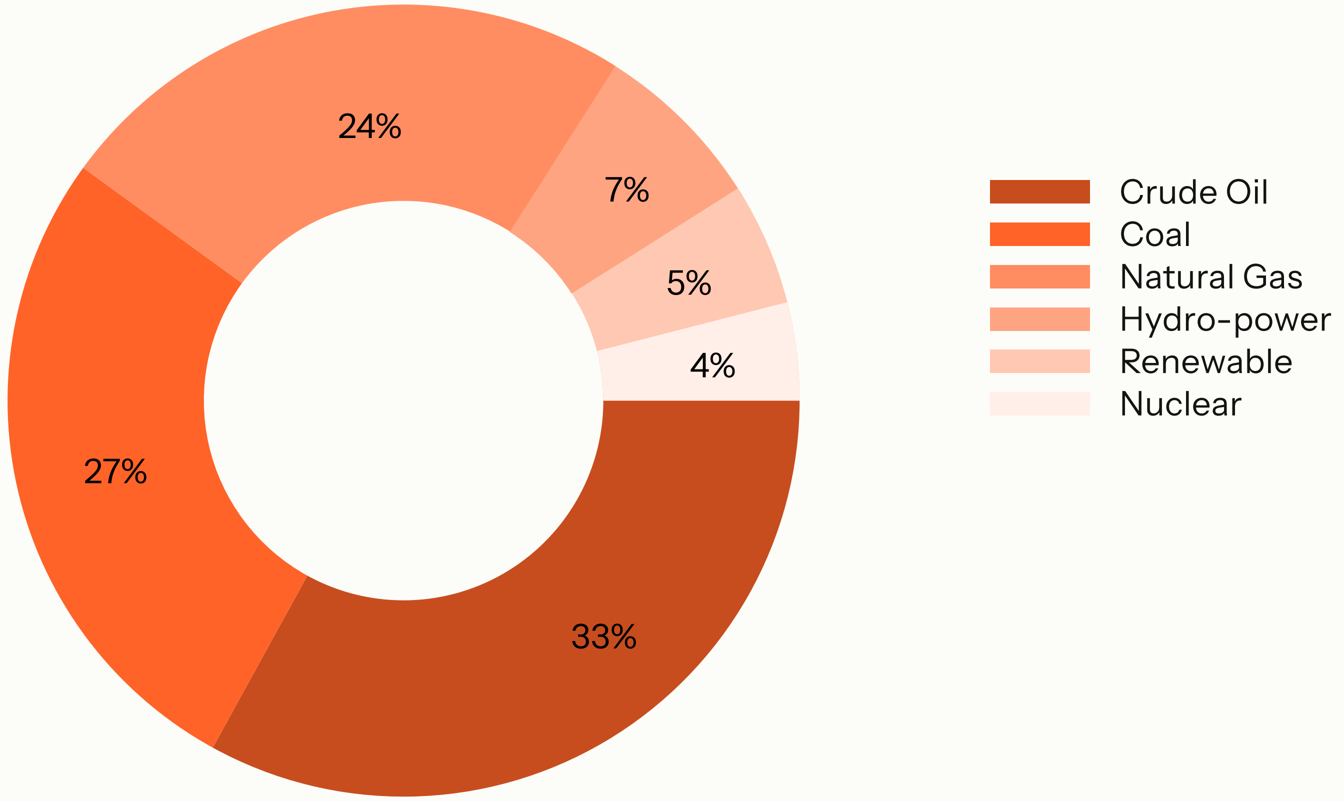
Refining & Marketing
- Oil : Refining oil into petrol, diesel & LPG
- Gas : Distill & convert by BP

Key Drivers

Revenue segments
1. Crude oil
2. Natural gas
3. Artificial gas
4. Others

Cost segments
1. Raw material consumed
2. Transport costs
3. Employee expenses

Market Segments



PESTEL Analysis

Political	Political conflicts and turmoil cause a spike in oil prices and a disruption in supply of oil. Regulations and taxes influence oil production and pricing processes.
Economic	High demand and essentialness of fuel (as consumption for industry and households) creates economic prosperity. High prices and inflation affects consumption which further affects the prices.
Social	High population growth creates high demand for fuel along with urbanization and industrialization. People behavior and social factors like travel affect demand and prices too.
Technological	Technologies like Artificial Intelligence has provided optimization in drilling. Furthermore, automation is to be linked with upstream processes to enhance production.
Environmental	Oil spills harm marine life and cause high penalties for the firms. Oil and gas factories cause high pollution, but remedial actions are being taken by companies to reduce waste production and greenhouse gases.
Legal	Licensing requirements for companies to carry out the production and sales. Safety laws are in place to ensure employee safety. Government has the authority to restrict exploration.

Porter's Five Forces

Bargaining power of suppliers

Moderate, Government has influence on the price. Further delays in governments has a considerable impact.

Bargaining power of buyers

Low, as majority are retail customers and they are price takers.

Threat of new entrants

Low, as the industry is capital intensive and presence of ecommerce of scale leads to low threat level.

Threat of substitutes

High as there are alternative fuels gaining traction like nuclear energy, coal hydrogen and renewable sources of energy.

Competitive rivalry

High, as there are very few players in each segment and profit margins are difficult to maintain.

Pharma
Industry

Research and Development
- Research along with government institutions.
- Invention of Drug.
- Formulating the drug and apply for testing.
- Look for fatal side-effects and making according adjustments.

→

Raw Materials
- Getting approval from government authorities
- Setting up factories and materials for various chemical processes

→

Manufacturing
- Setting up supply chains for different materials.
- Building warehouses and managing the inventory

→

Distribution
- Distributing to wholesalers, drug stores hospitals and online pharmacies.

→

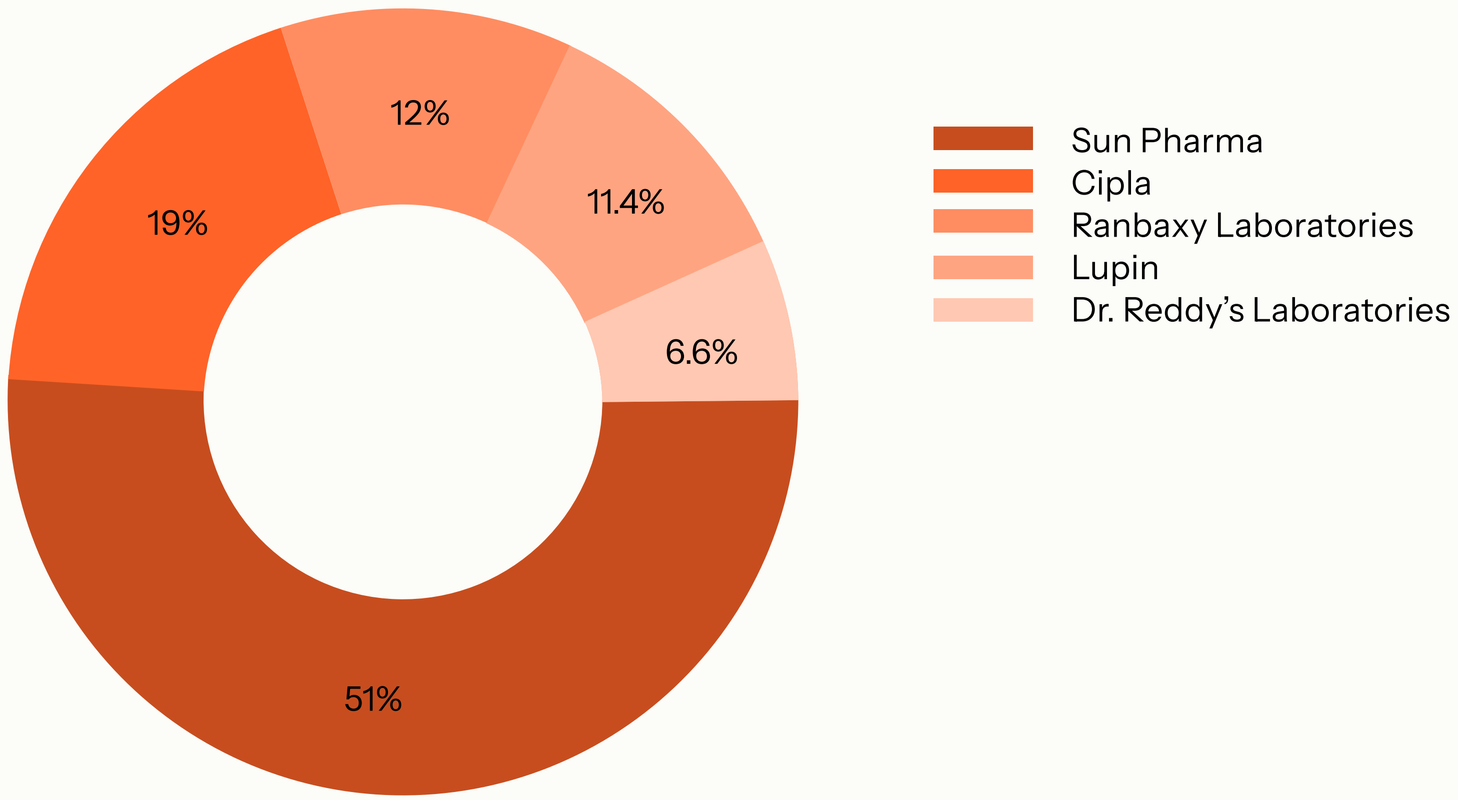
Marketing
- Doctor referrals
- Raising awareness through advertisements
- Sending samples to physicians
- Detailing through sales representatives

1. Key Drivers

Revenue segments
1. Insurance premium
2. Sale of medication
3. Sale of vaccines
4. Patent licensing

Cost Segments
1. Research for formulating the drug.
2. Acquiring raw materials for production.
3. Distribution and advertising.

Key Players



PESTEL Analysis

Political	Heavily regulated government policies for new drugs, testing, human trials - application
Economic	Economic Climate, downturns, Prescription drugs and spending
Social	Social attitude, natural/herbal remedies, dominance of traditional pharmaceutical companies
Technological	Evolving, new technologies, Increased competition, Technologies to reduce drug intake itself
Environmental	Pollution and environment degradation, Carbon footprint, necessary sustainable practices, dumping waste chemicals, government pressure
Legal	Mandatory Clinical trials, varying laws across different countries

Porter's Five Forces

Bargaining power of suppliers

High, as the pharmaceutical industry is reliant on a small number of suppliers for key raw materials, such as active pharmaceutical ingredients (APIs).

Bargaining power of buyer

High, as the pharmaceutical industry is also reliant on a small number of buyers, such as hospitals, clinics, and pharmacies.

Threat of new entrants

Low, The pharma sector's high R&D expenses create a capital-intensive environment, hindering new entrants' competition.

Threat of substitutes

There are a number of substitute products available for many prescription drugs, such as over-the-counter medications and generic drugs. This limits the pricing power of pharmaceutical companies.

Competitive rivalry

High, with a number of well-established players. This rivalry drives down prices and limits profitability.

Real Estate
Industry

Sourcing/Acquisition
- Property Sourcing
- Due Diligence through market analysis and legal checks

→

Finance
- Capital Sourcing
- Investment Analysis
- Risk Management

→

Construction
- Design and Planning
- Procurements/Supply chain
- Construction firms
- Project Management

→

Marketing/Sales
- Marketing through advertisements, listing and real estate agents
- Sales - showings, negotiations, closing deals.

→

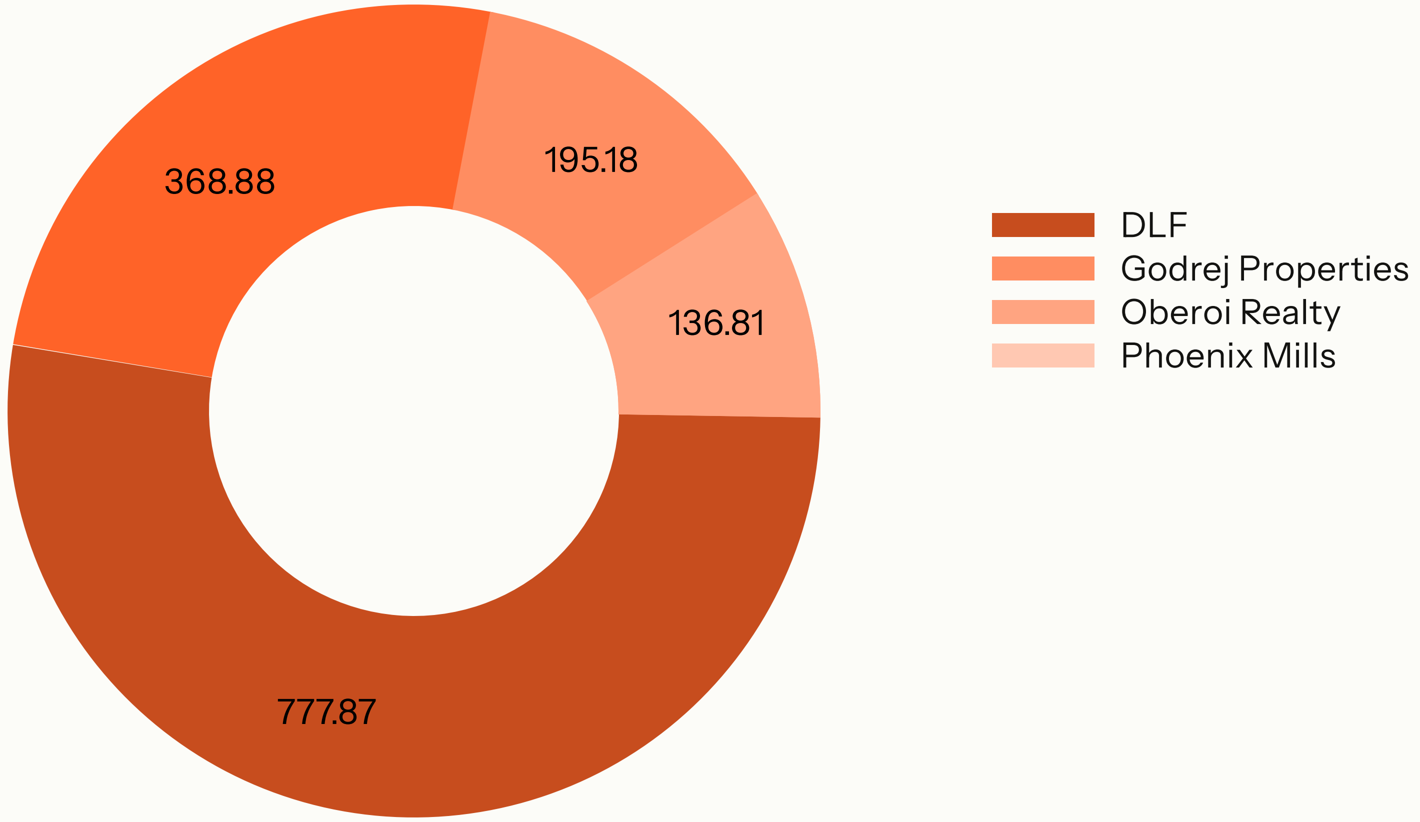
Services
- Insurance
- Facilities Management
- Customer Relations
- Feedback and Improvement

Key Drivers

Revenue segments
1. Rents
2. Management
3. Security Contracts

Cost segments
1. Maintenance
2. Legal charges

Market Share (in Billion INR)



PESTEL Analysis

Political	Smart City projects, Make in India, and streamline regulations for Real Estate Investment Trusts (REITs) to boost urban development and attract investments.
Economic	Smart India Project receives new investments, supported by investment-friendly tax reforms, and improved access to financiers, fostering economic growth and innovation in the country.
Social	Demographics like Age, Education, Health, and Employment all affect the industry.
Technological	Using the Internet for booking, renting and buying properties online, change in construction patterns like 3D printing, earthquake-resistant buildings, studio apartments, etc.
Environmental	A ban on new commercial activities within eco-sensitive zones aims to preserve and protect fragile ecosystems, promoting environmental sustainability and biodiversity conservation.
Legal	Depreciation, Consolidated Financial Statement, Restrictions on non-cash transactions, loans and investments by companies.

Porter's Five Forces

Bargaining power of suppliers

High, as supplier dynamics, input dependencies, financial institutions' lending terms, property owners' pricing control, construction sector factors, and investor sentiment influence the industry's profitability.

Bargaining power of buyer

High, as this industry heavily relies on the retail and service-oriented business industry. This industry suffers when consumers aren't spending, and new businesses aren't opening.

Threat of new entrants

Low, due to difficulty in obtaining capital, retail and service industry bankruptcies combined with slow sales, little to no commercial construction, and intense rivalry among existing industry competitors.

Threat of substitues

Low, as buyers in this industry predominantly opt for leasing property due to management advantages, cost considerations, and suitability for specialty retailers, with joint ventures offering an alternative ownership option.

Competitive rivalry

High, as amid an economic downturn, the real estate operations industry, segmented by capital size, faces potential mergers, intense competition, and reliance on services instead of tangible products, with survival favouring well-capitalized firms due to reduced profitability.

Retail Industry

R&D
- Latest trends and demands
- Right market area and target audience
- To go offline or online or both

→

Sourcing
- Identifying vendors and developing a network
- Trade route analysis for lower costs
- Identifying right prices and deals

→

Inventory Management
- Demand planning warehousing
- Online and offline inventory management
- Implementing capital machinery and labor

→

Operational Management
- Identifying mode and channel of transport
- If online, managing platform logistics
- Maintenance of invoice, packing and store operations.

→

Sales And Marketing
- Discounting, promotion and coupon strategy
- Customer retention through proper market analysis, delivery planning and return management

Key Drivers

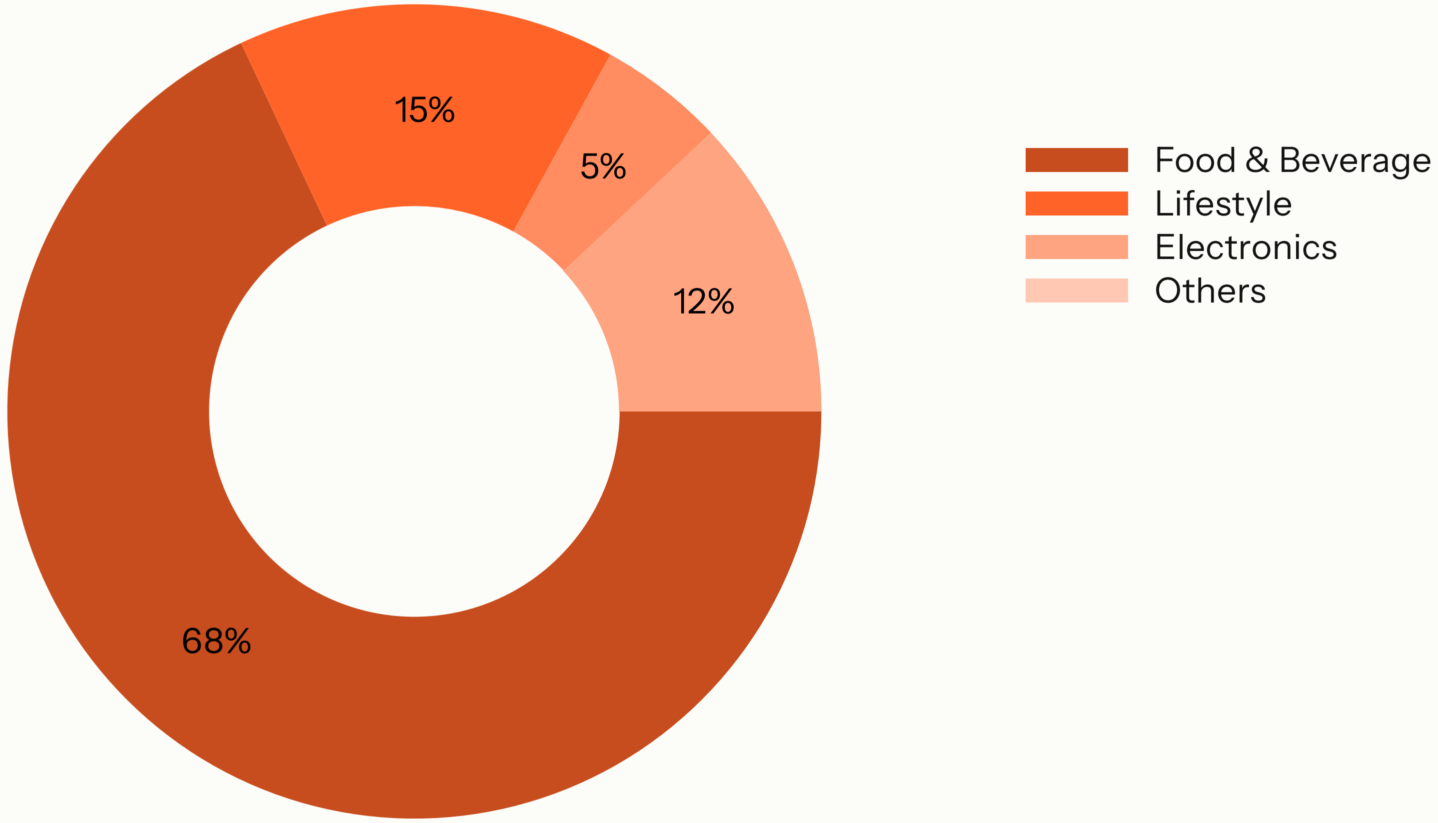
Revenue segments

1. Sale of goods both online and offline
2. Crediting the mode of payment and EMI's development of brand value
3. Post purchase support, location and pricing

Cost segments

1. Manufacturing & storage cost & distribution
2. Overall store management and maintenance
3. Trade Incentives and Promotions and discounts

Market Segments



PESTEL Analysis

Political	Governmental policies like make in India impact the retail industry. Moreover, taxation on import and export, etc has a negative impact on the industry.
Economic	Retail provides employment opportunities, helps meet demand with the supply in its operating sector and promotes economic and GDP growth.
Social	Brands in retail often play the deciding role in what is going to be the fashion or the trend among the customers. Demographic trends such as population, cultural pattern, and age pattern impact the retail.
Technological	Tech such as virtual reality (VR), augmented reality (AR), and smart mirrors enhance the in store shopping experience and create novel ways for customers to engage with the product.
Environmental	With rising environmental issues, sourcing, packaging, and waste management gets effected due to Governmental policies and pressure from various NGO's. [Thermocol, cardboard, and plastic are important materials for this industry].
Legal	Employment laws and regulation, minimum wage, labor rights. Moreover, the consumer protection laws impact return policies, product labelling and advertising practices.

Porter's Five Forces

Bargaining power of suppliers

High, as Retail is a densely populated field, thus suppliers have many options at their disposal, like selling to an e-commerce site or an offline store.

Bargaining power of buyers

High, due to readily available substitutes, low switching costs and easy option of price comparison.

Threat of new entrants

Moderate, as it is capital intensive and presence of ecommerce of scale leads to low threat level.

Threat of substitutes

High, due to Less differentiation of product and high no. of options available in the retail market.

Competitive rivalry

High, as there is high competition among the existing company in a particular sector.

Telecom
Industry

Infrastructure Development
- Software to build and maintain network
- Hardware to build and maintain telecom infrastructure- towers, fibres etc

→

Network Operations
- Provide voice calls , SMS
- Internet services for video streaming and other use of internet

→

Outbound Logistics
- Data centers
- Warehouses
- Service centers

→

Sales and Marketing
- Retailers
- Advertisement of telecom companies

→

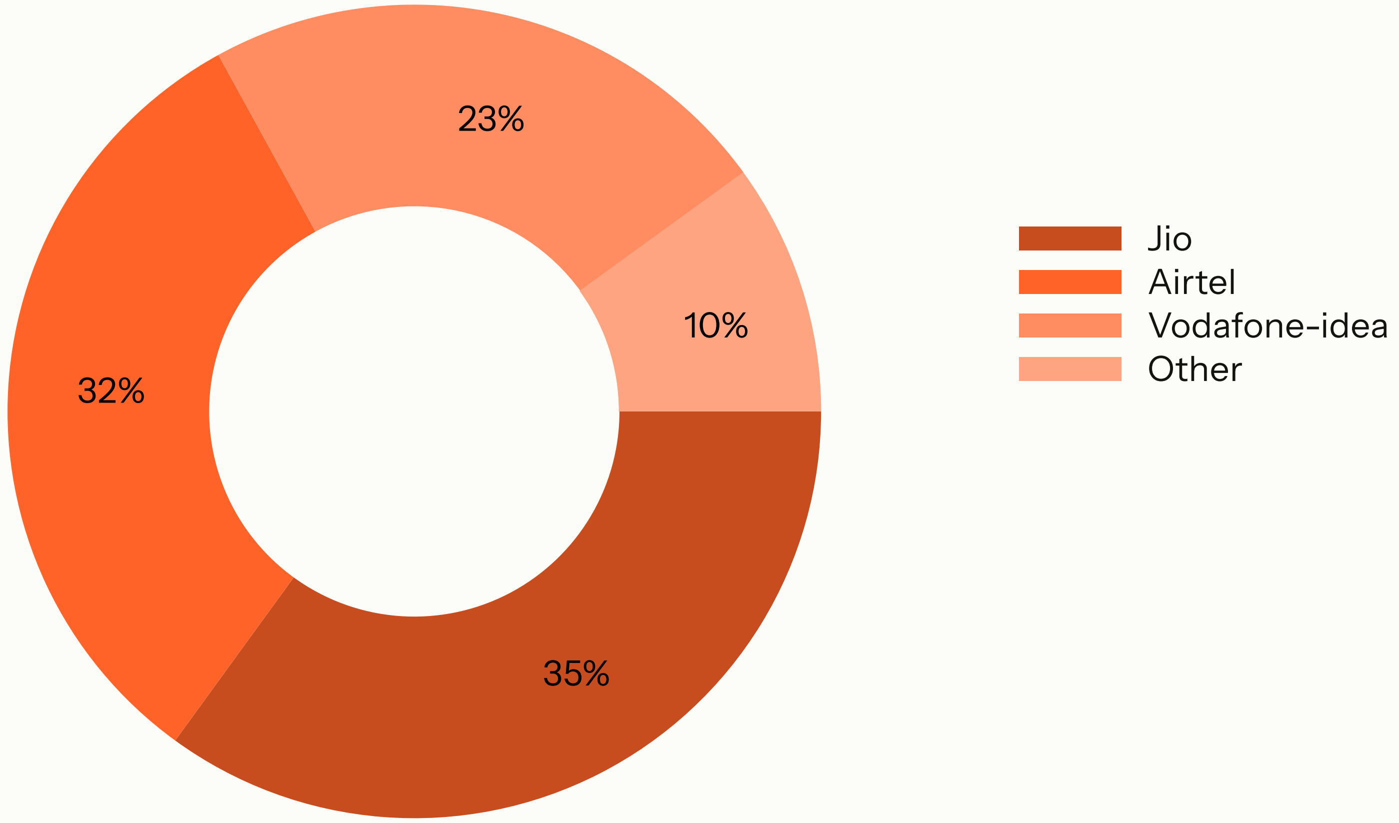
Customer Services
- Technical support for customers

Key Drivers

Revenue segments
1. Advancement in technologies
2. Data usage
3. International roaming packs

Cost segments
1. Network Infrastructure
2. Maintenance
3. Licensing
4. Acquiring and renewing licensing

Key Players



PESTEL Analysis

Political	Regulation and Policy Changes, Spectrum Allocation Government policies on foreign direct investment, Govt interventions (internet shutdowns).
Economic	Inflation and currency fluctuations impact operating costs and capital expenditures of telecom companies. GST rate for Telecommunications Sector is ~18% (subject to variation).
Social	Social Stigma and Rumors, Demographics(Population Size and Growth, Rural-Urban Divide, Work and Education Trends, E-Governance, Digital Inclusion and Changing Lifestyles, age pyramid)
Technological	R&D (5G, Star link, improved Network Infrastructure Etc), Cybersecurity & privacy concerns, National Digitalization Commission Plan (2018), Fintech infrastructure (like UPI), Internet of Things (IoT), etc.
Environmental	Energy consumption, Carbon emissions, E-waste management
Legal	Licensing and spectrum auctions determine how companies can acquire and utilize frequency bands. Laws on Anti-competitive practices ensures fair competition in the industry.

Porter's Five Forces

Bargaining power of suppliers

Moderate, as major equipment manufacturers hold some power, telecom operators often maintain multiple supplier relationships.

Bargaining power of buyers

Moderate, as individual consumers have limited sway due to switching costs, but large corporate clients can exert influence through substantial orders.

Threat of new entrants

Low, as it is highly competitive and economies of scale are influenced by limited operators.

Threat of substitutes

The threat of new entrants is relatively moderate, as significant capital investments and regulatory barriers create hurdles for newcomers.

Competitive rivalry

Industry rivalry is intense as numerous companies vie for market share. Competition hinges on pricing, service quality, and technological innovation.

Consulting & Analytics Club
IIT Guwahati

Appendix

Appendix
Commonly Used Formulas

- Gross profit/Loss = Revenue - Cost (COGS)
- EBITDA = Gross Profit - Operating Expenses
- EBIT = EBITDA - (Depreciation + Amortisation)
- Net Profit/Loss = EBIT - (Interest + Tax)
- Profit = Revenue - Cost
- Profit Margin = $\frac{\text{Profit}}{\text{Revenue}}$ X 100
- Market Share = $\frac{\text{Total Company Revenue}}{\text{Total Industry Revenue}}$ X 100
- Growth Rate = $\frac{\text{New value - Old value}^{*}}{\text{Old value}}$ X 100
- Return on Investment (RoI) = $\frac{\text{Profit}}{\text{Cost of Investment}}$ X 100
- Pay Back Period (Years) = $\frac{\text{Investment Cost}}{\text{Annual Profit}}$
- Utilisation Rate = $\frac{\text{Actual Output}}{\text{Maximum Output}}$ X 100

*Sales/ Market share/ Revenue, etc.

Appendix

Commonly Used Terms

NPS(Net Promoter Score)
Net promoter score is a widely used market research metric that typically takes the form of a single survey question asking respondents to rate the likelihood that they would recommend a company or a product.

NPS = % promoters - % detractors

Social Share of Voice (SSoV)
It is a way to measure how much people are talking about the brand on social media. It's usually calculated as a percentage of total mentions within an industry or a defined group of competitors.

SSoV = (Your brand’s advertising spend / Total advertising spend) * 100

FICO Score
Financial institutions and lenders use this to determine how much credit they can offer borrowers and at what interest rate.

Client Retention Rate
It measures the number of loyal customers, i.e., who continue to purchase the product and are satisfied with it. The percentage of customers and revenue lost during a period is called the Churn Rate.

Appendix

Commonly Used Terms

Client Lifetime Value (CLV)
It is the profit brought by a customer to the business, and in this way, the company can individually fulfil the customer's needs.

CLV = Lifetime Value * Margin

Return on Ad Spend (ROAS)
It is a marketing metric that measures the efficacy of a digital advertising campaign. ROAS helps online businesses evaluate which methods work and how to improve future advertising efforts.

ROAS = Total Campaign Revenue / Total Campaign Cost

Time Value of Money
A sum of money today is worth more than the same sum in the future, as it can earn interest in the meantime. A delayed investment is a lost opportunity.

Cash Flows
Cash flow refers to the net amount of cash and cash equivalents transferred in and out of a company. Cash received represents inflows, while money spent represents outflows.

Appendix

Commonly Used Terms

Free Cash Flow (FCF)
The residual cash flow is left over after all of the project's requirements have been satisfied and the implications accounted for. It's the cash flow that can be distributed to the financial claimants of the company, debt and equity.

FCF = (Revenue - Costs - Depreciation#) * (1 - Tax Rate) + Depreciation - Capital Expenditures - Change in Net Working Capital
# : EBIT (Earnings before interests and taxes)

Free Cash Flow to Equity
It's the residual cash flow left over after all the project's requirements and implications are accounted for and all debt financing has been fulfilled.

Present Value (PV)
The present value of a sum FV received in t periods discounted at a rate of interest r and the present value of a future stream of cash flows made at time t for a rate of return R for n time intervals is respectively given by

$$PV = FV / (1 + r)^t$$

$$PV = \sum_{i=1}^{n} CF_t / (1 + r)^t$$

Appendix

Commonly Used Terms

Discount Rate/ Rate of Return (RR)
Factors like inflation and taxes influence r, i.e. the rate of return/discount rate. In the case of inflation, where the inflation rate is given by I, the inflation-adjusted resultant rate of return, say RR, can be calculated as

RR = (1 + R) / (1 + i) - 1
In the case of taxation if the rate of taxation is t, RR = R * (1 - t)

Net Present Value
NPV is simply the difference between the present value of cash inflows and outflows. It is a metric used to determine whether an investment is profitable. Investments with negative NPVs are avoided. The formulae remain the same as PV's; however, we take the net cash inflow-outflow or the free cash flow in this case.

Net Present Value Rule
The NPV Rule recommends making only investments with a positive net present value.

Internal Rate of Return (IRR)
The internal rate of return is the discount rate, which would equal the NPV to zero. It helps to identify the annual growth rate. A high IRR is desirable for investment.

Appendix

Commonly Used Terms

Net Profit Margin (NPM)
It is the ratio of net profits to the revenue expressed as a percentage. It represents how much of each dollar collected in revenue translates into a profit.

NPM = (Net Income / Total Revenue) * 100

Break Even Point
In accounting, it refers to the production quantity where the total production revenue compensates for production costs.
i.e, when Revenue - Cost = 0

Return on Investment (ROI)
ROI indicates the total growth of an investment over a period of time. ROI is the net profit expressed as a percentage of initial investment.

ROI = [(Return - Cost - Investment) / (Investment)] * 100

Bounce Rate
The bounce rate is the percentage of people who come to the landing page and leave without browsing further or clicking elsewhere on the company's website.

Appendix
Commonly Used Terms

Compounded Annual Growth Rate(CAGR)
Given the amount invested today and its expected value in the future, CAGR is the rate of interest at which the investment will have to be compounded to give the expected future value.

$$\text{CAGR} = (\text{Final Value} / \text{Initial Value})^{1/t} - 1$$

Profitability Index
The profitability index is an index that attempts to identify the relationship between the costs and benefits of a proposed project through the use of a ratio calculated as

Profitability = PV of Future Cash Flows / Investment

A ratio of 1.0 is logically the lowest acceptable measure on the index, as any value lower than 1.0 would indicate that the project's PV is less than the initial investment. As values on the profitability index increase, so does the financial attractiveness of the proposed project

Initial Investment
The initial investment is the amount required to start a business or a project. It is also called initial investment outlay or simply initial outlay. It equals capital expenditures plus working capital requirement plus after-tax proceeds from assets disposed of or available for use elsewhere.

Appendix

Commonly Used Terms

Key Performance Indicator (KPI)
KPIs provide targets for teams to shoot for, milestones to gauge progress, and insights that help people across the organisation make better decisions.