BITSoM

BITS SCHOOL
OF MANAGEMENT

BCC

BITSoM CONSULTING CLUB



BITSoM
Consulting Casebook

2023-2024

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FOREWORD

Case-based interviewing is a unique recruitment tool often deployed by most consulting firms as a part of their hiring process. This method is now increasingly being adopted by recruiters in other industries and functions including product management, investment banking, general management etc. The candidate is presented with a real-world business situation and is expected to provide recommendations basis logical break down of the problem, thorough analysis and creativity. The key skills tested are problem solving ability, effective and structured communication, and business acumen.

Consulting Casebook(1st Edition) by The BITSoM Consulting Club, documents the candidates' interview experiences with the consulting firms that have been hiring summer interns and full time employees from BITSoM during the year 2021-24.

The experiences listed below are not necessarily the best way to handle case interviews. They only serve to give students an idea as to what to expect when they walk into a case interview. Every individual could have his/her unique way of tackling consulting interviews, each of which could be correct.

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ACKNOWLEDGEMENT

A special thanks and heartfelt gratitude from the BITSoM Consulting Club to all the candidates who took time off their busy schedules and provided us with their interview transcripts. This would not have been possible if it wasn't for their commitment and dedication to contribute to their fellow batchmates' learning and development. The experiences documented will be an asset not only to the present cohort but also to all the future cohorts of BITSoM.

A special thanks to **Jay Sangtani, Krishna Nayan Vss Mandapati, Madhur Sardana,** and **Priyadarshini V** for assisting as mentors for the casebook. The casebook would not have been completed if it wasn't for their help and efforts. Their passion and zeal towards consulting is what made this casebook a reality. A heartfelt thanks and gratitude to them from the members of BCC.

The **Founding Batch** is one of our core pillars of strength and support. This casebook is an embodiment of their dedication towards the college and its future. The founding batch have set up the stage and now, the onus is on us to showcase our commitment towards their vision.

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NOTE FROM THE PRESIDENT

Every new year we as individuals come up with one or the other resolution. This year it's going to be different. This year we as a club have come up with a mutual vision, mission and resolution to build a legacy for BITSoM.

With great pride and honour, we as a team are elated to share our very **First Edition** of **The BITSoM Consulting Casebook** for the academic year **2023-2024** with you. This would not have been possible if it wasn't for the focus, commitment and sheer will of our BITSoM Consulting Club members.

This document is an accumulation of knowledge that we have aggregated over the past three years. This document is an embodiment of our dedication towards the pursuit of opportunities in the realms of consulting. This document is an inspiration to all the consultant aspirants who dream to pursue a consulting career.

Please make the best use of this resource. We wish you all the very best!

JASWANTH RAO KONALAMMA

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THE TEAM

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Shathika A



Vivek V



VS Atheendran

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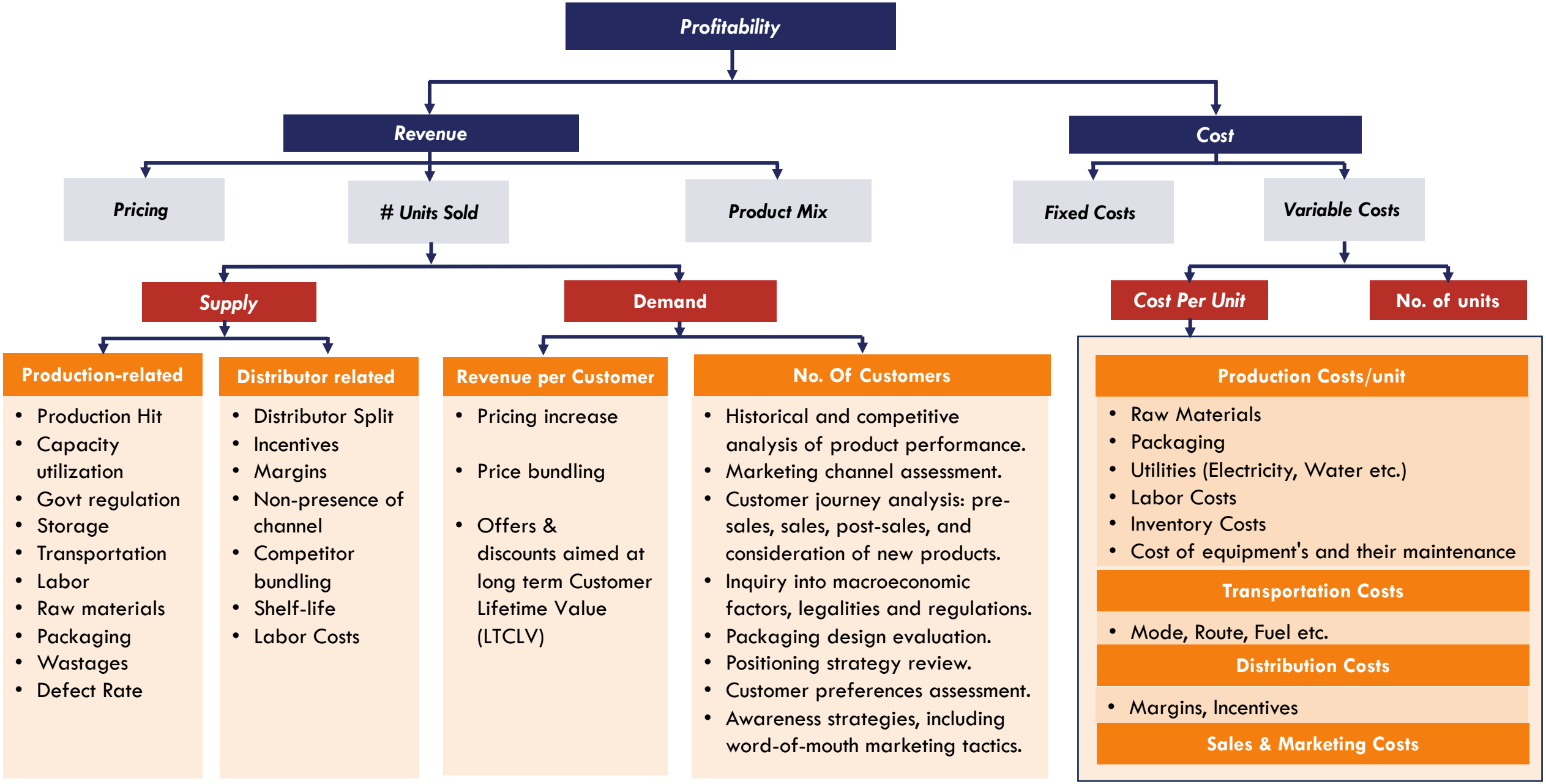
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PROFITABILITY CASES

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Profitability



Production-related

- Production Hit
- Capacity utilization
- Govt regulation
- Storage
- Transportation
- Labor
- Raw materials
- Packaging
- Wastages
- Defect Rate

Distributor related

- Distributor Split
- Incentives
- Margins
- Non-presence of channel
- Competitor bundling
- Shelf-life
- Labor Costs

Revenue per Customer

- Pricing increase
- Price bundling
- Offers & discounts aimed at long term Customer Lifetime Value (LTCLV)

No. Of Customers

- Historical and competitive analysis of product performance.
- Marketing channel assessment.
- Customer journey analysis: pre-sales, sales, post-sales, and consideration of new products.
- Inquiry into macroeconomic factors, legalities and regulations.
- Packaging design evaluation.
- Positioning strategy review.
- Customer preferences assessment.
- Awareness strategies, including word-of-mouth marketing tactics.

Production Costs/unit

- Raw Materials
- Packaging
- Utilities (Electricity, Water etc.)
- Labor Costs
- Inventory Costs
- Cost of equipment's and their maintenance

Transportation Costs

- Mode, Route, Fuel etc.

Distribution Costs

- Margins, Incentives

Sales & Marketing Costs

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CEMENT MANUFACTURER

Your client is a cement manufacturer who wanted to reduce/optimise transportation cost. What are the factors you can consider?

I would like to rephrase my understanding of the problem statement. My client is a player in cement manufacturing industry and would like to explore factors that could reduce transportation costs. Is my understanding correct?

Yes.

There are two kinds of cost associated with this – inbound and outbound. Which one does client want to reduce upon?

Good. Focus on the inbound logistics.

Inbound logistics cost is based upon - transport cost of raw materials, distance fee, modes of transport, number of agencies involved.

Good. Please focus on reducing transportation cost of raw materials

I would like to know the raw materials, its quantity, price points and location from where its supplied.

The raw materials used are Limestone (60-70%), gypsum (10%), coke (30%). Gypsum and coke are imported via seaways, then travels by road to the site whereas limestone is procured through roadways from multiple mines in India.

Since, limestone is largest percentage, can I assume that it takes the maximum cost? Or is there any more expensive raw material which has larger transportation cost?

No, You can consider limestone takes the maximum cost.

what is the frequency of transportation?

The limestone loading is day to day operation. We store 5 days stock in the site. Can you tell me quickly the ways we can optimise cost here?

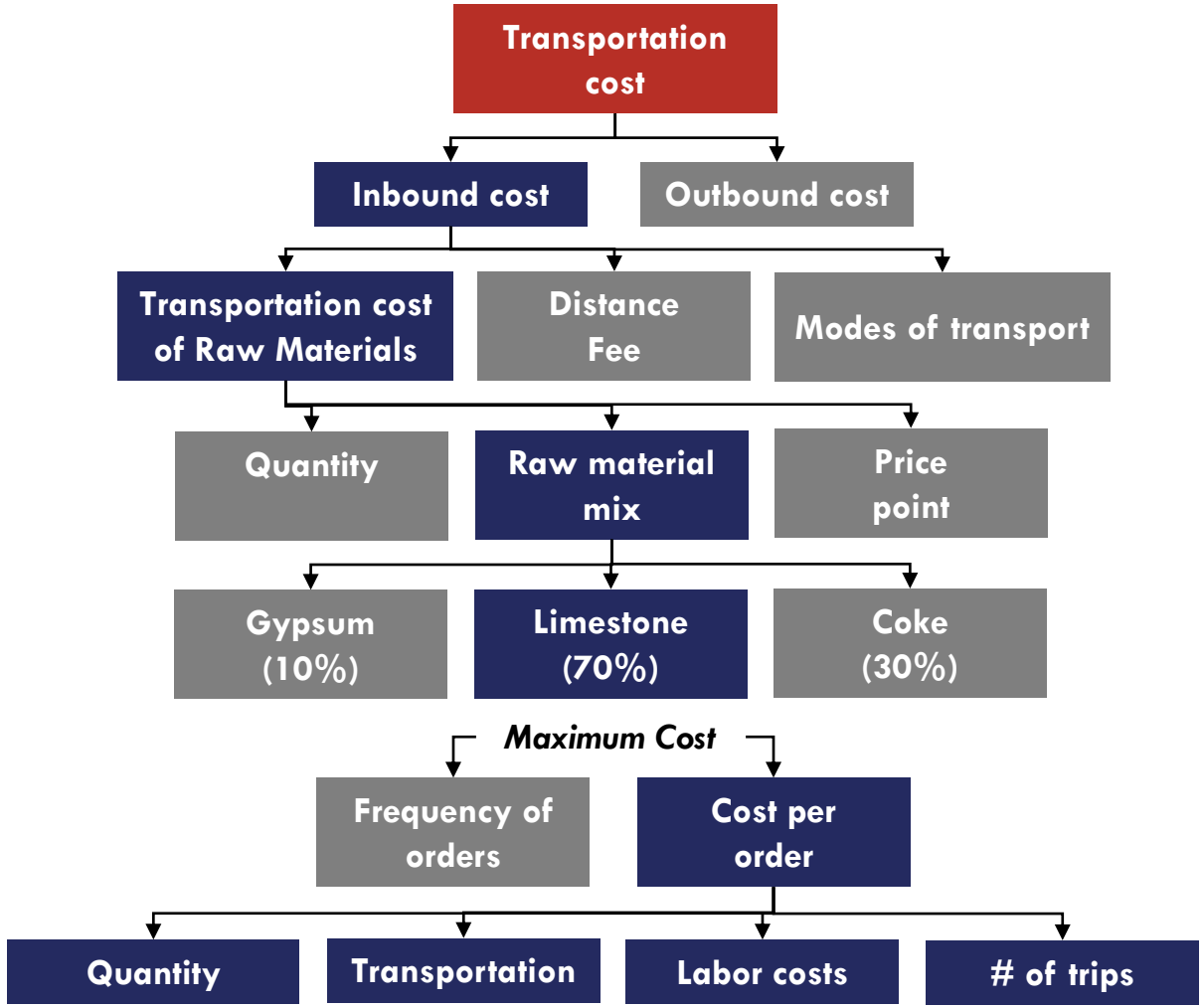
Sure. The following spaces can be analysed further to check for optimisation of cost – exploring railways wherever possible as it lowers cost, reducing distance by finding mines /suppliers nearby, reducing raw-material transportation wastage (also reducing no of trips and reduce RM cost), labour involved in loading and unloading and check if the numbers can be reduced/automated. Also, we can check the feasibility of in-house logistics as this process involves high frequency transportation.

Thank you for the detailed recommendation. We can close the case here.

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CEMENT MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- Interviewee provided a laundry list while giving recommendations. Bucketing would be much more prudent. Like frequency of order x cost per order is overall cost . Cost per order would include quantity, distance, etc.
- Slicing of Inbound logistics cost was not completely MECE. Something like: Modes of Transport x # of units per mode x trips/ unit x cost per trip(which can be further broken down into fuel and non-fuel).
- There is no mention of supplier negotiation strategies which can play a significant role in cost reduction. This includes long-term contracts, volume discounts, or even co-investments in transport infrastructure.

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FRUIT JUICE MANUFACTURER

Your client is a leading fruit juice manufacturer who faced declined in profits in last 6 months. Analyse.

I would like to ask a few clarifying questions before I begin to analyse the case. Where is the fruit juice manufacturer based out of? And what kind of juices they produce? Is it a single product or multi-products company? Also, what are the SKUs they sell?

The client is based out of India with pan India distribution. They sell orange juice with only 1 SKU.

Alright. Where do they manufacture the juice and how many such manufacturing facilities are available?

The manufacturing location is not a constraint and they have only one manufacturing site.

Okay. The decline in profits could be because of lower revenue or increased cost or lower revenue with increased cost. What is the scenario in our client problem?

Client has been observing an increase in costs.

The cost can be classified into operational and non-operational costs. Operational cost includes the cost associated with the operational activities and non- operational includes financial and debt costs. Which one should I focus on?

Focus on operational costs.

I would like to consider two factors in operational costs – primary costs which includes the value chain and secondary costs – fixed costs associated with R&D, HR, rent etc.

You may dwell deeper on the value chain.

Broadly, the value chain of juice manufacturing starts from procurement of raw materials, in bound logistics, processing of juice, packaging and storing juice under specific conditions then moving on to transportation and distribution. Can I start first with procurement of raw materials?

Sure. Go ahead.

Is there any increase in raw material costs in past 6 months?

Yes. Can you list down the factors that could lead to increase in procurement cost?

Sure. Increased procurement costs can be due to increased quantity of raw materials and its packaging expense, change in suppliers in last six months, increase in supplier ordering cost, higher lead time etc.

Good. So, the raw material expense has gone up and we have not changed any supplier so far.

The expense could have gone up either because we are ordering more, or the supplier has increased the cost due to external condition.

Yes, we are ordering more oranges than before.

Since there isn't any change in demand, we are ordering more oranges to give the same output, right? Or is there any mismatch in demand forecasting?

No change in demand forecasting. We are requiring fifteen oranges input to produce 1 bottle juice which was previously 10 oranges.

Okay. We are ordering five oranges/product extra. Clearly, the quality of oranges has gone down. Can I know what is the quality issue? Also, Did the supplier change the method /location of procurement or any other changes in his processing? Is the quality good before loading from supplier place?

Yes, the moisture level of orange has come down but there is no issue or change in the supplier's method of procurement. The oranges are intact at supplier place.

Okay. So, the problem can be in inbound logistics or in house storage.

Focus on the former one.

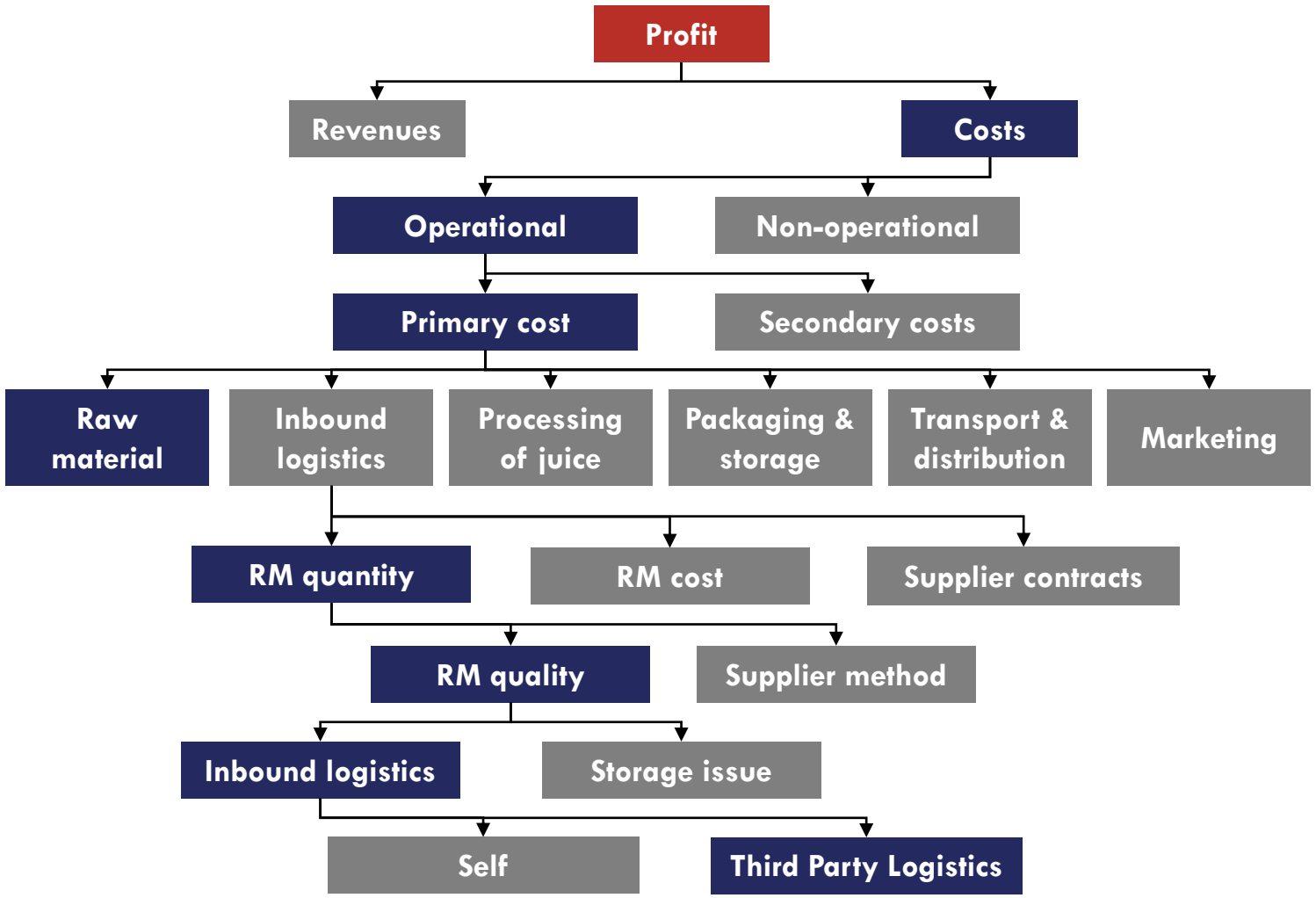
Is the transportation carried out by us or is it by external party? Since it's a moisture problem, the trucks should have not been covered during transportation or is there any change in packaging or route or overall change in climate?

Yes. We are outsourcing the transportation to third party. The problem is trucks are not covered nowadays because the external agency has started to transport other goods along with ours which do not required coverage. It is a human error from their side. We can close the case here. Thank you.

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FRUIT JUICE MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- The interviewee mentions that the logistics issue is due to third-party errors. They should explore how the company oversees these logistics partners, including contract terms, penalties for non-compliance, and the possibility of changing or diversifying logistics partners to ensure reliability.

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SPONGE IRON MANUFACTURER

Our client is a generational sponge Iron manufacturing firm whose profits have been declining in the past 6 months. You have been approached to identify the core issue behind this and suggest whether the client should continue or not with the business?

I would like to clarify a few things before analysing the problem. Firstly, I would like to know more about the client. What is the exact nature of the manufacturing being done?

The client collects iron waste generated during its mining and sponge iron is produced from the direct reduction of iron ore (in the form of lumps, pellets, or fines) to iron by a reducing gas or elemental carbon produced from natural gas or coal. They then supply it to various blast furnaces to make steel.

Okay, what is the decline in the quantum of profits? And what are the revenues of our client?

The quantum is about 5-6% and the revenues is about 200 crore per year.

And can I know in what geographies does our client operate in and how many plants does he own?

They are located in Eastern India and have one plant which caters to all the needs of our client.

Who are our customers?

All the large steel making conglomerates like Tata, Jindal, etc. buy from us. Since, they are very big and powerful, we have very low bargaining power when it comes to the prices at which we sell.

Can I also know a little bit more about the competitive landscape of the client? And is the decline an industry wide phenomenon?

There are many small companies (about 200) across India which also do the same thing being done by our client. The decline is being observed only in our firm and not throughout the industry.

Thank you for all the information. I would like about half a minute to gather my thoughts and analyse the issue at hand. I believe the decline in profits can be due to a decrease in revenue or an increase in costs. Do we have any information of this change?

Our costs remain constant and our revenues in this period have declined.

That is interesting. I would further like to break down Revenue into Supply and Demand. Which bucket would you like me to look at?

Why don't we look at the Supply Part! How would you break down the supply aspect of our business?

Looking at the value chain, I would break down Supply into primary and secondary aspects. Primary is further broken down into Procurement, Manufacturing, Distribution and Post Sales service. The secondary aspects include SG&A, Infrastructure and HR. Does it seem like a good breakdown?

It is very comprehensive. How would you break down post sales service for our clients?

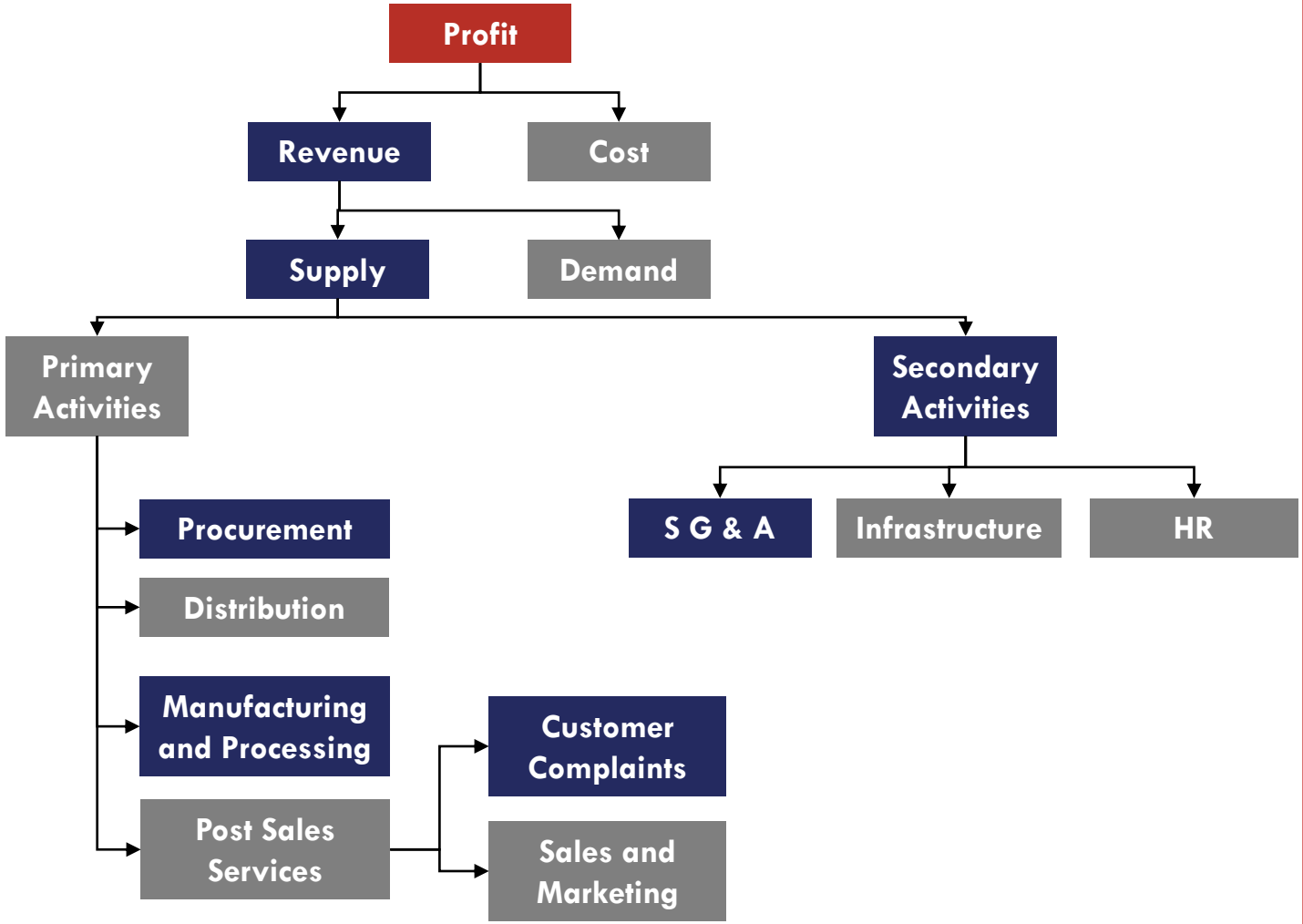
I would divide them into 2 parts:
Customer complaints
Sales and Marketing.
Would that be a fair breakdown?

Thanks! That was a good case.

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SPONGE IRON MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- Primary Activities could have been more elaborate : Storage, Transportation and Sales & Marketing.
- Post Sales service having sales & Marketing might not be very relevant. Sales & Marketing is better suited in primary activities.

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INTEGRATED STEEL PLAYER

Our client is an integrated steel player and is facing stagnant profits. They want you to analyse why?

I would just like to clarify the objective once, our client is an integrated steel player and by integrated we mean is part of entire value chain from procurement and processing to shipping, is that right

Yes. That's correct.

And they want us to analyse why they have been facing no increase in profits.

Yes. To find out the root cause.

I would like to begin with some clarifying questions.

Please, go ahead.

Firstly, I would like to know more about the client. Where do they operate and what products do they make and who are the key customers

Client operates all over India and serves the OEMs and heavy machine industry as major consumers, it had four products and has now introduced a 5th product in its portfolio.

Next, I would like to know about the industry, is there any disruption in the industry or who are the competitors, and have they also been facing the same challenge?

There is no significant external disruption. We have 2 major competitors, and they haven't been facing any problems.

If the problem is specific to us, I would like to know the root cause by analysing both revenue and cost. do we have any information on them?

Yes, they had increased one product capacity in their portfolio and hence increase in revenues, but the profits have not increased.

Okay, is it safe to say that the problem is with the cost and not revenue side?

Yes, but what part of cost?

Well, It was mentioned that they have introduced one more product and hence the machinery and extra labour required, is that keeping the costs high?

Let's keep Capex out of the picture for now.

Then, I would like to analyse the entire value cycle of the product and would need your help as I am not very familiar with the industry.

Sure, tell me what you want to know.

The value chain consists of R&D if there is any, the procurement of raw materials that is the iron ore, the inbound logistics for shipping the raw material to factory, processing of ore to steel, Processing of this steel to the finished products, shipping of products and lastly sales and distribution. This is my understanding of the client's value chain. Is there a something that I have missed?

Client has no R&D involved in the chain and sales and distribution is not handled by them either, rest is okay.

Further is there any increase in raw material cost or any changes in the supplier or Quality issues.

No, the suppliers have been same and so has been the raw material cost.

Is there any change in inbound transportation cost as in cost of fuel or the carriages bringing in the raw materials or raw material storage cost?

There has been no change.

Has the production efficiency decreased due to say underutilised machine capacity or labour change.

No change in processing costs despite new product units being produced. Client Previously had rods, TMT bars, Cubic bars and plates and has now added Steel coils to the production.

Okay, is there change in transportation cost of finished products or the storage costs that we know of?

Yes, there has been an increase in the transportation cost and cost per tonne/per km has increased.

What modes of transportation do we use and is there any change in the prices they charge to us?

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INTEGRATED STEEL PLAYER (Continued)

We have 2 major modes, 90% is through railways and rest through the trucks for last mile deliveries. We have 2 types of charges utilisation and overtime penalty.

Is there any data as to which charge is increasing in our case?

Overtime charges have always been minimum, but our utilisation charges have increased as we get 52 wagons/crate.

Is there any change in utilisation or packing efficiency?

Yes, and do we know the reason?

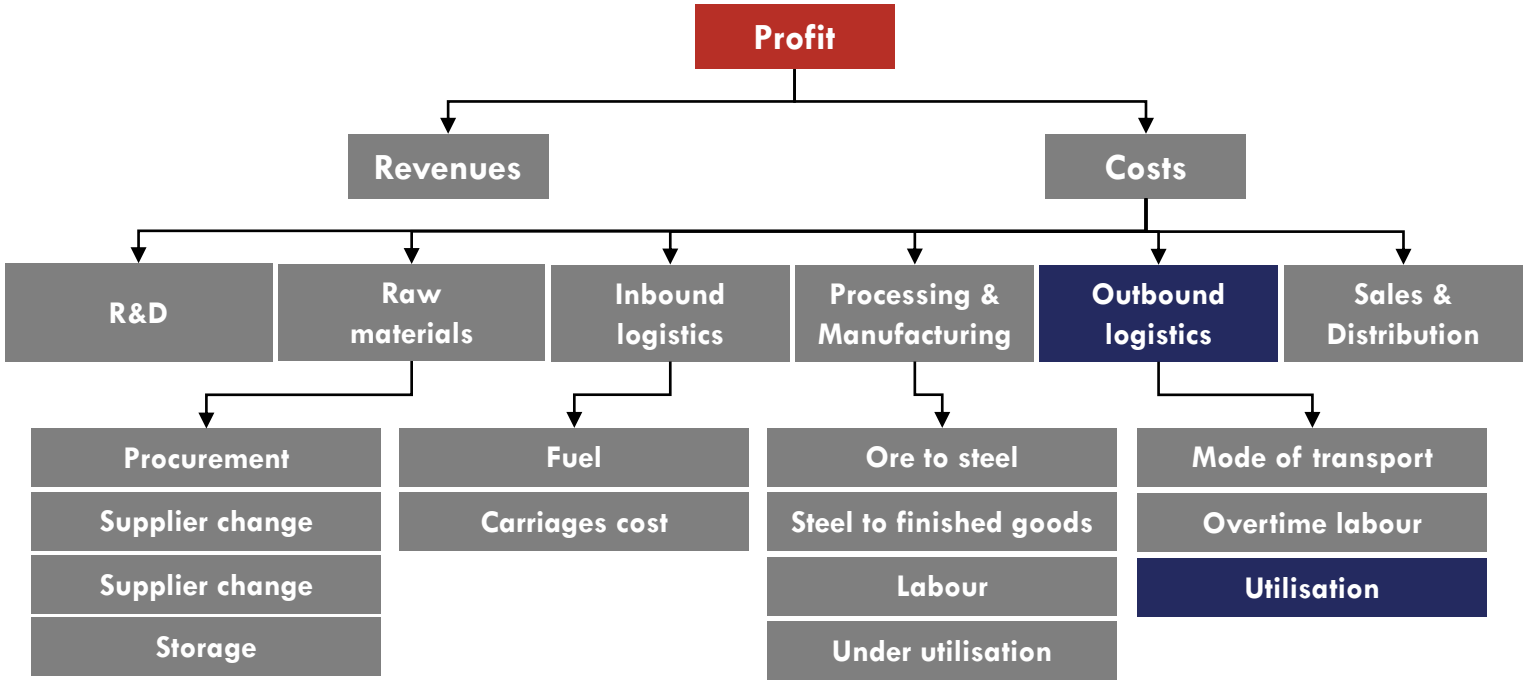
I think we have added coils as the new product in our portfolio which has different space utilisation than bars and rods and this can therefore be a geometric optimization problem.

That is the reason for increasing cost, thankyou we may conclude the interview.

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INTEGRATED STEEL PLAYER

MECE STRUCTURE



INTERVIEWEE NOTES

- Interviewee could have gone more deeper with hypothesis to showcase industry knowledge.
- Interviewee should follow similar level hierarchy while communicating his/her/their thoughts to the interviewer.

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AIRLINE CLIENT

Our client is an airline which has recently seen a decline in profitability. Analyse the problem and provide solutions.

I would like to ask a few clarifying questions before I begin to analyse the case. Is the decline in profitability specific to this airline or is it an industry wide phenomenon?

Only our airline specifically has been facing the issue of decline in profitability.

Since when have the profits been declining and by how much is the decline?

The profits have been declining from the last 10 months and by 15% MoM.

Can I know a little bit more about the airline? Is it mainly a domestic carrier like Indigo or something bigger?

You can assume that our airline is very similar to Indigo.

And can I know a little bit more about the competitive landscape?

We are the market leader with almost 26% market share, but our closest competitor is close behind at 20%.

I have all the required data to proceed with the analysis. As profit can be expressed as revenue minus cost, the dip in profits could be due to decreasing revenues or increasing cost. Which factor do you want me to consider?

Let's look at the Revenues first.

Okay. Revenue for airline business can be written as ***Price X Occupancy X Capacity***. Have we observed a change in any of these components or across all?

Price and Capacity have remained the same. Occupancy has declined due to internal factors. Can you give me some suggestions on why do you think capacity could have reduced?

Internal reasons could involve Pre service issues like faulty OS, unfriendly UI, or complex ticketing issues. In plane service issues like unsatisfactory User experience or Customer service. Post Service experience like lost baggage, improper customer grievance addressal, etc

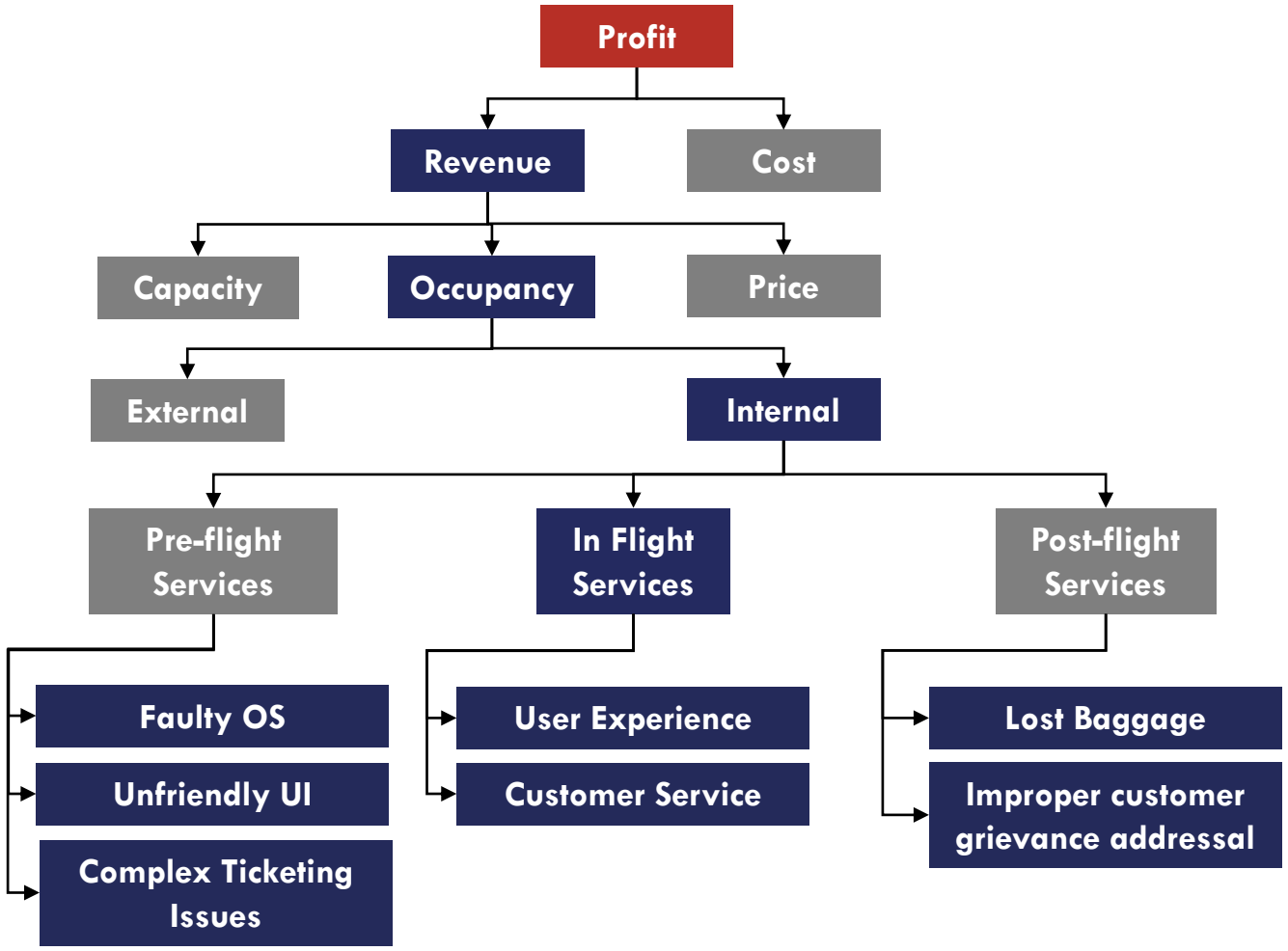
That seems like a good analysis. Let's close the case here. Thank you.

Thank you.

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AIRLINE CLIENT

MECE STRUCTURE



INTERVIEWEE NOTES

- Pre Flight could be further broken down into Charge in routes, locations and flights; different operational services like onboarding services, proper baggage handling, changes in marketing & flyer program, etc.
- Similarly, in flight services could be further broken down into ancillary, F&B, etc. benchmarked with the competitors.
- Revenue streams/sources should have been broken into Ticket Sales, Freight services, ancillary services, baggage fees, food, and beverages. Then ask the interviewer if he/she wants to analyze one of these.

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BATTERY MANUFACTURER

Our client is a battery manufacturing firm whose profits have been declining in the past 6 months. You have been approached to identify the core issue behind this and suggest a few recommendations.

I would like to clarify a few things before analysing the problem. Firstly, I would like to ask more about the client. What is the product range of the client?

The client sells 2 kinds of batteries – AA/AAA type batteries.

Okay, is the decline in profits in both kinds of batteries?

AAA battery sales have been declining.

And can I know in what part of the value chain our client operates?

Yes, they manufacture batteries, but they also employ sales executives who reach out to regional distributors and wholesalers who finally give the batteries to the retailers for them to sell.

Do we sell all across India? And is the decline being observed in some specific regions only?

Yes. We are a pan Indian Company but the urban market has remained very constant whereas the rural areas that we sell in are seeing a decline by large.

Can I also know a little bit more about the competitive landscape of the client? And is the decline an industry wide phenomenon?

There are 2 major players in the market, we own 30% of the market whereas our major competitor owns 50%. The decline is being observed only in our firm and not throughout the industry.

Thank you for all the information. I would like about half a minute to gather my thoughts and analyse the issue at hand. I believe the decline in profits can be due to a decrease in revenue or an increase in costs. Do we have any information of this change?

Our costs remain constant and our revenues in this period have declined.

I understand that the revenues are the product of average selling price and the number of units sold. Do we have any data on this?

We haven't had any changes in our business, but the number of units sold have decreased.

I believe that this could be due to 2 factors, one could be due to a decrease in demand from the end consumer, the second could be due to a supply side issue – either we are unable to supply the necessary units to the retailer or the units are lost midway in transportation.

That's a great analysis. The customer demand is what has decreased. Why do you think this is happening?

I would like to look at the purchase cycle for this. Pre-purchase, during purchase and post purchase factors. Sir, I believe the need of the product would have not changed, mainly because the issue is specific to our client and not industry wide. So, my guess is that there is a catch on the awareness side of things.

Exactly. We have recently seen that our customer acquisition costs and retention costs have risen sharply. What would you suggest as a possible solution for this?

I would like to suggest 3 solutions:

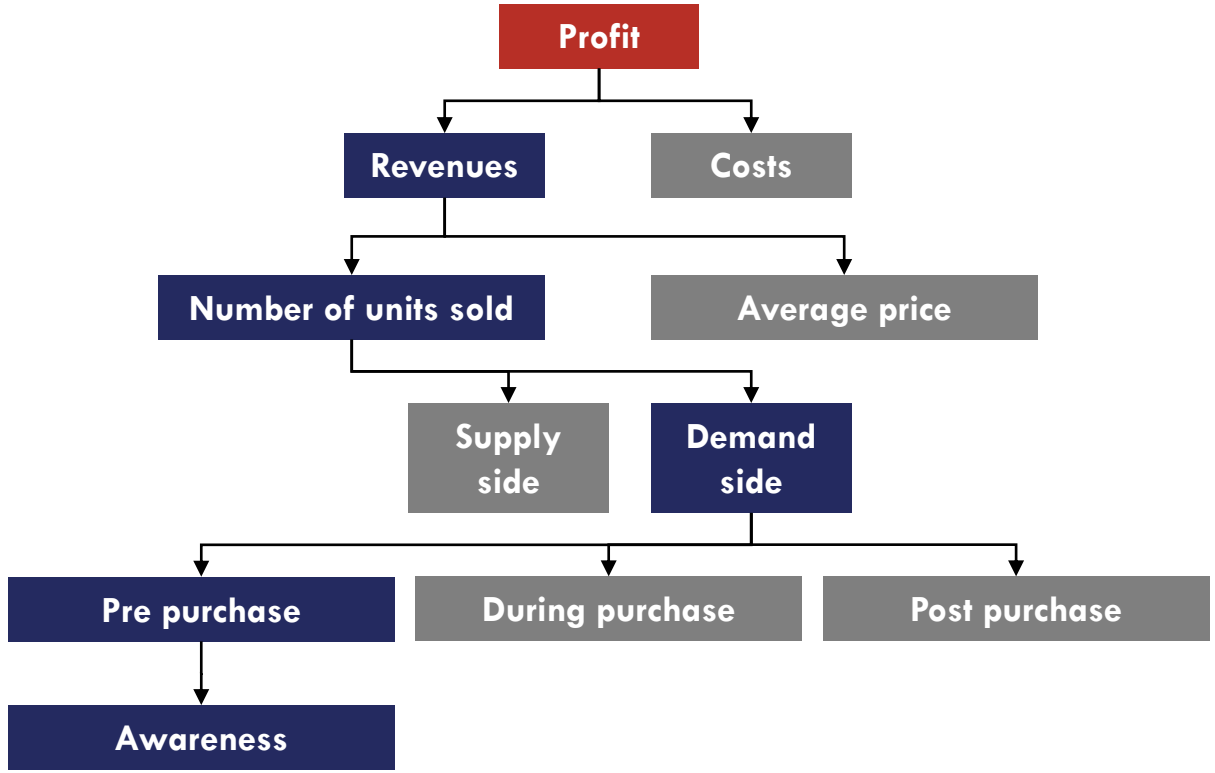
1. Improve visibility by running targeted ad campaigns for the rural areas.
2. Map out all customer touchpoints and see if you can improve the buying experience on one or all of these fronts.
3. Sponsor CSR and rural development schemes in the areas to ensure goodwill and recognition amongst the user base.

Thanks! That was a good case.

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BATTERY MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- Could have explored the change in basket size historically with respect to the competitors/self and repurchase frequency/order frequency.
- Directly jumping to the conclusion/hypothesis that awareness is the root cause could lead to tunnel vision of the potential solutions. Other factors need to be explored.
- Pre-purchase could have multiple issues: Product needs/ Customer preferences changed, Promotions, Accessibility and Availability.
- Similar breakdown should be done for During purchase and Post purchase.

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PORTABLE BP MACHINE MANUFACTURER

Your client is portable BP machine manufacturer who has not been able to realise profits since day 0.

I would like to ask a few clarifying products before I begin to analyse the case. Since when have the profits been declining?

The has been a decline since the last 6 months.

I would like to understand the business better. Where is the client selling and could you please explain the value chain of our client?

Client sells across India and the value chain includes importing from China and using trucks to transport and sell to retailers.

What is the present market share, and do we have any target market share?

The client presently has 10% market share with the target market share of 15-20%.

What is the competition in the market and is the profit issue specific to our client or is it and industry wide issue?

There are 6 major players in the market including the client having a total market share of 95%, the rest 5% are local players. The problem is specific to our client.

The profits can be divided into revenues and cost, do we focus on both?

Focus on the revenue side, there is no change on the cost side.

Revenue can split into average price and the volume of units sold, has there been a change in price recently?

There has been no change in price.

The problem then is with the number of units being sold. I would further want to split the number of units sold from demand and supply side.

Let's explore the supply side, List the factors affecting the supply of machines

The supply could be impacted due to lower imports, problem with the transportation and an issue with the retailer in pushing our products to customers.

The problem is with transportation.

Do we have in-house transport facility, or have we outsourced the process?

We have outsourced the transport

The issue in transport might be due to driver issues, strikes, issues during transit or due to a problem within the contract.

You are correct, there is a problem with the contract. Could you break it down further

The issue in transport might be due to driver issues, strikes, issues during transit or due to a problem within the contract.

You are correct, there is a problem with the contract. Could you break it down further?

The issue with the contracts can be broken down into financials and non-financials. The financial reasons might be due to lower incentives, contract fee structure and differences in preferred routes which adds to cost. The non-financial aspect includes priority of orders, lock-in period, recharges, and long-lasting relations with other customers.

Yes, the transport partner has prioritized other customers order over the clients due to previous relationship and small order size of our client. There is no monetary impact for the transport partner for a delayed delivery. Could you recommend solutions for the client?

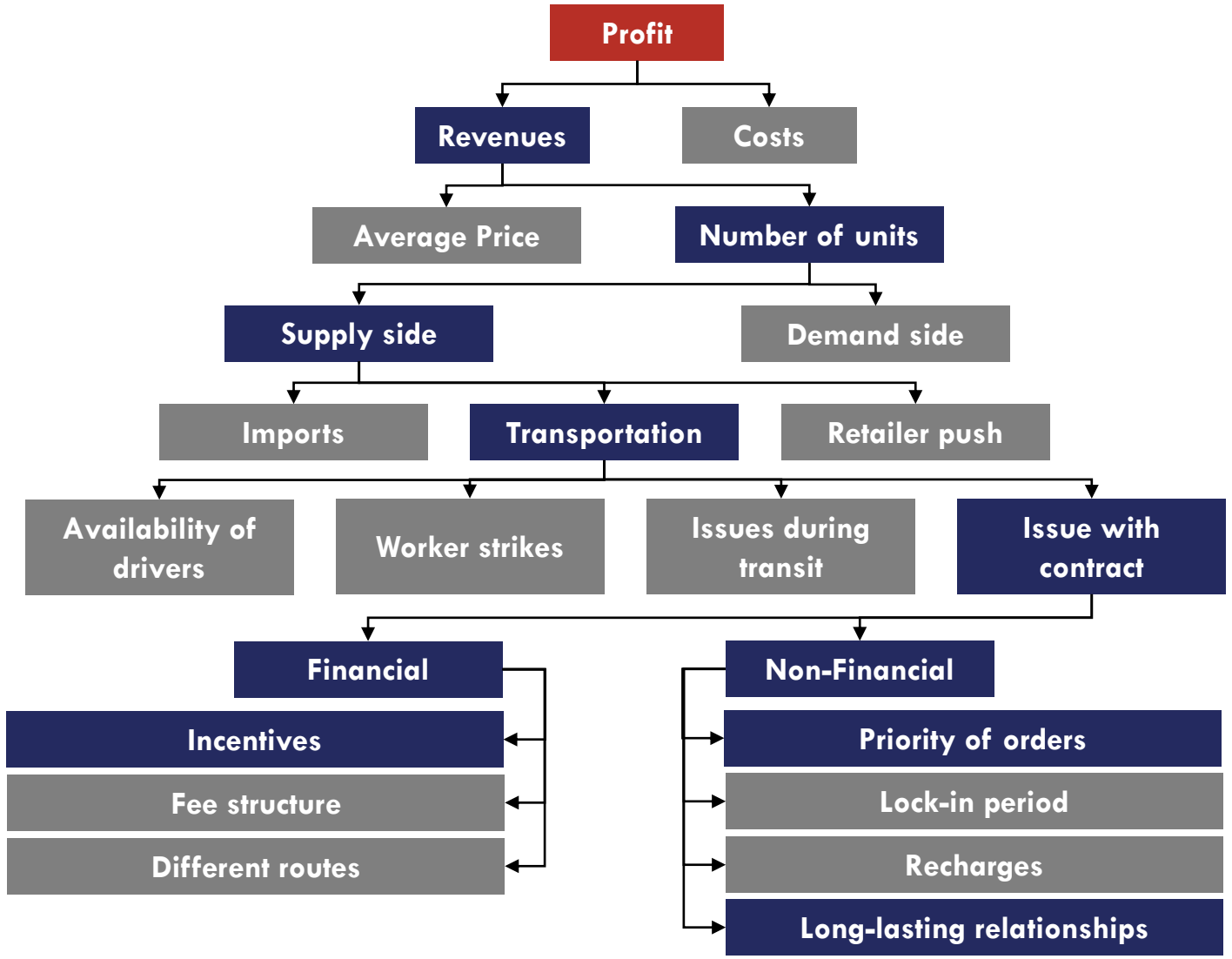
In the short term, client can incentivize the transport partner to deliver the products on time and consolidate the orders to give the partner a bigger order value. In the long term, client should change the clause of the contract and include re-charge for every missed/delayed delivery.

Good. We can close the case now.

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PORTABLE BP MACHINE MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- The supply side issues, production and fulfilment and Distributor/Retail push, should be broken down into more factors.
- Production and fulfilment could be broken down into: Storage, Government restrictions with respect to imports from China, Packaging, Defect rates etc.
- Distribution/Retail push could be broken down into: Split of sales among distributors (Power concentration), Incentive/ promotions being competitive enough, margins being competitive enough, bundling of other products by competitors to cross-sell etc.

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A RETAIL LENDING BANK

Your client is a retail lending bank that is experiencing a decline in profits. You need to investigate and come up with some recommendations to solve the issue.

Before diving further, I would like to ask a few preliminary questions to get a better understanding of our client.

Sure. Please go ahead.

Could you please tell me for how long the bank is facing this issue and the magnitude of decline.

The profits have been declining for the last 3 months. Magnitude is not relevant to the case.

Got it. I would like to know a little more about the client, their target customers, and their geographical presence.

You can think of our client as a bank very similar to HDFC, and it operates PAN India. They provide loans mostly to middle class segment.

Noted. May I know if this is a company wide issue or industry wide issue.

All the competitor banks in this space have been affected, however the decline is more prominent to our specific client.

Okay. I would like to know the different kinds of bank loans.

The client bank provides four kinds of loans: Home, Auto, Personal and Education. Why don't you come up with your overall strategy to diagnose this, and we can proceed from there.

Sure. Please allow me a moment to structure my thoughts. I would like to analyze the decline in profits by breaking it down to revenue and costs. Do we know if the revenues have declined, or the costs have gone up?

The revenues have declined in the past. Costs have also declined but the magnitude of declined can be considered negligible.

Do we know if the problem lies with the no. of customers, average revenue per customer or the product mix?

The number of customers has grown organically. And the issue is restricted to the loans section only.

Okay. So, the average revenue per customer must have declined. We can break it down further into ***average ticket size of loan*** * % ***of loans being repaid back*** * ***average interest rate***. Were there any changes in the mentioned factors?

There may have been some changes in the interest rates.

Okay. I would like to know if the interest rates have changed across Home, Auto, Personal and Education loans, or is it specific to one type. I would also like to know the revenues split across these four kinds of loans.

Take a look at the following data. The home loan interest rate has gone down from 10% to 8% three months back due to government regulations. What do you hypothesize is happening?

Since majority of the bank's revenues are coming from home loans, the decrease in the home loan interest rate is thus the root cause of declining revenues, and hence profits. And this problem is also plaguing other competitor banks but not to the same extent because their % of revenues coming from home loans might be lesser than that of our client.

Spot on. And what data would you need from me to validate your hypothesis.

I would like to know the revenues split of our competitors across the different kinds of loans.

Here is our competitor's split of revenue and interest rates. Now why don't you calculate the average rate of interest for your client vs competitors.

Our client: 0.6*8 + 0.2*10 + 0.1*12 + 0.1*10 = 9%
Competitors: 0.5*8 + 0.2*10 + 0.2*12 + 0.1*10 = 9.4%

Why don't you synthesize the case and give recommendations for the same.

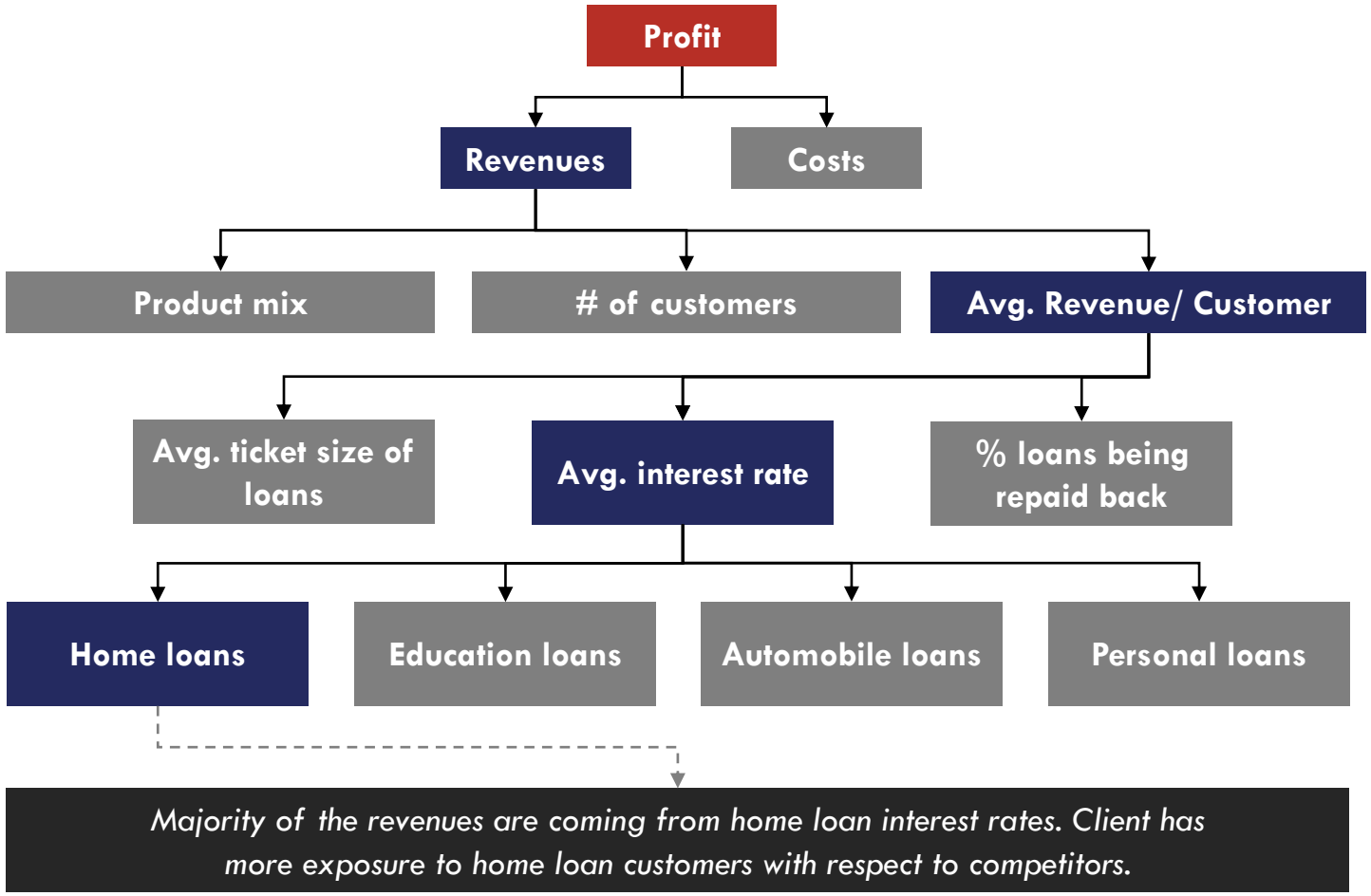
As the major decline in profits is in the home loan segment due to decrease in interest rate, the client must consider increasing his share in other business verticals like Auto, Personal and Education. This would make the client resilient to further adverse changes in the home interest rates.

We can close the case now. Thank You.

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A RETAIL LENDING BANK

MECE STRUCTURE



Majority of the revenues are coming from home loan interest rates. Client has more exposure to home loan customers with respect to competitors.

INTERVIEWEE NOTES

- The interviewee should have stated the different revenue streams and then asked if there is a specific stream that is facing issue: Interest income from loans, Value added services like credit card, NEFT, Transaction fees, Investments of the bank, Deposits from RBI, cross-selling of other products, Account maintenance charges etc. At least mention a few of them to showcase your industry knowledge.
- Once you have identified that there is a concentration towards one type of revenue segment (home loans) try to triangulate the reason for the reduction in interest rates. The interviewer could have broken down into Internal (Ex: Push volumes) and External (PESTEL Analysis).

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100 BALL CRICKET GAME

Star sports is trying to purchase rights of 100 balls cricket game, which recently got launched in UK, from BCCI. How much tender it must make?

Okay, I have some preliminary questions about this case. Firstly, what is the objective behind purchasing these rights?

To make profits. There is no specific number in mind but want to be profitable.

Okay. Are we looking to purchase both TV and OTT rights, or just one? Also, I assume Star Sports currently holds rights for other formats as well. Are we planning to continue those as well?

Yes, we are planning to purchase both rights and we will continue other formats rights as well.

Okay. As broader picture since profits is the main objective, I will try to look at revenues and costs that we are going to incur. And then I will look at the margin = Revenues- Costs (Other than rights purchase) and then bid less than or equal to that margin

Okay, got it.

For that I want to know few things, How is the tournament being planned? Is it like IPL, which will be conducted once a year or since it's a shorter format is BCCI planning to take twice a year? And how long is the tournament going to be?

It's a 1-month tournament. And it's being planned only once a year.

Is it just men's tournament or women tournament as well?

Just men's tournament.

We are purchasing rights for how many years? Also, like IPL is it fair to assume on weekdays, 1 match will happen and on weekends 2 matches happen over the month. Also, one day opening ceremony before the start of tournament and at the end of the month there will be finals?

We are planning to purchase rights for 3 years. And yes, that assumption is fair you can go ahead.

Firstly, I want to look at revenues. Let me list down the revenue streams. Advertising and Subscription amounts constitute to the biggest part of revenue.

Can you think of what the other streams are as well?

Merchandising, Customer experience zones near stadium

Great. Can you look at the cost streams now.

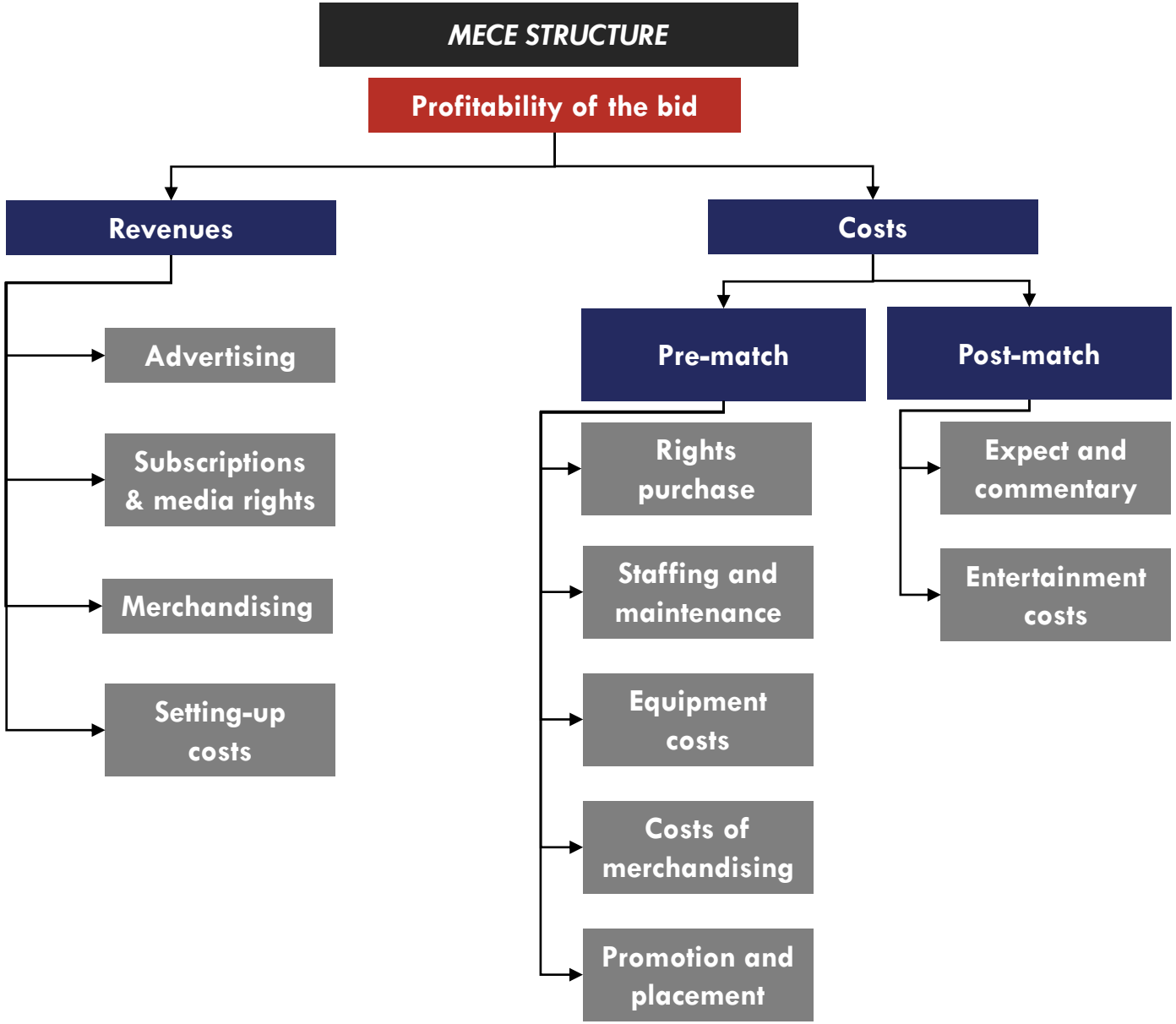
Purchasing of rights, On ground staff and equipment costs of coverage, Promotions, Merchandise costs. Currently these are the main costs that I am thinking of.

Think of what would happen pre- and post-match?

Yes, so the expert's analysis and commentary, entertainment are things that happen. So, these are some additional costs to arrange those experts and entertainment shows for

Great. I think we can close the case, no need to look at the numbers. Have a nice day.

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INTERVIEWEE NOTES

- The Revenues can be initially bifurcated into Primary Revenues which include Ticket Sales, Sponsorships, etc. and Secondary which include Broadcasting, Merchandising, etc based on the scale of the Revenues they generate.
- The Costs could have been bifurcated as Pre and Post Match as suggested to start off with.
- Few more scoping questions to understand the new format and how it is different from the present formats might impress the interviewer.

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IT SERVICE COMPANY

Your client is an IT services company. They want to improve their bottom line in India. Help them in achieving this.

Okay. I have few preliminary questions on the case. What exactly our company does when you say IT services? Where is it located in India?

Firm provides IT software products and services to clients. You can assume it as what TCS does. Only software solutions. It is in New Delhi. Apart from it we are also located in New York, US.

Got it. So, improving bottom line (Profits) can be achieved by increasing revenues or decreasing costs. Where do you want me to focus on?

Look at the costs.

Okay. So, for an IT services company main cost heads are Employee costs, software costs, infrastructure & amenities for employees. Is there anything that is missing?

No, I think you can continue with these. Tell me which one you like to look at first and why.

Employee costs is the major contributor in costs for an IT service company. Hence, I would like to start looking at employee costs first and then see other buckets.

Okay, Go ahead.

Employee costs are broken down into number of employees*average salary per employee * employee efficiency. Average Employee efficiency = time employees spend working on project/ total shift time

Okay. But do you think it is easy to calculate employee efficiency that way? Can you think of other ways.

So, it is basically like number of employees working on project to total number of employees. This is more like employee utilisation.

Right. I have some numbers for you.
1) New Delhi – 5000 Employees, 75% utilization,
2) New York – 10,000 Employees, 85% utilization
Average Cost Per Employees:
1) New Delhi - $700 each,
2) New York - $800 each

Okay. Since we see that utilisation is just 75%, we can try to improve that. Cost of employee at New York is higher. So, what we can do is we can fire some employees in US and then utilise Indian employees for lower costs, which will also increase utilisation in New Delhi office.

Do you think that is right path? If you see the case, we want to increase bottom line of Indian office not entire company.

Got it. So, we must increase utilisation at Indian office. 75% of 5000 means 3750 employees are working on projects. Rest is on bench. If we fire some employees, we can save some costs. Ideally, we can fire 1250 employees who are on bench and can hire back new candidates when needed.

Do you think that is feasible without keeping any person on a bench? When you don't know, what projects are going to come.

True, working at 100% utilisation is risky. Do we have a benchmark for this?

You can consider the New York utilisation as benchmark.

Okay. So, we must maintain 85% utilisation. So, which makes 4400 employees in total. So, we can fire up to 600 employees, which is 600*700 = $420000 per month

Great. Do you have any final comments to the company?

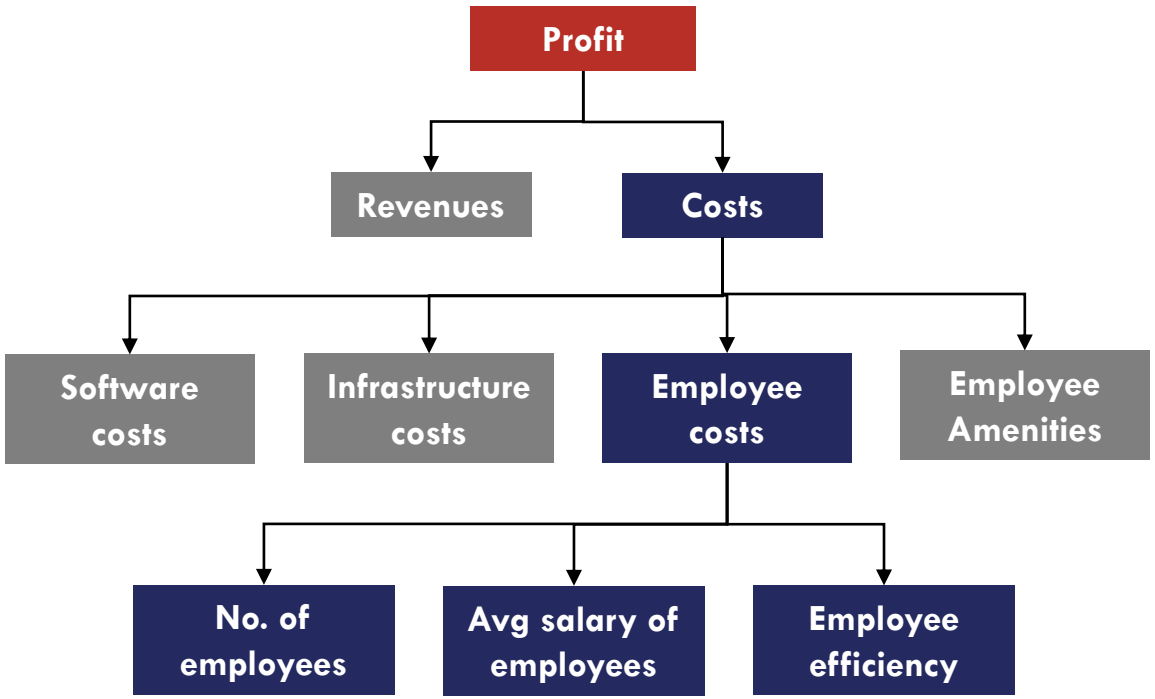
Just that we can look at the other cost heads as well and see how much we can save there compared to employee costs. (Interviewer was expecting - Yes, since 600 employee's layoff is a huge thing, I think company should be aware of the negativity that is going to spread for this layoff.

Okay, We can close the case then. Thank you!

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IT SERVICE COMPANY

MECE STRUCTURE



INTERVIEWEE NOTES

- The costs can be analysed throughout the entire value chain making it more comprehensive and detailed.
- Employee efficiency can be calculated using the formula: (Output accomplished / Output target).
- It is better to clarify whether the issue pertains to the entire company or to a particular location during the scoping stage itself.
- Alternate structuring of the problem for calculating employee costs using the breakup in each function would be more productive.

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NBFC IN LOSS

Your client is an NBFC facing negative profits. Identify the reasons and provide recommendations to improve the same.

What kind of loans does the Client Provide? Which geography are they functioning in?

They provide home loans to retail customers in Teir-1 and Tier 2 cities in India.

What is the magnitude of the negative profits and how long have we been facing them?

The losses are a lot; we don't have the numbers. This has been since the inception, which was 4 years back.

What is the current competitive landscape, are they experiencing losses too? What is our current market share?

There are 2-3 major players. We have very minimal market share and the only ones in losses.

Who would our target customers be, what would be the average token amount of the loans?

We provide subprime loans so any loan buyer could be a potential customer. The broad range of tickets is 20-70 lakh.

What is the industry average token size?

INR 2 Crores.

Alright, Thank you. Basis this I understand that we are targeting relatively lower middle income group households. To examine negative profits, we need to understand if this is resulting from declining revenue or increasing costs. Do we have an indication on either?

There has been a declining revenue. The reason for the decline could be a factor of 3 reasons: 1. The number of loans sanctioned have reduced. 2. The average amount (Token) size of loans is reducing. 3. The interest amount is not repaid.

Out of the mentioned three factors, which has observed a decrease in revenues?

Number of loans sanctioned have reduced.

I can estimate this to because if 2 reasons:
1. The number of loans sanctioned by the company are reducing.
2. The demand for the loans has gone down.

Would you want me to dive into anything specific?

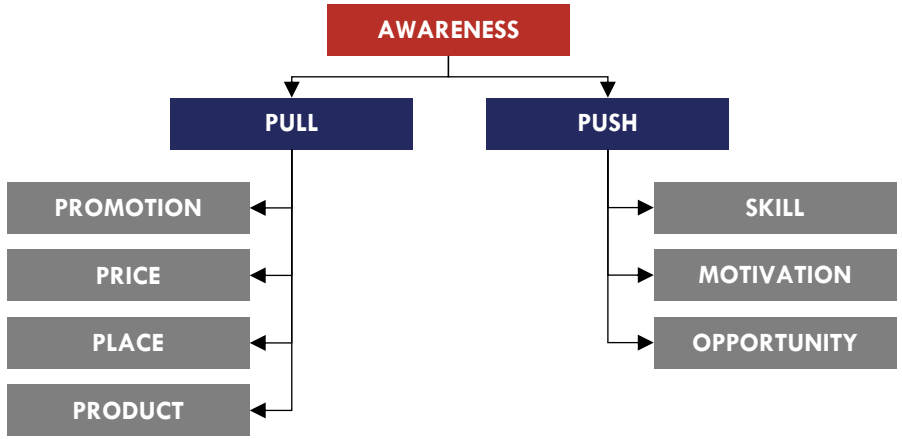
We have seen a decline in demand.

To understand why there has been a decline in demand. I'd want to trace out the user journey in 3 phases Pre-Loan, During loan, Post loan. Pre purchasing the Loan:



Focus on Awareness.

The lack in awareness could be a result of the push or the pull marketing strategies.



In pull, I'd want to examine through the current promotional strategies, Place where sales are made, the current product is not reaching the market and lastly the interest rates offered. In Push, I'd examine the factors affecting the Salesforce. The skill, motivation, and the required opportunity.

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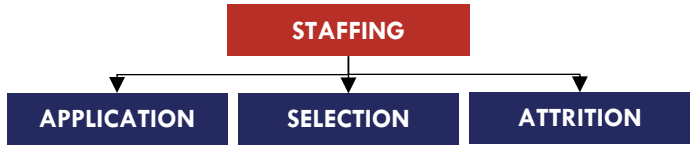
NBFC IN LOSS

We see a problem in the salesforce. What do mean by opportunity?

Opportunity would account for number of salespersons which could be because of 3 reasons.



Dive into Staffing.



Staffing could be a because we have very few applicants, the selection process is very rigorous or there is high attrition. Do we see similar trends?

We have observed a high attrition rate. However, it's the same as the industry.

My hypothesis is that we might have a high attrition rate but aren't able to recruit to keep up with attrition.

That's correct. Now could you give some recommendations for the same.

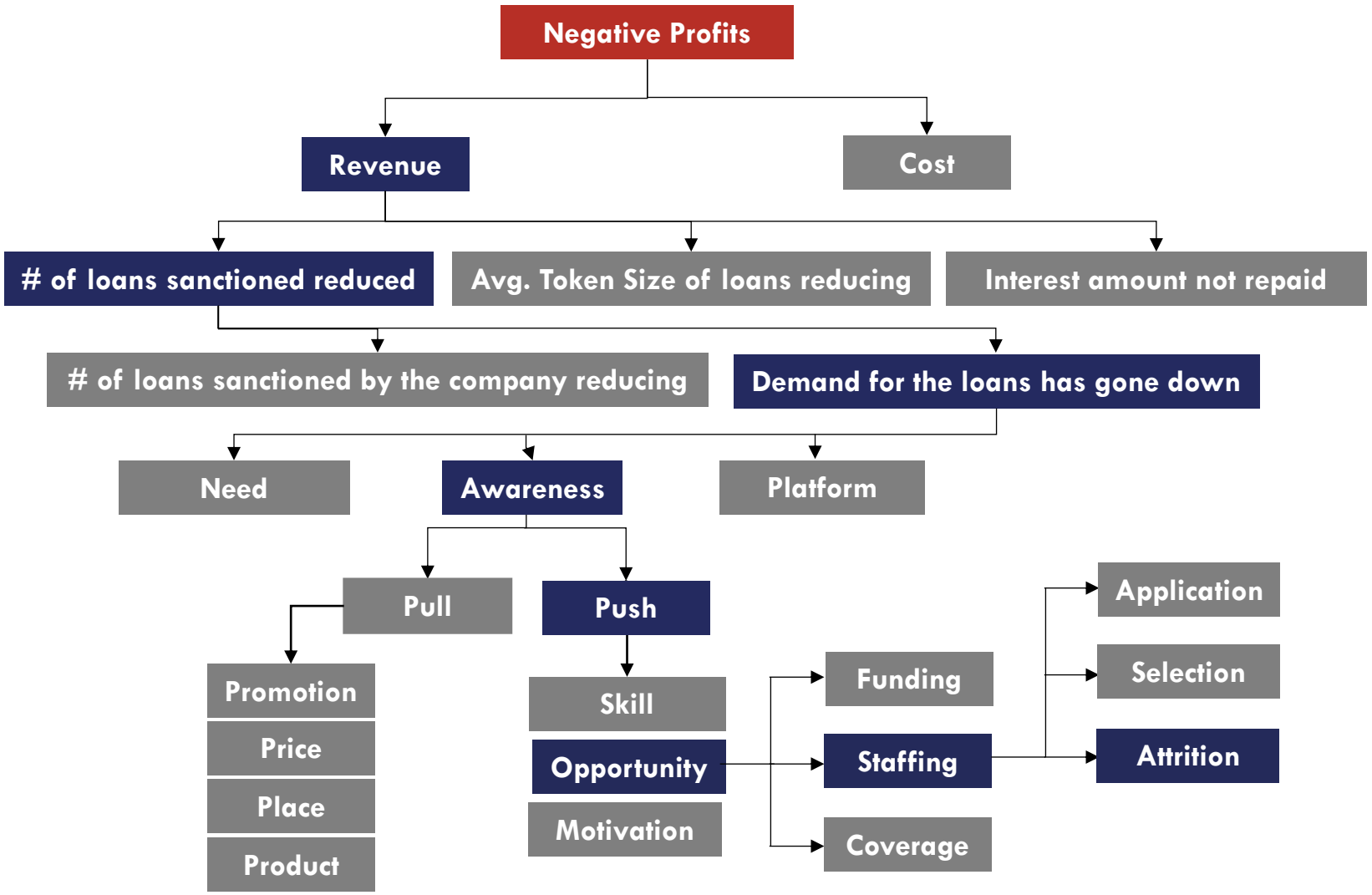
Short-Term: 1. Incentivisation, both monetary and non-monetary. 2. Feedback on the current problems faced by them. Long-Term: 1. Increase hiring by conducting campus recruitment. Which accounts for cheaper resources.

Great. We can close the case here.

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NBFC IN LOSS

MECE STRUCTURE



INTERVIEWEE NOTES

- Having a standard scoping template for banking and NBFC industries which have a slightly different business model will be helpful in analysing the problem statement holistically.
- The User journey could also have been analysed using the 4A framework (Awareness, Accessibility, Affordability and Acceptability).
- The Opportunity bucket can be stated more clearly as salesforce initially as later corrected by the interviewer.
- Staffing issue can be bifurcated into Skill and Will which can further be analysed to arrive at the problem.
- The recommendations can be more specific (elaborate on the monetary and non-monetary aspects) and can be more nuanced to the NBFC industry.

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OLD DELHI RESTAURANT

Your client is a restaurant based out of Old Delhi. They have been facing a fall in profits for the last 6 months. You have been asked to diagnose the issue and give recommendations.

Thank you sharing the case! For mutual understanding, I would like to situation (Shared the problem statement). Before I delve deeper into the problem at hand, I would like to understand a bit more about the client. I would like to begin with some preliminary questions.

Sure. Go ahead.

What is the magnitude of fall in profits?

There has been 20% decline.

What kind of food does the client serve? And What is the business model that the client follows?

The client serves Mughlai food (Ex. Butter Chicken, Biryani, Kebabs, Naan etc.) and has dine-in offering.

What kind of customers segments does the client cater to?

There are three main customer segments i.e. working professionals, students, blue-collar workers with each constituting 33.33% of the customer base.

Has there been a dip in profits in any one of the menu offerings?

Dip in profits is same across all the revenue offerings.

How does the competitive landscape look like? And have they faced a similar issue?

The market is quite fragmented, and the competitors have not faced a similar issue.

Thank you for sharing the requested information! I would like to approach this problem by splitting profit into revenue and cost. Has there been a fall in revenue, an increase in costs, or combination of both? Which bucket would you want me to analyse?

Let's investigate the revenue bucket.

Revenue can be split into Revenue/Customer * No. of Customers. In which bucket has the drop happened?

The client has witnessed a decline in the no. of customers.

Alright, to investigate the decline in the no. of customers, I would like to know whether the demand from the customers has gone down or has the supply capacity has gone down from the clients' end.

Supply seems to be fine. Let's investigate the demand bit.

I am assuming that since the overall buying in the market has not gone down and the customer preferences for food have remained the same, the customers are switching to the competitors. Before, I delve deeper, I would like to understand if there has been a fall in any particular customer segment?

We have noticed a decline in the no. of blue-collar workers.

To investigate the same reason for the same, I would like to analyse the customer journey for a blue-collar worker. A customer journey can be broken down into pre-dining, dining, and post-dining. Do you want me to explore any particular aspect of the customer journey?

Let's explore the pre-dining part of the customer journey.

Pre-dining would constitute five aspects:

1. Awareness
2. Accessibility
3. Need
4. Affordability
5. Look and feel

Has there been any change around any of the above aspects?

The client has recently renovated the restaurant to give it an upscale look and feel while keeping the prices same. As a result, blue collar workers have started thinking that the dished at the restaurant would have become expensive and thus most of them have stopped going to the restaurant. What would you recommend to the client?

I have 2 short-term and two long-term recommendations.

SHORT-TERM:

1. Hire a brand champion amongst the blue collar workers to make them aware that the prices are unchanged

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2. BTL marketing near the restaurant (i.e. leaflets to be distributed amongst blue-collar workers about the prices remaining unchanged).

LONG-TERM:

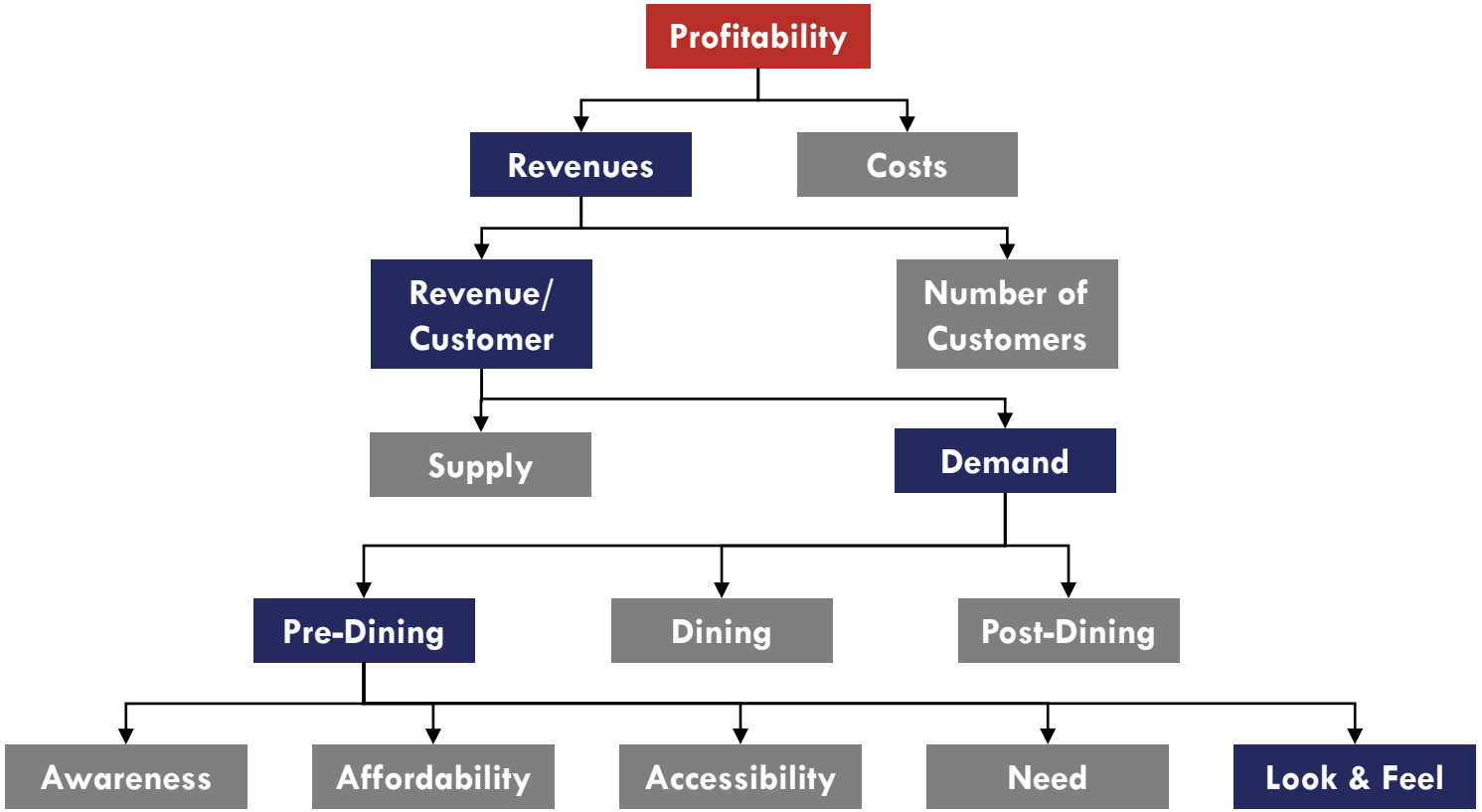
1. Start online ordering offering to cater to an untapped customer-base.
2. Setup another branch and segregate one of the branches as deluxe/premium and the other as regular

For the long-term recommendations, we would need to undertake further analysis to understand the costs and the benefits.

The recommendations look good. We can close the case. Thanks!

OLD DELHI RESTAURANT

MECE STRUCTURE



INTERVIEWEE NOTES

- Adding additional aspects in the Pre dining aspect like Need and Look & Feel was a good addition by the interviewee in making the analysis more MECE.
- Medium term suggestions could have also been explored as long-term suggestions are all very asset heavy and expensive if implemented.

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STEEL PIPE MANUFACTURER

Our client is a steel pipe manufacturer, wants to undertake a cost transformation exercise and targets to cut costs by Rs. 150 Cr. Suggest recommendations?

Thanks for the case. I would like to start with some preliminary questions. Can you please tell me about the client and product: Stages in the manufacturing process, the cost breakup, value chain, geographies the client operates in etc. Timeframe in which the cost reduction is to be achieved.

The client is based out if Anjar (Gujarat), has a single pipe rolling plant i.e. steel sheet (raw material) is rolled into pipes and is supplied to customers which are majorly in the oil and gas sector. The current annual costs are approx. Rs. 6000 Cr.

What is the objective for the cost reduction? Why is the client undertaking the cost transformation exercise? Have the costs increased over time and/or with respect to competitors?

The revenues have been constantly rising over the past few years but the margins have remained constant/declined. Hence the client is looking for opportunities to optimize costs.

The costs of the plant can be broken down into inbound logistics, operations, outbound (distribution) and sales/service etc. Should I focus on any specific component or go by the value chain?

What in your opinion would be the highest contributor to the costs in this case?

Since the client is in the heavy manufacturing sector, raw material followed by manufacturing and logistics should be the major costs in this case in my opinion.

That's correct. Raw materials currently make up about 60% of the total costs. You may start with focusing on raw material cost optimization.

May I know a little about the procurement process of the raw materials, type and number of vendors

The client has 7 vendors based out of China, all of them meet the required quality standards. The shipment is done via a 3PL company through sea.

How are the orders being placed? Are we adhering to any payment terms and supplier contracts? Has there been an increase in wastage of raw materials over the past years? Could bulk discounts be availed by ordering large quantities from a single vendor?

The orders are placed based on price and quantity. In order to estimate the quantity required, demand forecast along with the process yield is used to determine the order size. The yield percentage is the ratio of total order quantity from buyers to the total quantity order placed to the supplier. The average over the years is about 95% and this figure is used to calculate the order size. The steel sheet costs are at tonnage level. Hence total raw material cost is given by tonnage * (cost/ton). There is an increase in the raw material wastage/shortage in the recent years.

Looks like the variation in the yield is leading to under-ordering or wastage of raw materials. I would recommend to conduct the yield test again in controlled factory environment with a critical mass sample. This will help improve accuracy in determining order quantity and minimize wastages.

Yes, that's a good suggestion. We could do that. What do you think should be the quantity used for conducting the test?

Significant enough for us to establish the reliability of the results. Also, we'll need to run multiple simultaneous experiments with a suitable sample size to establish statistical significance.

Excellent! That's exactly what we did for this client. Any thoughts on how could we determine the long-term viability of this test?

The cost incurred in conducting the experiment should offset the total steel wastage of the medium term (~10 years).

Suppose we save 10% of raw material costs by doing this, how much did we save in absolute terms?

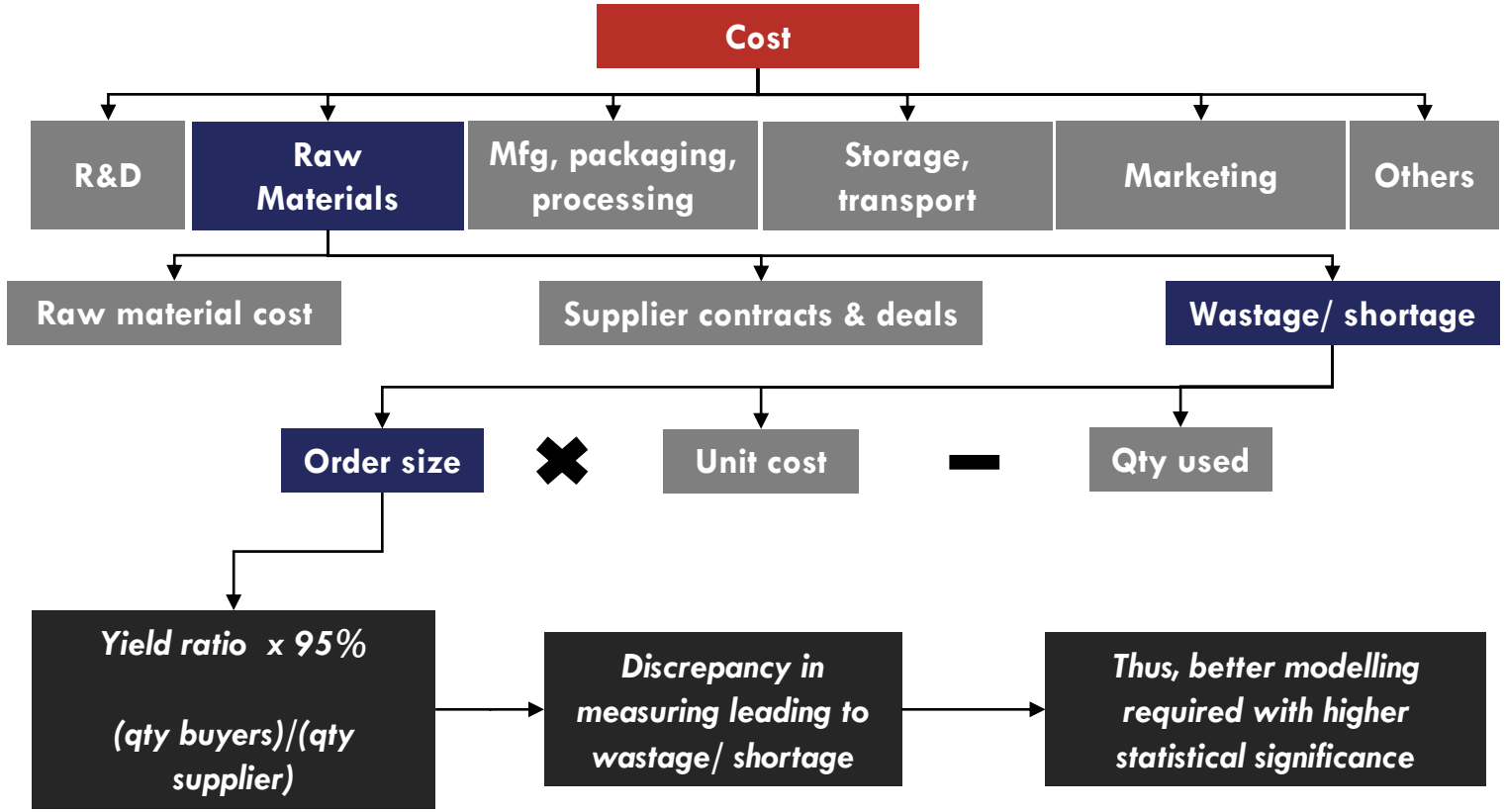
10% of 60% of 6000Cr would be about Rs. 360 Cr. Which is above the cost reduction target of 150 Cr. Now we could look at other cost levers for further cost saving opportunities.

No, that would not be needed for this case. Thank you!

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STEEL PIPE MANUFACTURER

MECE STRUCTURE



- *#Target = 150Cr*
- *Total cost = 6000Cr*
- *RM Cost = 60% of 6000 = 3600Cr*
- *Simulation Cost saving = 10% of 3600 = 360Cr*

INTERVIEWEE NOTES

- The interviewee suggested standard optimization practices such as reducing raw material costs and minimizing wastage. However, they could also propose innovative solutions, like adopting new technologies or re-engineering processes for better efficiency.
- In today's business climate, there is a growing emphasis on sustainability. The interviewee could have explored how the cost reduction aligns with sustainable practices, potentially reducing costs and improving the company's brand and environmental impact. Case in point is enhanced use of circularity concepts in the steel industry.
- While they did consider yield tests, there's little mention of the risks associated with the recommendations. Discussing potential risks and how to mitigate them would be important, especially given the significant changes being suggested.

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Your client is a pan India-based QSR who has observed increasing costs. You are tasked with undertaking a cost transformation.

I would like to understand for how long the costs have been increasing and what are the kinds of products the QSR sells

The EBIDTA margins have been decreasing for the past three quarters and think of the client like a Dominos.

Okay, I would like to explore the causes for increasing costs across the value chain: raw materials, sourcing, preparation, operations, service and delivery. Does this list sound okay to you?

Do you think that this list is exhaustive? We haven't accounted for other costs like marketing here.

Thank you for pointing it out. I will include the same while discussing the operating costs.

Okay. Please proceed.

Has there been any change in the menu of the QSR? New menu items with special ingredients might contribute to additional costs. Also, has the QSR started a personalized menu recently?

No, the menu hasn't changed, and they operate a fixed menu.

Okay. That helps to eliminate this cause. Another cause could be the increasing prices of food ingredients due to inflation.

No, that is not the reason. The prices for all our competitors would have also increased. Move on to the next header.

Okay, moving on to the sourcing. Have we changed our supplier or has the contract with our wholesaler changed?

No, it has remained the same. Our competitors directly source raw ingredients from the farmers while we use a more traditional method of relying on third-party suppliers.

Okay, so this helps me understand that due to no change in contract or costs, this could not have contributed to the sudden increase in costs. Is that correct

No, but if there are more parties involved then they all will take a share of the profits. So, this is comparatively a higher cost area for us with respect to our competition.

Yes, that makes sense. I will consider this in my recommendations. Thank you.
Moving on to the preparation and service. I want to ask a few questions about the number of staff members hired and if this has changed recently. I am coming from the perspective of understanding if our employee costs are higher than before.

No, our staff levels are consistent with industry standards, and we aren't overstaffed.

Okay, next I would like to ask about how the order is fulfilled. Is it all dine-in or do they receive orders online? And in that case, how is the order fulfilled?

They do both. Of lately, they are receiving more orders late in the evening and delivering food late in the night. They fulfil orders by themselves.

Okay since they are fulfilling the orders by themselves and managing a higher number of delivering orders, their cost of fulfilment could have increased due to increasing fuel prices. Do we know anything about the AOV?

No, the prices of fuel haven't increased that much. Also, their AOV is increasing. The client is observing a declining AOV/Costs. Can you think of something else that could be increasing the costs?

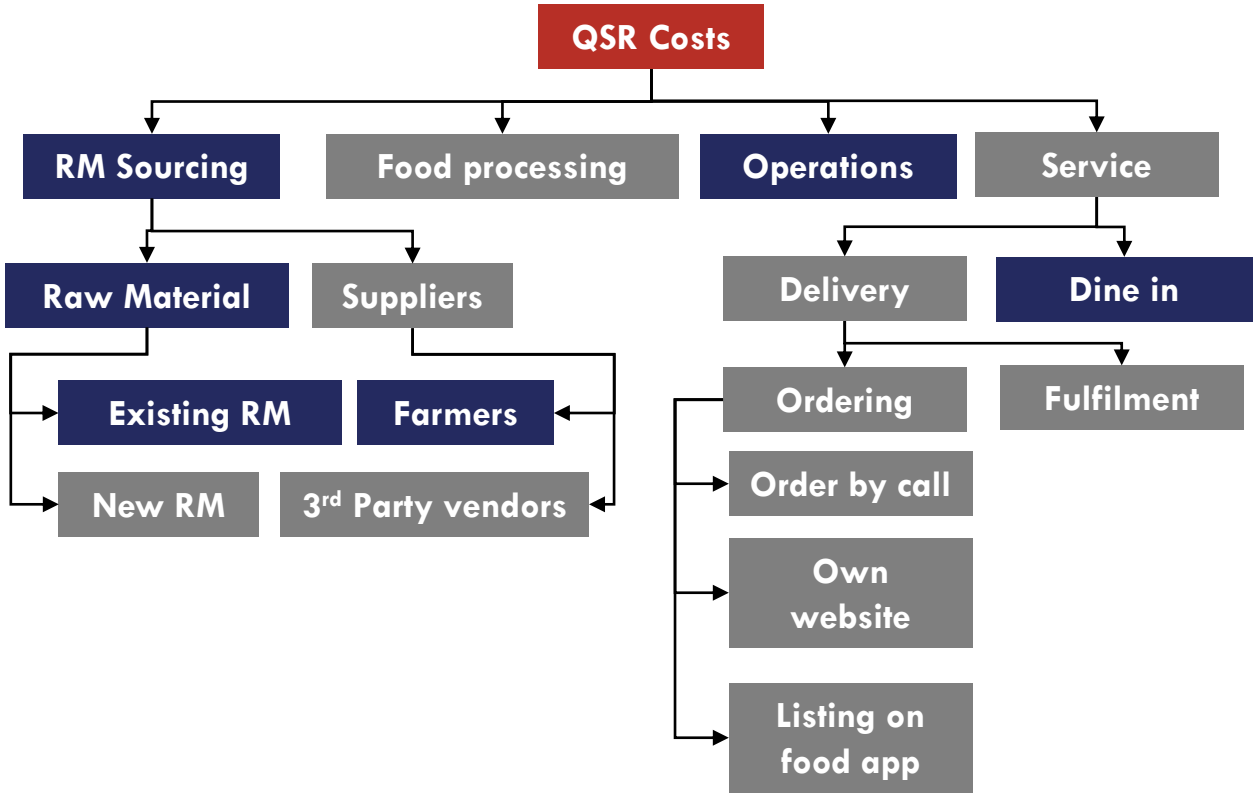
Okay, other costs could include costs of maintaining the website/app for online ordering. Onboarding into food aggregator platforms like Zomato and Swiggy could add to the listing costs. There might be the need to integrate online order management system like Petpooja as well.

Exactly. The client has gone online leveraging the food aggregators resulting in an increased costs. Thank you, we can close the case here.

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QUICK SERVICE RESTAURANT

MECE STRUCTURE



INTERVIEWEE NOTES

- No clear distinctions exist between raw material and sourcing (also operations and food preparation),Its very important to ensure a mutually exclusive and collectively exhaustive (MECE) categorization.
- Enhance the QSR value chain by dividing it into two kinds: operational cost and non-operational cost. Operational cost will encompass the value chain, while non-operational cost will include elements like new product development, trials, marketing, and employee salaries. Being exhaustive (i.e. analyzing marketing costs specifically) may simplify root cause identification.
- Start by asking more fundamental questions about the company, such as the kind of their products/menu and their service and delivery methods.
- In the second layer of analysis, focus on a more comprehensive examination of operational costs, considering factors like machinery and kitchen equipment efficiency, staff productivity, and any changes in preparation methods and time.

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PAN INDIA DIAGNOSTIC CHAIN

We need recommendation for a cost transformation for a pan India diagnostic chain (labs).

What exactly do you mean by Cost Transformation? Does it mean Cost Reduction

It exactly means that.

Before we proceed, could you provide more details about our client? I'm interested in the services they provide and the type of customers they cater to.

Our client is a standard diagnostic lab, offering typical services and serving similar customers as other labs.

Understood. What's the targeted reduction in cost, and is there a specific geographic focus within India

The client hasn't set a specific cost reduction target and is looking for suggestions applicable nationwide.

Great. Let's break down the costs that matter: Capital Expenditure (CapEx), Operational Expenditure (OpEx), Marketing and Business Development, Regulatory and Compliance, Research and Development (R&D), Contingency and Risk Management, and Miscellaneous.

Please dive into each one of them in detail.

Certainly. For **CapEx**, we have Laboratory Infrastructure, Equipment Procurement, and Information Technology (IT) Infrastructure. **OpEx** includes Human Resources, Consumables, Utilities, and Quality Assurance. **Marketing** involves Advertising and Promotion and Partnerships and Alliances. Regulatory and Compliance cover Regulatory Fees and Legal Services. **R&D** focuses on Innovation and Technology Upgradation. **Contingency and Risk Management** include Insurance Premiums and a Contingency Fund. Lastly, **Miscellaneous** involves Travel and Accommodation and other unforeseen costs.

You have covered all the costs well.

Excellent. Do we have data on major costs so we can prioritize them?

What do you consider to be the top 2-3 major costs.

I believe Laboratory Infrastructure, Equipment Procurement, HR would be the major cost heads for our client.

Okay. Now give me some recommendations that are client can use to reduce costs.

Laboratory Infrastructure costs include Construction and setup costs for building and equipping diagnostic labs across different locations in India. Analysing this may not help our client in reducing costs with the existing labs, hence I will focus my recommendation on Equipment Procurement, HR. Does this seem fair?

Fair enough. Move ahead.

I would like to ask some clarifying questions here, does our client purchase or lease the required lab equipment and on average how many employees do we have in our lab?

Our client purchases the required equipment and does not lease it. On average we have 7 to 8 employees per lab headed by a lab in-charge.

Thank you for the information, I'll now proceed to recommendations

Sure.

For reducing Equipment Procurement costs, our client can explore leasing options and bulk orders for equipment across all labs to secure better deals.

To manage HR costs, investing in automation and evaluating the possibility of reducing staff per lab should be considered.

Does automation guarantee employee reduction, and how do you justify the upfront investment to the client?

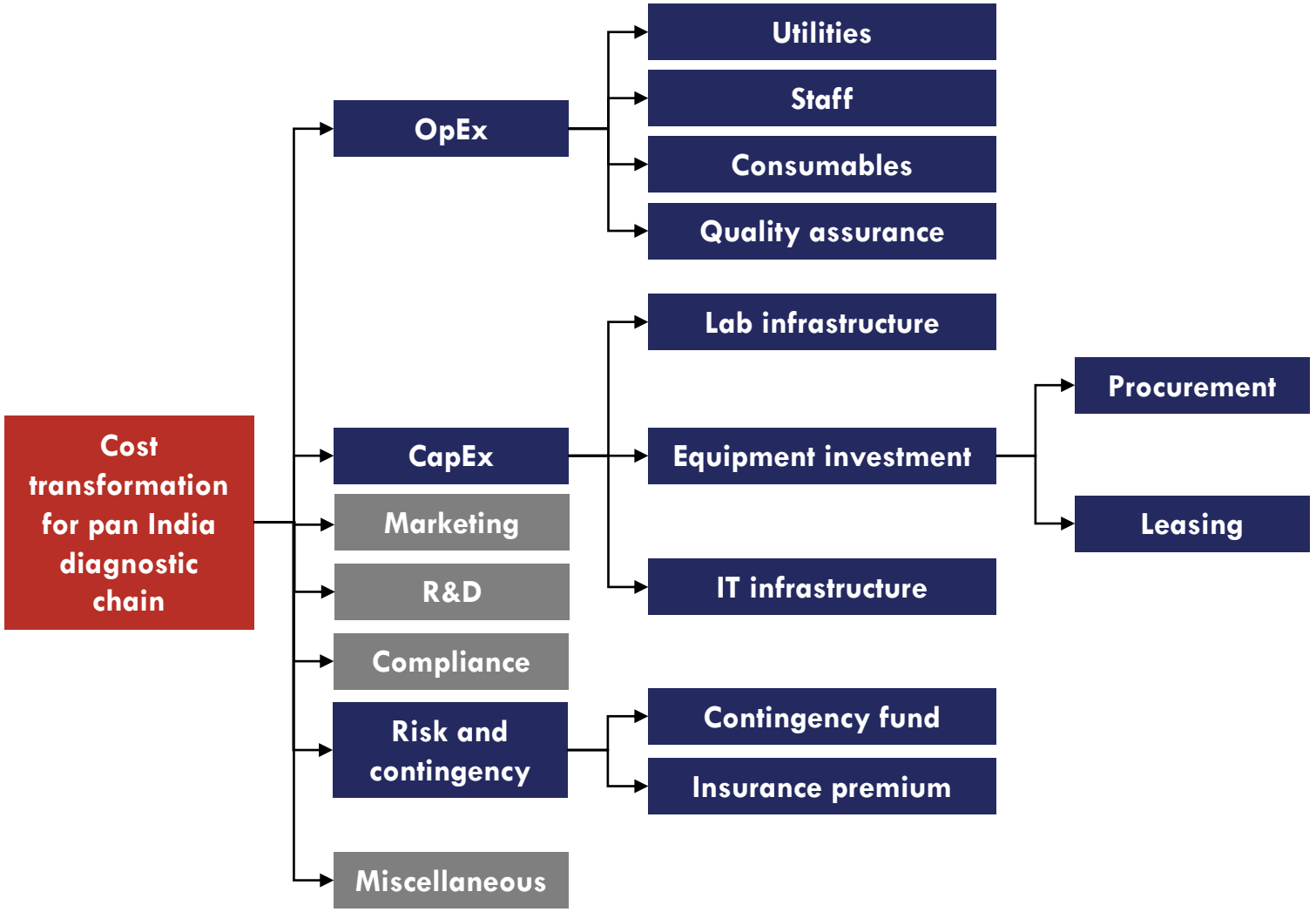
Automation doesn't guarantee employee reduction, but a thorough analysis of tasks can identify areas for automation which can lead to employee count reduction. The upfront investment is justified by comparing the increasing annual costs associated with human resources against the minimal maintenance costs of automation.

Thank you. It was a productive discussion. We can conclude the case here.

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PAN INDIA DIAGNOSTIC CHAIN

MECE STRUCTURE



INTERVIEWEE NOTES

- When dealing with open cases, it's helpful to look at various aspects within categories like OpEx and marketing. For example, in OpEx analyzing other factors such as employee productivity, quality assurance, and consumables wastage is crucial as they can affect costs significantly.
- Asking more detailed company-related questions at the beginning, rather than in the middle of the case, is a good practice. While not a big problem if missed, doing this early can improve the overall analysis.
- It is not ideal to add miscellaneous items to the MECE framework, as it can indicate a lack of structure in the approach. If structuring proves challenging, it's better to omit smaller expense items or keep the first layer broad for better clarity.
- In the second layer of analysis, more detailed categorization on HR costs can done. This could include a deeper dive into employee salaries, benefits, recruitment, and training expenses etc.

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LOW-MID RANGE AIR CARRIER

Your client is an airline which has been facing a decline in profits. You have been tasked with figuring out the issue and make recommendations.

Thank you for the case! Our client is an airline which has been facing a decline in profits. We have been to figure out the issue and recommend ways to solve the issue.

That's right.

Before I delve deeper into the problem at hand, I would like to ask some preliminary questions about the airline..

Sure. Go ahead.

What kind of airline is it and since when and by how much has the airline been experiencing a decline in profits?

It is a domestic airline which operates in India and is a low-mid range carrier which caters to corporate, business and leisure travellers. It has been experiencing a decline in profits since last 2 quarters and the quantum of the decline is not relevant.

How is the competitive landscape? Are the competitors also facing a similar issue?

The competitors have not been facing this issue.

Which customer segments does it cater to? Is there any particular flight or customer segment in which the airline has seen the maximum amount of decline in profits?

Furthermore, there is no particular flight or customer segment in which the airline has seen a drastic decline in profits. The decline has been even across all the flight and customer segments.

Thanks for sharing the information! Decline in profits can be either due to decline in revenues or increase in costs. What seems to be case?

Let's explore the costs.

Thanks for clarifying! To analyse the costs, I would like to investigate the value chain of the airline and then delve deeper into the part where there is a problem. The value chain can be split into 3 parts, namely, pre-flight, during-flight and post-flight. Out of the above, which part of the value chain would want me to analyse?

Let's investigate the during-flight part of the value chain.

Alright. In the during flight bit, we would evaluate the following aspects:

1. ***People*** (Flight crew and Passengers)
2. ***Process*** (Serving food, In-flight entertainment, Fuel efficiency)
3. ***Technology*** (Aircraft, In-flight payment system, In-flight entertainment system, In-flight Wi-Fi etc.)

Which aspect would you like me to delve deeper?

Fuel efficiency has gone down. Why do you think that would have happened?

The fuel efficiency depends on the following aspects:

1. Skills of the pilot
2. Efficiency of the engine (Age of the engine, Maintenance)
3. Route of the flight
4. Load factor

The issue lies in the load factor. What drives the load factor?

Load factor is driven by the following aspects:

1. People on-board (Flight crew and Passengers)
2. Luggage (Check-in and cabin)
3. Cargo
4. Fuel
5. Machinery in the aircraft

Recently the airline installed a refrigerator to keep its beverages cool. This refrigerator has increased the load and thus the fuel efficiency has gone down. What do you think the airline should do?

This is interesting. I have two sets of recommendations (short-term and long-term) for the airline.

1. ***Short-term recommendations:***

Cool the beverage before the flight and then serve it in the initial part of the journey
Pre-booking of beverages to keep only the requisite beverages

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LOW-MID RANGE AIR CARRIER *(Continued)*

2. ***Long-term recommendations:***

Conduct cost-benefit analysis to evaluate whether serving beverage could lead to higher number of flight bookings

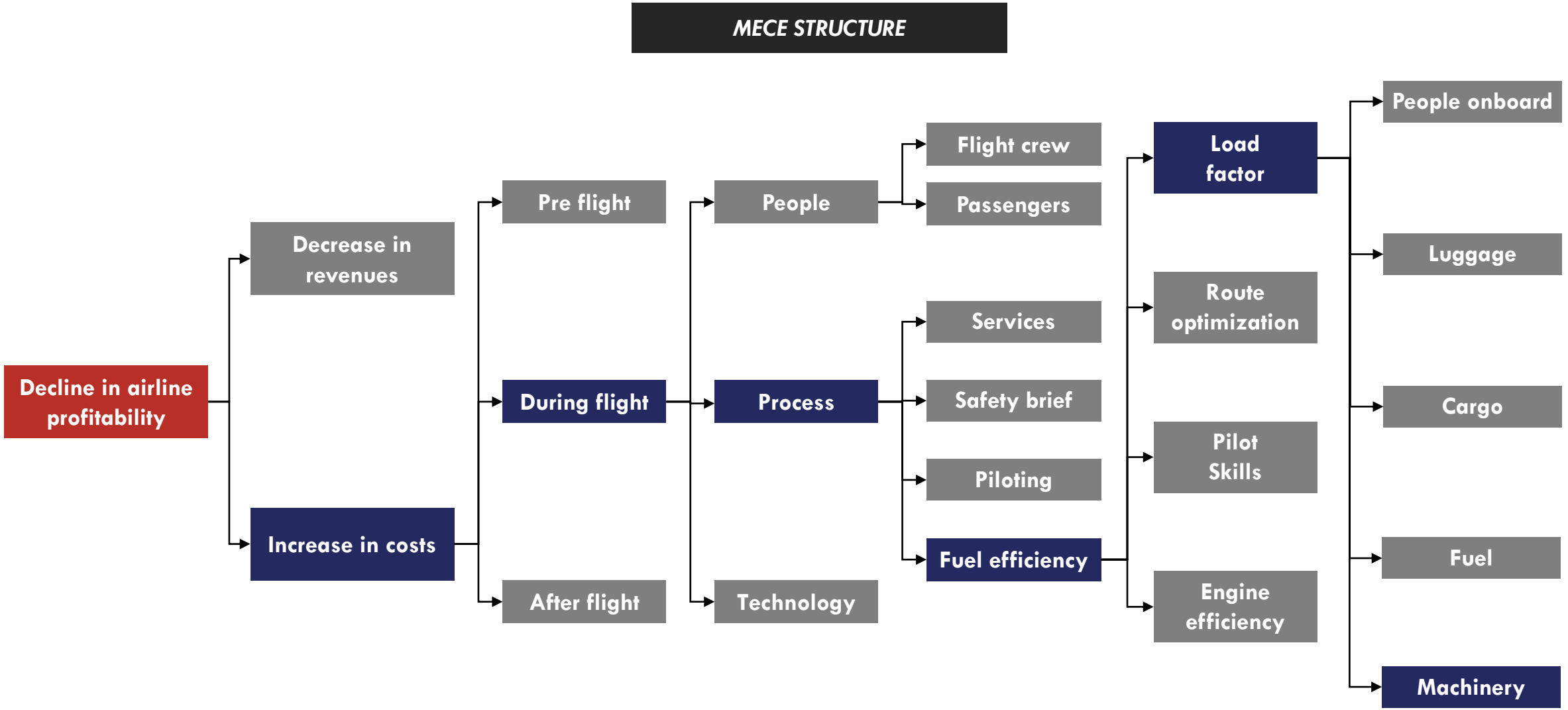
Use cold sleeves to keep the beverages cool

Use light alternatives such as dry ice or liquid nitrogen

The recommendations look good. We can close the case here. Thanks.

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LOW-MID RANGE AIR CARRIER



The structure and recommendations are accurate. No better suggestions.

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STATIONERY COMPANY

Your client is a B2B company that sells stationery products like pens, pencils, printer toners, A4 sheets, etc., and non-stationery products like tissue paper, other housekeeping products, etc. It has seen a decline in profitability in the last 8 months. You have been hired to identify the reason and recommend to turn around the situation.

I would like to reiterate my understanding of the problem statement. My client is a B2B company that sells stationery products and non-stationery products. The client has been facing a decline in profitability for the last 8 months and my objective is to analyse the root cause and give recommendations. Is that a fair understanding of the problem statement?

Sure.

What part of the value chain does the client operate in? Is it fair to assume that it procures finished goods from the manufacturers and distributes them via different channels like online and offline to sell them?

Yes, but they have only offline. They do have a website that displays the offerings but you cannot place an order online.

What are the different customer segments and is there a specific segment that is facing the issue?

90 % of the business comes from non-government entities and 10% of the business comes from government entities. For this case, you can restrict your analysis to the non-government segment.

In which geographies does the client have stores? Is there any specific geography that is facing the issue?

Firstly, they don't have stores. They take orders on phones. Customers can place a phone call request via the website which displays all the offerings or they can directly call on the phone number mentioned on the website. Secondly, they are present in Delhi, Mumbai, Bangalore, and Calcutta and the issue is present across all geographies.

What is the competitive landscape of this industry? Is this a company-specific issue or an industry-wide issue?

Why are you asking about the competitive landscape? That is irrelevant. This is a company-specific issue.

Is the decline happening in any particular product category segment- Stationery or stationery?

It is consistent across both the segments.

One last question, by profitability you mean just profits or (Profits/Revenue)?

Only Profits.

I think I have got a fair understanding of the client. Now, I would like to structure my case. I would like to study the profit structure of the company by breaking down the profits into revenues and costs and then further look at different levers and sub-levers to locate where the issue lies and then develop recommendations to solve the issues at hand. Can I take a moment to lay out my structure?

Sure.

Profits can be broken down into revenues and costs. Has the client seen an increase in costs, a decline in revenues, or both as compared to the competitors or even historically?

Revenues have remained stable, so you can focus on the costs.

To understand the cost structure, I would like to look at the value chain of the client's business. Can I take a moment to lay out the value chain?

Sure.

Sourcing> Inbound Logistics> Inventory Management> Operations for order fulfillment> Distribution Costs> Outbound Logistics> Sales & Marketing> Post Sales Service> Miscellaneous. Is there any specific header on which you want me to focus or should I look at each one by one?

Let's look at each of them individually.

Sourcing can have multiple aspects-

1. Vendor selection for better discounts and credit policy.
2. Demand Forecasting for optimum supply and getting better discounts beating cyclicity in the industry.
3. Quality checks and Quality Assurance for lesser defect rates.
4. Do we have many suppliers leading to higher maintenance costs and lesser discounts or too much supplier consolidation leading to higher supplier bargaining power?

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No, let's look at the next thing.

Inbound logistics can be further broken down into:

1. Is the network optimized by streamlining the supply chain to reduce costs and increase speed?
2. Transportation Costs.
3. Cold chain management if required to manage certain goods.
4. Labour for different activities- receiving and unloading.
5. Breakages while material handling.

Is there something am I missing on here?

No, let's move further.

Inventory Management:

1. ***Storage and warehousing costs*** (rental costs).
2. ***Procuring the right product mix*** by demand planning so that there is not much pile up of not-so-frequently sold products. (Assortment Planning)
3. ***Working Capital management.***
4. ***Omnichannel inventory management*** (integrating information across both physical and online channels).
5. ***Labour Costs.***
6. ***Utilities costs.***

Should I move to the next part of the value chain?

Yes.

Operations for order fulfilment:

1. ***Website maintenance/development*** (Both internal for operations and customer-facing for sales).
2. ***Labour Costs.***
3. ***Order Fulfillment*** (Handling orders from customers- phone calls, product queries, order entry, order processing, invoicing, packaging, and preparing for shipment)
4. ***LIFO v/s FIFO*** leading to higher expiry costs.
5. ***Mismanagement while loading onto vehicles leading to breakages.***
6. ***Ineffective markdown process-based promotional schemes.***

Is there an issue with any of these or should I move further?

No, you can move further.

Distribution costs can consist of:

1. Decrease in margins to increase our sales which in turn is not setting off margin cut that we are incurring.
2. Higher incentives to push our products.
3. Higher sales employees' costs because of their ineffectiveness based on different parameters like ability, motivation, and opportunity.
4. Lenient credit policy leading to higher discounts or higher interest costs for us.

Is there an issue with any of these or should I move further?

Please explore the next part.

Before breaking down the outbound logistics, can you please tell me what model (internal, 3PL, 4PL) is the client using for the delivery of goods?

It leases the fleets and then delivers them on its own.

Outbound Logistics:

1. ***Planning*** (Multimodal transport and routes optimization).
2. ***Improper clustering of packages*** while allocation for delivery.
3. ***Delivery Costs.***

Is there an issue with any of these or should I move further?

There is an issue with the delivery costs.

So, delivery costs can be further broken down into

1. Pilferages.
2. Mode of transport.
3. Type of fleet.
4. Labour (Full time v/s temporary).
5. Fuel costs.
6. Lesser utilization % of the vehicles.
7. Higher number of trips because of improper planning.
8. Lesser ineffectiveness of the employees (for example, riding for fewer hours than they should be riding for).

Is there something I am missing here?

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STATIONERY COMPANY (Continued)

The utilization % has been reduced.

There could be multiple reasons for this:

1. Product type mix has changed leading to a lesser occupancy rate.
2. Change in the fleet type of competitors, switching to lower sized ones leading to higher occupancy rate with the same effectiveness in terms of number of rides.
3. A higher number of vehicles is required leading to a lower occupancy rate at the company level because of the shift to different kinds of packaging that requires more space leading to the last vehicle operating at a very low utilization rate.
4. Labour ineffectiveness leading to improper loading.

The competitors have switched to lower-sized vehicles because of some new material that they are using for packaging that requires less space and that is optimum for 90% utilization in the lower-sized vehicle.

Is this the only issue or should I explore the other parts of the value chain as well?

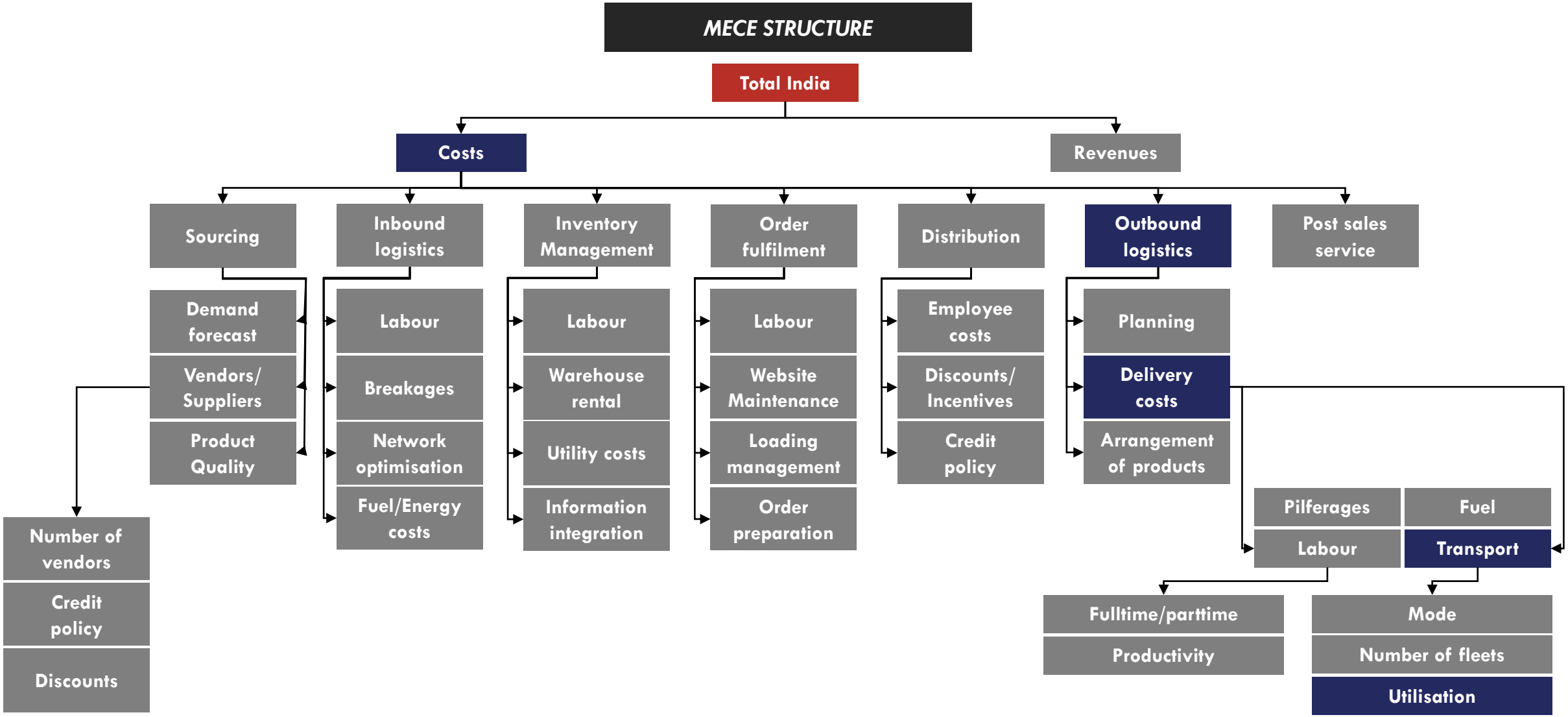
This is the only issue. You can move to recommendations.

In the ***short run***, the client can expand the geography/route in which it is delivering in one trip so that the fleet's utilization increases even though the trip might take a little longer since it would be difficult to change the terms of the lease contract soon.
In the ***long run***, the client can alter the contract with the flexibility to use different types of fleets depending on the demand. Thank You!

We can close the case now.

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STATIONERY COMPANY



The structure and recommendations are accurate. No better suggestions.

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MARKET ENTRY CASES

Market Entry

Scoping Questions / Preliminary Questions

Objective
- What are the strategic expansion goals?
- Are there any financial objectives?

Company
- Current Business model?
- Key capabilities in value chain?
- Current Geographies?

Customer
- Who forms the core customer base?
- Target customer segment details?

Competition
- Shares of major competitors?
- Our estimated share?
- Any barriers to entry?

Product
- What's in the product portfolio?
- What's the product USP?

Should we Enter?

Market Attractiveness
- Total Market Size, Value and Volume.
- Growth Rate
- Profitability
- Market Share Target
  - Long Term - Competitive Benchmarking
  - Short Term – Recent Launch Performance

Financial Viability
- Upfront investment v/s opportunity cost.
- Breakeven Analysis
- Payback Period
- Net Present Value > 0
- Profit Margin
- Financing Options

Strategic Viability
- Short Term
  - Prior Experience
  - Existing Synergy
  - Tactical Decisions
- Long Term
  - Customer Lock-in
  - Creating Barriers to Entry

Operational Feasibility
- Regulatory Approval
- Ability to Set up the Value Chain
- Imports v/s Exports
- Onsite v/s Offshore manufacturing

Risk Analysis
- Internal
  - Resource Constraints
  - Execution
- External
  - Competition Reaction
  - Market Response
  - PESTEL

If yes, How should we Enter? (Modes of Entry)

Organic (Greenfield)

Build/Import

Pros
- Retain Business Control
- Build Experience Curve
- Boosts Brand Image

Cons
- High Capex
- High Commitment

Inorganic (Brownfield)

Joint Venture

Pros
- Less Investment
- Local Expertise
- High Scale and Scope

Cons
- Limited Control
- Brand Dilution Risk

Outsourcing

Pros
- Overcomes the financial constraint of an acquisition or leasing of land

Cons
- Reduces the Control

Acquisition

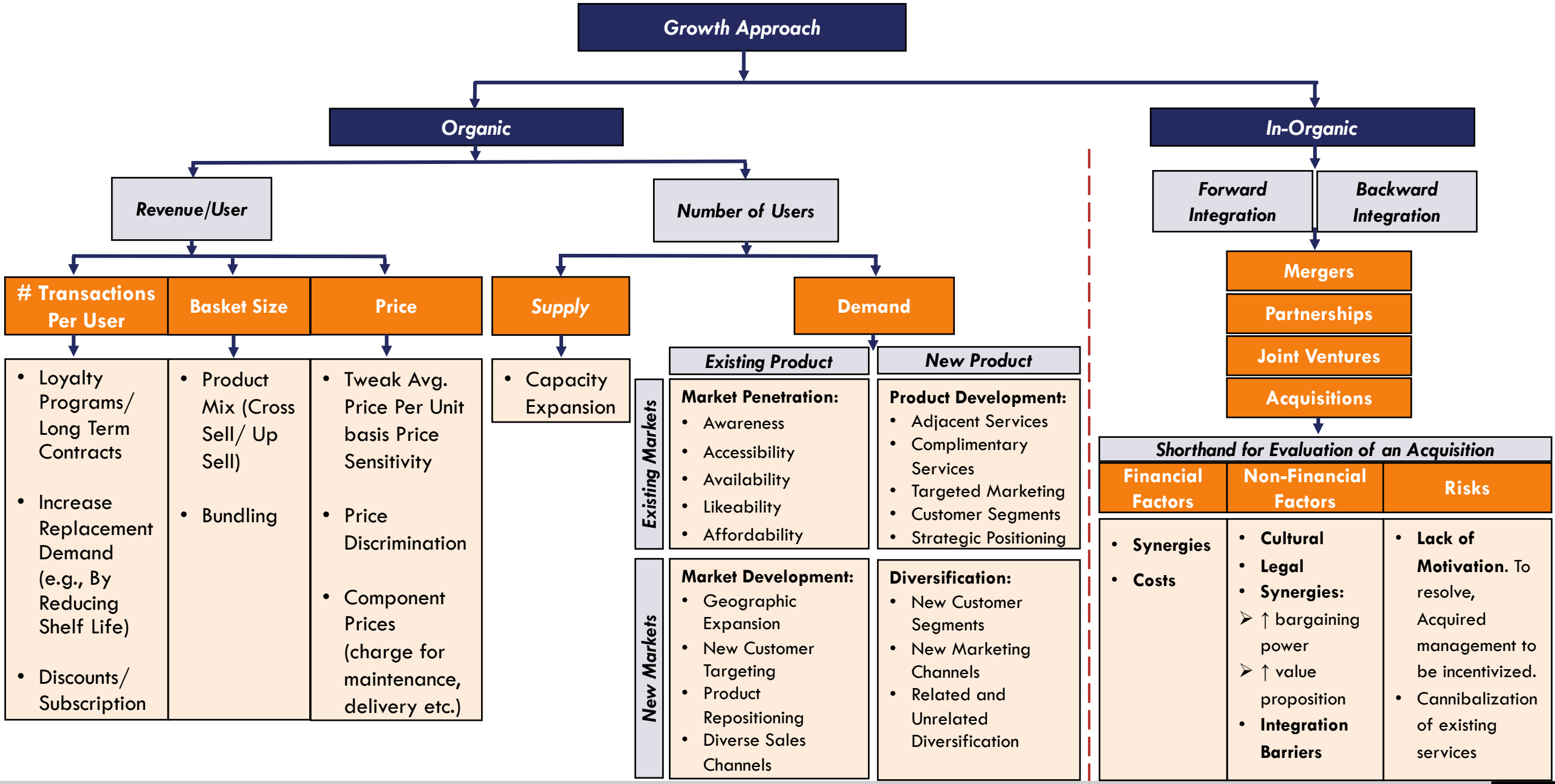
Pros
- Extend Market Scope
- Utilize local expertise
- Produce Synergy

Cons
- Significant Investment
- Threat to Brand Value

Key Notes

- Summarize the Solution.
- It can be followed by a growth/pricing case.
- Interviewer can also ask for exit strategies post entering.

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REVOLUTIONARY TELEPORTATION DEVICE

A scientist has built a teleportation machine which can travel to any place in the world in matter of seconds. He has not told anything about this technology to the world and has approached you for the same and wants your help on what should he do.

Highly interesting case sir, as a materials engineer, this problem statement is quite intellectually stimulating. Before I move on, I would like to as a few clarifying questions

Sure, please go on.

First, I would like to understand more about the client (the scientist) and the product he has developed. Is he the single innovator of this product or the IP is shared by other people/universities?

Good start, the client is an individual scientist with a private lab in India. You may imagine in the outskirts of Delhi.

Before any innovation there is an outside-in perspective to the innovation. That is, a scientist has a primary motivation/objective of working on that project. What was it for our client?

Client wants to do some good for the society and while doing that he wants to earn some money as well.

Further I would like to ask how does our product operate? What is the capacity?

You can imagine it is just like two telephone booths, one entry and one exit which can handle only one person at a time.

Sure, I want to know if the technology can be scaled or to multiple products or there is a bottleneck?

What do you think it will be?

I assume since it is a private lab and the scientist has told no one about the technology, it shows that the tech is quite rare but there is possibility of imitation. Thus, he may not have explored the option for mass commercialisation.

You are right, you can assume that it is possible to scale but the CAPEX is quite high.

I think I have all the required information to proceed with the case. Give a few seconds to structure my thoughts.

Sure, take some time.

I would like to structure the case in 4 parts Market opportunities (Sizing/customer segment analysis , pricing strategy and corresponding profits, future outlook), Operational feasibility(setting the value chain for the required purpose), Risks Involved(since this tech can be dangerous as well if used with harming intentions), Mode of Entry(club with a university, another scientist for setting this up or hire some people to help with the implementation).

Sure, let's start with the market opportunity first and then move forward.

Market opportunity will be dependent on the customer segment under study. Considering that he wants to serve people while earning money as well. Are there any specific markets he wants to prioritise? Healthcare, defense, etc.

He has come to you for that. He does not have much clue around that.

CS may include healthcare (vaccines for COVID/other emergencies OR emergency patients), Defense (Russia-Ukraine could lead to China-Taiwan to lead to tensions at border. Considering China wants Taiwan owing to its 50% share in the global semiconductor Industry and India is starting its National Semiconductor Mission which will create a lot of tensions across the border, I think this can be the right thing to approach), Luxury travel.

Good analysis, let's think about the defense sector only. This will create a big impact but now we want to think about the monetary value. How can he maximise the same?

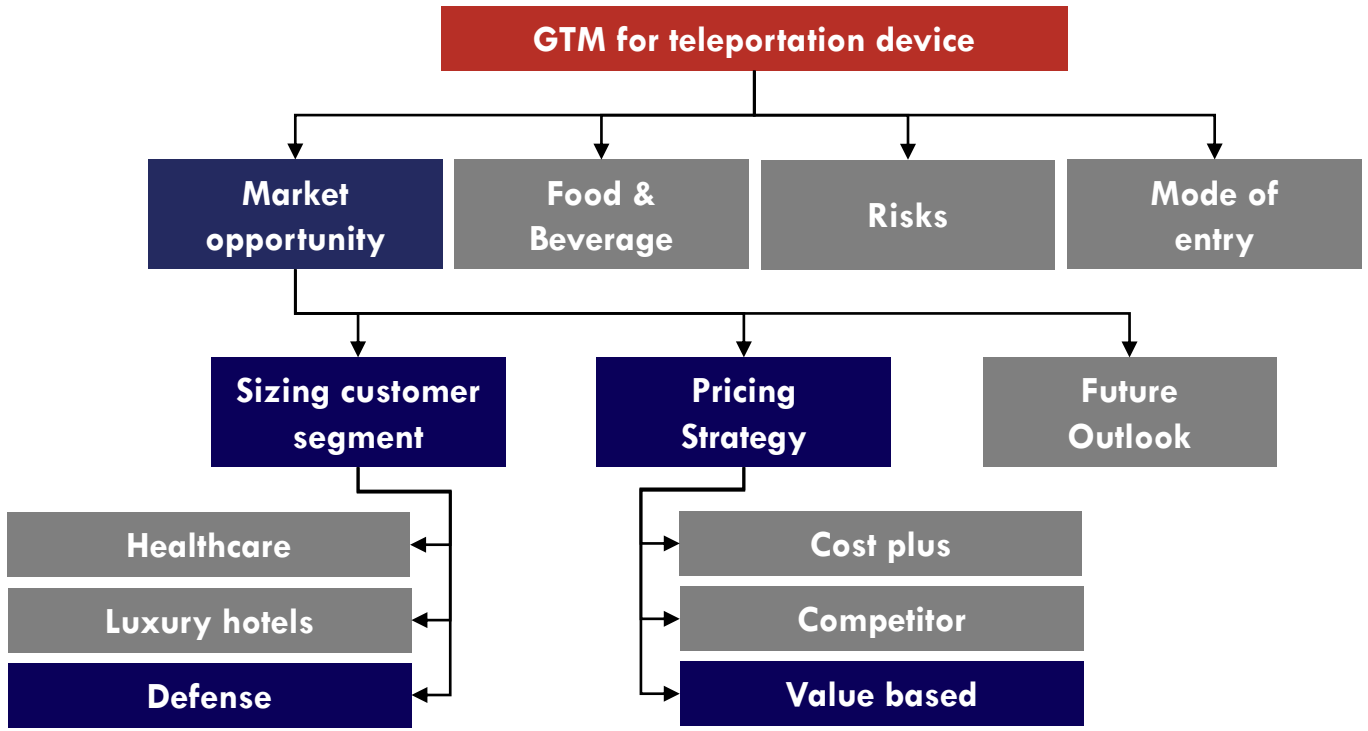
Since there are no substitute available for our technology, & we assume that the product shall be in demand. Therefore, out profits will depend on the pricing strategy: Cost plus (manufacturing + PD + markup), Competitor, & Value Based (over here we may compare with things which are closer to our products that defense sector has like aeroplanes, and we recently bought the Rafales).

Alright, I guess you have majorly covered the pricing aspect. These were the two main important parts of the case. We may conclude here.

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REVOLUTIONARY TELEPORTATION DEVICE

MECE STRUCTURE



INTERVIEWEE NOTES

- The interviewee could expand on the specific applications within each sector. For example, in healthcare, they could explore emergency response, organ transport, or remote patient transfer. For defense, rapid deployment, and personnel evacuation could be critical applications. Quantify the market size for each segment to prioritize opportunities based on potential revenue.
- Since the technology is unique, there might not be direct competitors, but indirect competitors and substitute technologies should be considered. How might existing transportation or communication companies respond?
- A more comprehensive pricing analysis is needed. For cost-plus, the interviewee should factor in R&D costs, IP protection, and scale economies. For value-based, the interviewee should look at customer willingness to pay and potential savings or benefits to customers.

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MUMBAI HOSPITAL CHAIN

Your client is a large hospital chain like Apollo, they want to setup a hospital in Mumbai. Should he go ahead with that and if yes, how big should it be – 50 beds or 300 beds?

I would like to know more about the client – how many hospitals does the client currently operate and where are those located?

They have 35 hospitals and mostly in metro and tier 1 cities except Mumbai.

What is the primary objective – is it to increase presence or profitability? And how is their market share?

Main reason it to increase their presence in India and they are Ranked number 1 in the cities they operate in.

Okay, since we are looking to expand in Mumbai can I know the market spilt of hospitals in Mumbai?

South Bombay and Suburb are saturated with hospitals there are more than enough. Central Mumbai has around 10 hospitals and Navi Mumbai has 3-4 hospitals.

To evaluate market entry: I would want to look at aspects under the three major heads: opportunity analysis, operational feasibility, and financial feasibility. In Opportunity analysis, I would look at the market size and the market share that we can capture. In the feasibility, I would analyse the barriers to entry and the feasibility of setting up the value chain. In financial feasibility, I would analyse if it would make economic sense and what could be the risks.

That sounds good, let's begin with opportunity analysis first here.

Based on the data, we see that few regions in Mumbai are highly saturated and hence it would not be a good idea to open the hospital there. If we look at the Navi Mumbai region it is most upcoming with a lot of new townships and business parks. It is the fastest growing area in Mumbai and hence we can look at the possibility of opening the hospital there.

That seems like a feasible option, you can proceed to check the opportunity analysis - no need for actual number.

The drivers would be the population of Thane - since there are offices in the vicinity, we expect there will be bachelors as well as families occupying the townships. We can use this to analyse the services that they will avail from hospitals – regular check-ups, surgeries, speciality consulting etc. As it's becoming business hotspot most companies try to look for tie ups with hospital and since our client is a national chain it would be a give opportunity to fetch these contracts. We also are recognised and trusted name in market and hence people would like to utilise our services.

Fair enough, let's look at the operational feasibility.

The factors we would consider for operational feasibility we look at setting up the hospital - finding the right location for the hospital as certain criteria like noise free zone needs to be followed, the staff – general and speciality doctors, nurses, ward boys etc, medical devices, other logistics – ambulance etc.

Alright, seems good – so what do you think should they limit it to 50 beds or 500 beds?

I think since there are only a limited number of hospitals in the area it would be a good idea to open a fully functional multispecialty hospital with 500 beds. Since financial feasibility is not an issue by providing all type of services, we will be able to capture a larger market. This will help us build a brand value and name in thane as well give us a good head start in Mumbai.

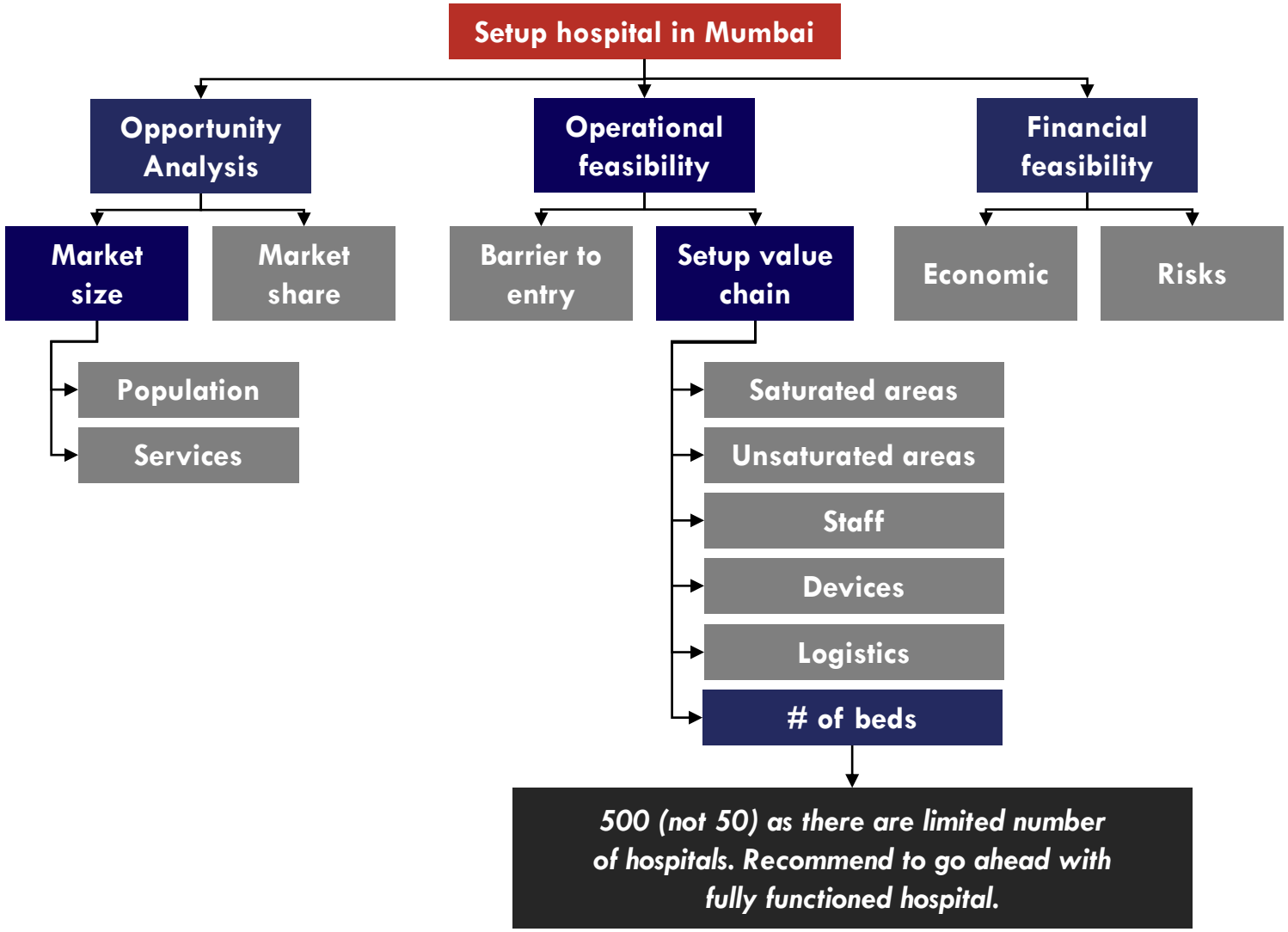
They have 35 hospitals and mostly in metro and tier 1 cities except Mumbai.

Alright reasonable. Thank you.

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MUMBAI HOSPITAL CHAIN

MECE STRUCTURE



INTERVIEWEE NOTES

- The structure could have been better. Start with industry/market attractiveness, Financial feasibility, strategic viability, Operational feasibility and Decision to enter.
- Approach must be communicated to the interviewer. Estimation of both market size and market share. Similarly for both operational feasibility and financial feasibility.
- Adding facts about increasing health insurance penetration, & expanding middle class and the lifestyle, to back this strategy decision of setting up a hospital.

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BMW PLANT SETUP

There is an automobile manufacturer, let's say BMW. They are planning to setup plant in India. They are looking at Ahmedabad and Chennai and they have reached out to you. Suggest which place to go for.

Okay. I would like to ask a few clarifying questions before I begin to analyse the case. Firstly, are we planning to setup entire plant or just an assembly unit?

Yes, it is more like an assemble unit. You will get all the parts from suppliers.

Okay. And are we planning to sell all the products across India? Or are we also planning to export?

Yes, planning to sell across India as well as some exports.

Since you mentioned we are going to get all parts from suppliers, are we getting it from local suppliers or imported? If local suppliers, do we know where they are located?

So, we are planning to get from local suppliers only. For Ahmedabad, we have suppliers near to it, let's say Haryana. For Chennai we have suppliers near to it, let's say Andhra Pradesh.

Okay. Is this decision of setting up plant already made, and should I just need to decide which location to setup.

Yes, that's right.

So, I want to evaluate both location in terms of financial aspects, Operational Aspects and Risks. Under Financial aspects mainly I want to look at costs. Land cost, electricity costs, taxes, and other amenities that government provides. Under operational aspects, since we are looking at both distributing across India as well as exporting, I want to mainly look at the logistics. And the inbound logistics for getting raw materials from suppliers. Apart from these rest of the plant setup costs should remain same irrespective of location.

Okay, continue. What do you want to look under risks?

Under risks mainly, the regulations for automobile manufacturer in each location, environmental regulations, trading regulations, legal aspects. Also, I want to look where our competitors are located.

What do you get from knowing where competitors are located? Let's say there is not automobile manufacturer in both locations then how do you proceed?

So, mainly we will get to understand why they preferred this location, what are the amenities being provided. If we don't have any automobile manufacturer, I would like to look at another industry which is similar in scale of automobile who is also exporting and distributing across India.

Okay, let's say I am that other industry manufacturer. What do you want to ask me?

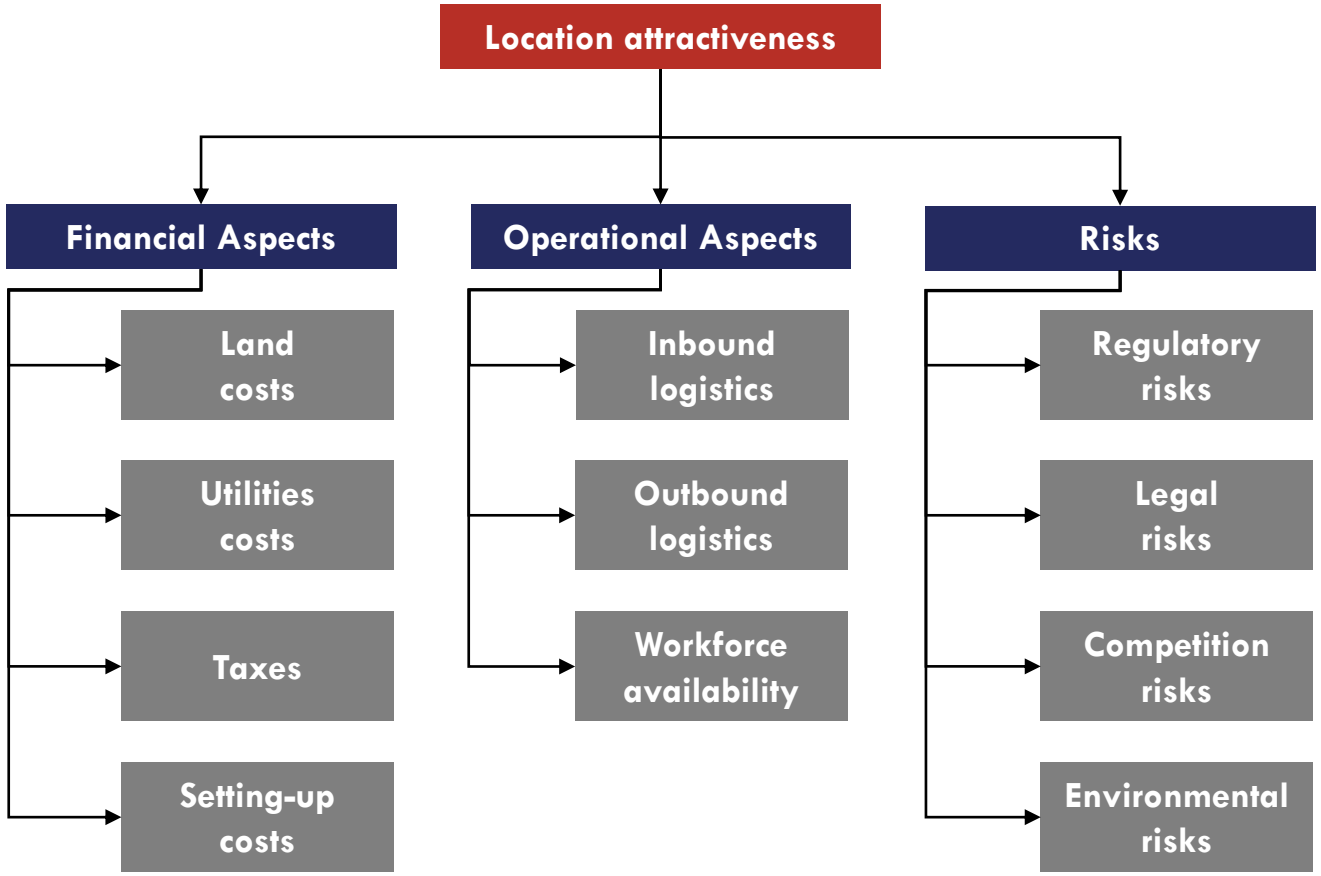
How are the political pressure, costs of land, electricity, labour?
How are the subsidies provided by government?
How are the environmental regulations?
How are the tax charges?

Okay. Got it. I think we can close the case. Have a good day.

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BMW PLANT SETUP

MECE STRUCTURE



INTERVIEWEE NOTES

- Financial Costs can be segregated into Fixed and variable costs for more nuance.
- Providing an elaborate explanation and diving into the risks more substantially can help gain extra credit from the interviewer.

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DRONE MANUFACTURER

Your client is a drone manufacturer looking to enter the Indian combat market. Size the market for them and determine if it's viable to enter or not?

Ok, in order to understand the client and the situation better. I have a few questions for you.

1. What is the objective to enter the Indian market and what are their current capabilities both inside and outside of India?
2. What exact product are we looking to provide?
3. What is the current competitive landscape?
4. In combat are we servicing the tri services? Or anything in specific?
5. Have we entered in similar markets before? 6. Do we have any financial constants?

1. The objective is to gain market share. We have produced drones in the past for other markets.
2. Two kinds of drones; light weight, covers 20km (both ways) and heavy weight, can carry a 1000kgs of weight.
3. Nobody is in this industry; the industry doesn't have this capability.
4. We are just looking to provide our services to the Army for the northern border area(200000km)
5. No, not similar. 6. No.

Alright, I'll size the market for the first kind of drone (surveillance) and then the carrier drones. Give me a few minutes to structure my thought.

Sure.

The number of drones needed on the border would be Total area to be covered/ Area covered by one drone. Area covered by one drone is 20km/2 = 10km. Therefore, 200000/10 = 20,000 drones will be needed in an absolute form. In addition to this we'll account for additional 5% of drones for maintenance. The total 21,000 drones. Is this a fair number?

Yes, you can move to next product.

The heavy weight drones would have multiple functionalities, some of them could be: 1. Armed equipment 2. Medicinal resources 3. Food/consumption resources Is this fair? Do you want me to focus on something in particular?

Yes, you can proceed with sizing Food, then medicines and equipment.

Total food required(kg) = No. Of soldiers * 3 * weight of each meal No. Of drones required = Total weight of food / capacity of each drone Firstly, I'd want to estimate the number of soldiers serving in field locations, basis that the calculation for food and supplements can be done. Assuming that there are 2 soldiers covering 1km. The total number of soldiers are 400000(2*200000). Average weight of meal is assumed to be 500gm. Therefore, total consumption in a day = 3* 0.5kg * 400000 = 600000kg Total number of drones needed = 600000/1000 = 600 heavy weight drones. Is this a fair number?

Yes, it's fair. You can move to the next category now.

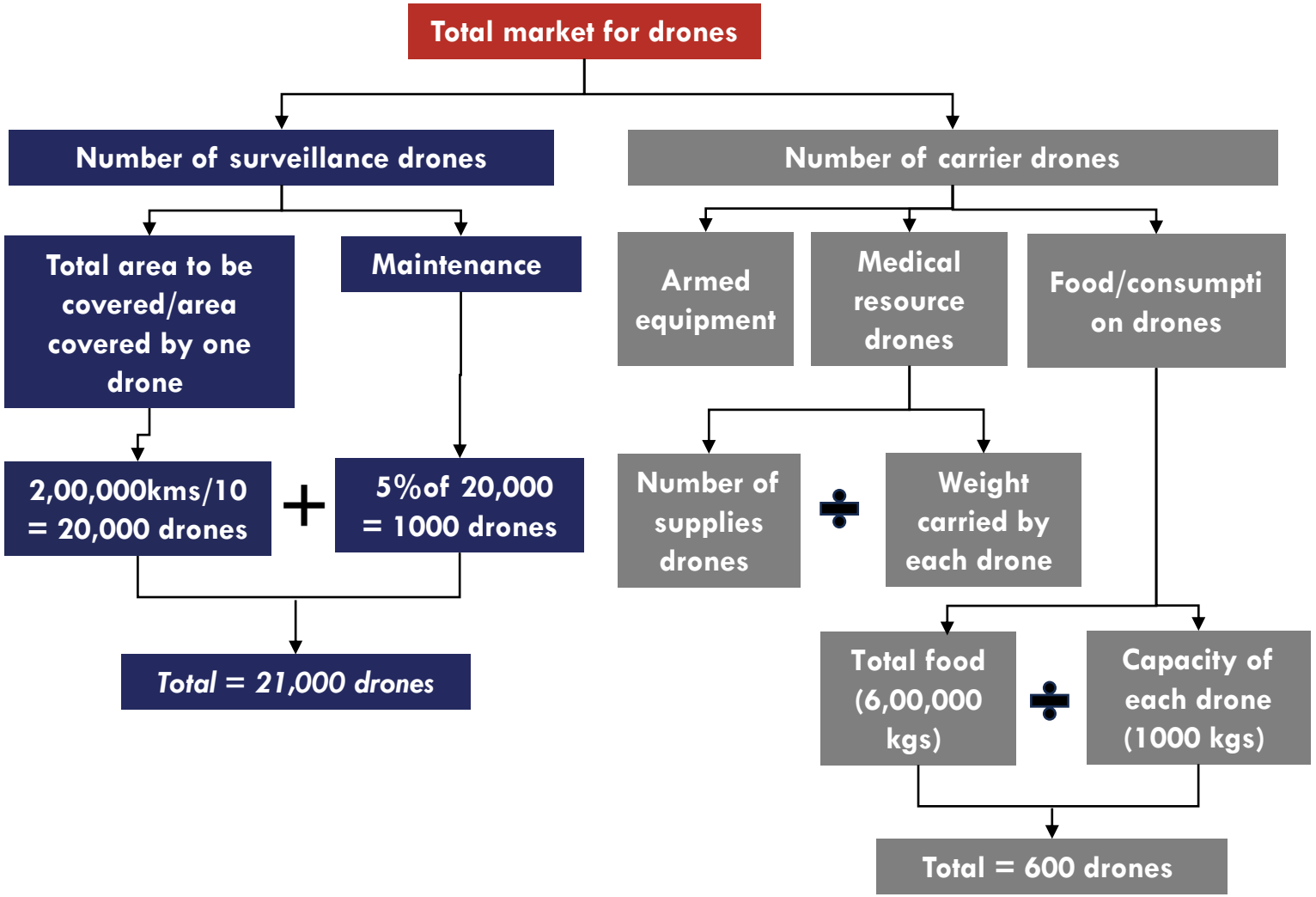
As estimated before, the number of soldiers is 4 Lakh. To estimate medical resources needed per soldier, I'd like to divide them in 2 categories light weight medicines (Tablets, thermometers etc) and heavy weight resources (Surgery equipment, stretchers etc.). The frequency of transportation of category one will be more than two. Do we have any inputs on that? Or for the sake of simplicity should assume both are needed in equal amount

Yes, I get your approach. We don't need to go further. Do you have any questions for me? Interview ends here.

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DRONE MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- Another approach for solving the case could be starting with the total land mass of India and looking at the border area will help us get a more accurate case calculation.
- Combat and surveillance are some other applications of these drones which could also have been explored for a more comprehensive analysis.
- The interviewer makes a lot of assumptions on the numbers involved in the case, it is ideal to inform the interviewer about the thought process, get their buy in and then proceed with the approach for better accuracy.
- Enquiring if the product is patented or has any additional differentiation might help in a more nuanced solution.

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GO TO MARKET CASES

US BASED RETAIL CHAIN

Your client is a retail chain having 1000 stores across US. Each store has an area of 80,000 sqft of which 20,000 sqft is not utilised. The client is doing well on sales through online channel but its profits through offline channel has reduced. Analyse why and suggest your recommendations.

I would like to ask a few clarifying questions before I begin to analyse the case. Since when have the profits been declining and by how much is the decline?

There has been a decline of 15% from the last 2 years.

Oh, that's a significant amount of time. I would like to understand the business better. What products does our client sell and are we similar to D-Mart in India or a premium retail store?

Client has 3 products – Apparel, Home Décor and Home Appliances and yes, the store is similar to D-Mart and caters to the mid-income segment.

Has the decline in profits been for a single product or is it across all products? Is the problem across all stores across US or in a particular region or store?

The decline is seen across all products and across all stores in the US.

Could you please explain the value chain of our client?

Sure, the client sources the products from wholesalers/other suppliers, stores it in warehouses and sells the products to the end users through offline and online channels.

Could you help me with the competition present in the market? Is it concentrated or fragmented? What is our market share?

The competition is fragmented among 4-5 players who comprise of 90% of the market and the rest of the market is made up of small unorganised retail stores.

Is the problem specific to our client?

Yes. The problem is specific to our client.

I have all the required data to proceed with the analysis. As profit can be expressed as revenue minus cost, the dip in profits could be due to decreasing revenues or increasing cost. Which factor do you want me to consider?

Let's look at revenues first, we can explore costs later if required.

The revenue can be broken down into price and the volumes sold. Since the client is a retail store targeting middle income segment, I am assuming the products are commoditized and hence there will be no change in price but there might be a change in volumes side. Is this a fair assumption to make.

Yes, the prices cannot be changed. Let's delve deeper into the volumes sold.

The volumes sold can be split into the demand and supply side. On the demand side the factors of decrease can be a fall in number of customers, average order amount or order frequency while on the supply side the decrease could be due to the value chain or support activities.

We have noticed that the number of customers visiting the offline stores has reduced. Can you analyse why?

There might be multiple factors for a drop in customers visiting offline stores. Cannibalization from online channel, bad customer experience during purchase (payment gateway failure, unruly behaviour by staff etc), any external reason. Do you want me to explore these further?

No, these would suffice. Could you suggest some recommendations to boost the sales?

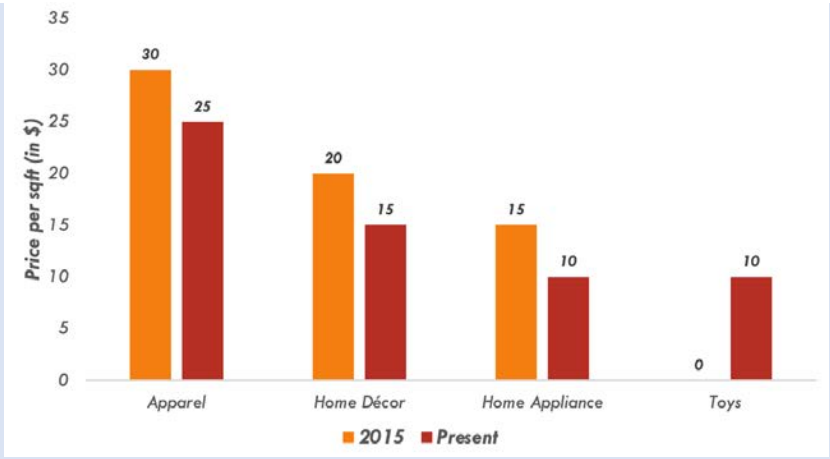
I would like to split my recommendations into core and non-core activities. Core – increase the products to be sold from the existing 3, improve the customer experience in offline store, non-core: monetize the unused 20,000 sqft by renting it out to an enterprise, conduct simple banking transactions like cash deposit, cash withdrawal and balance enquiry similar to retail chains of Mexico and earn revenue through commissions

Let's move ahead. The client is thinking of introducing a new category 'Toys' in the store and would like you to calculate the profits if Toys are launched and whether we should go ahead with the idea. Refer to data below:

Product	Estimated Profit	Growth Rate
Kids Apparel	250K	Constant
Beauty Products	450K	Declining
Groceries	100K	Increasing

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US BASED RETAIL CHAIN *(Continued)*



2015	Apparel	Home Decor	Home Appliance	Toys
Area in sqft	20,000	20,000	20,000	-
Profit margins	40%	20%	20%	-

PRESENT	Apparel	Home Decor	Home Appliance	Toys
Area in sqft	20,000	10,000	10,000	20,000
Profit margins	20%	20%	20%	10%

I have multiplied the price per sqft * area of sqft * profit margin to analyse the profits before and after introduction of toys. The profit is 380k for only the 3 existing products but on the introduction of toys it drops to 265k

2015	Apparel	Home Decor	Home Appliance	Toys
Profit	30*20000*40% = 240,000	20*20000*20% =80,000	15*20000*20% =60,000	

PRESENT	Apparel	Home Decor	Home Appliance	Toys
Profit	25*2000*40% =200,000	15*10000*10% =15,000	10*10000*10% =10,000	20*20000*10% =40,000

That's good, the client is looking to expand his product line and is considering launching kids apparel, beauty products and groceries. The client has done a customer survey and wants you to give recommend which product to launch.

Consumer survey towards the store (1 Lowest 5 Highest)	
Value for money	4
Brand	4
Quality	3
Variety of Kids apparel	2
Variety of groceries	2

SHORT TERM: I would recommend to expand through kids apparel product. Though the growth rate is constant, the product satisfies the customer attributes of value for money, brand and quality. Since kids apparel will be an extension of the existing apparel business, it will have greater synergies and will be easier to launch.

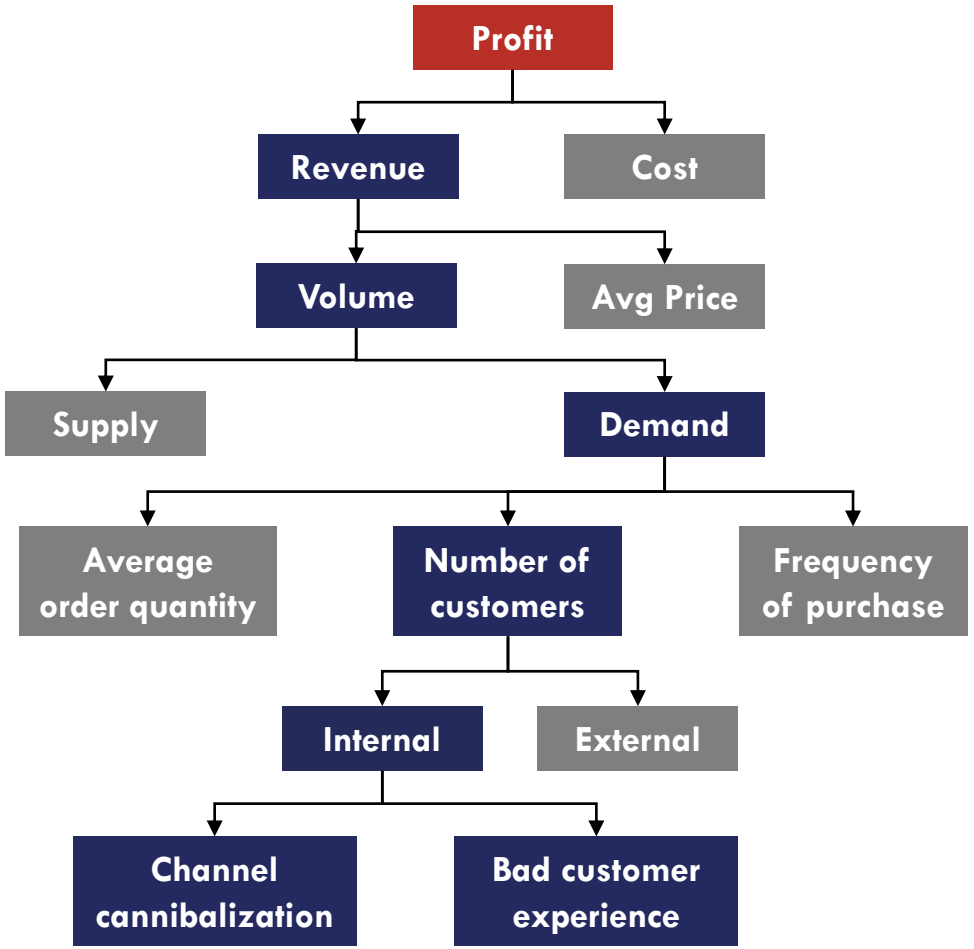
LONG TERM: I would be looking to venture into groceries business due to its rapidly increasing growth rate and potential. The customers are neutral on quality and don't prefer a wide variety. The client would have to set up an entirely different value chain for groceries and hence it would be good option in the long run.

That's good we can close the case now.

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US BASED RETAIL CHAIN *(Continued)*

MECE STRUCTURE



INTERVIEWEE NOTES

- Splitting the suggestions into core and non-core activities.
- Comparing the stores to D-Mart in India in order to set the context better and understand the price range of the stores.
- Probe deeper into why toys is being launched as a new category.
- Relate the consumer survey results to the various product categories to offer suggestions on other categories which can drive better customer stickiness.

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EUROPEAN TELECOM GIANT

The client is a European Telecom giant, looking to enter the Indian market. Estimate 1-year profits.

I would like to begin with some preliminary questions. Can you tell me a little bit more about the company, products and services offered.

The company is a top-5 telecommunications services provider in Europe with 10M+ subscribers and it's major offering is high speed 5-G is the major offering.

Any specific reason for evaluating the Indian market? What is the prime objective (market share, profits, brand building etc.)? What is the stipulated timeframe to achieve this objective?

Capturing market share i.e., acquiring new subscribers in the Indian market is the primary objective. The company targets to add another 10M subscribers from the Indian market in the next 4 years.

Do we have any information about the market growth rate and segments?

The company offers 2 services: data and voice. You may estimate the growth rate taking suitable assumptions.

Will begin by qualitatively assessing the market attractiveness of the Indian telecom industry, followed by economic viability calculations i.e. expected revenues/profits and finally will assess the operational feasibility and associated market risks. Is there something that we can take into consideration?

No. The approach seems logical. Let's jump straight into market sizing.

Sure. The total number of current mobile phone subscribers in India is ~900M and data users is ~300M.

How would you go about estimating this number?

We can begin from total population to urban/rural. Do a mobile penetration break down for each of the segment followed by age and gender breakup and finally segmenting by income groups.

Fair enough. How would you determine the feasibility of realizing this target?

10M is roughly 1% of the current total addressable market. Assuming the growth rate to be similar as the population growth rate i.e. 1% p.a. This means the company will roughly have to add 3 million subscribers every year. This is a fairly reasonable target (0.3% market every year) given the total market size of the Indian telecom giant. Also, this is achievable with aggressive market penetration strategies (gave example of Jio in India).

Good. What are some of the other aspects you would look into while taking a call?

For making existing customers switch to our network, the client has to have a competitive advantage over the existing providers, do we have any product/company specific competitive advantage?

Yes, the data speeds provided by the client's 5G offering are significantly higher than any other providers.

Okay, we could now look into the operational viability of the venture. Firstly, is the client looking to enter the market organically or by acquiring an existing player?

The client wants to enter the market organically i.e., set up the value chain by itself.

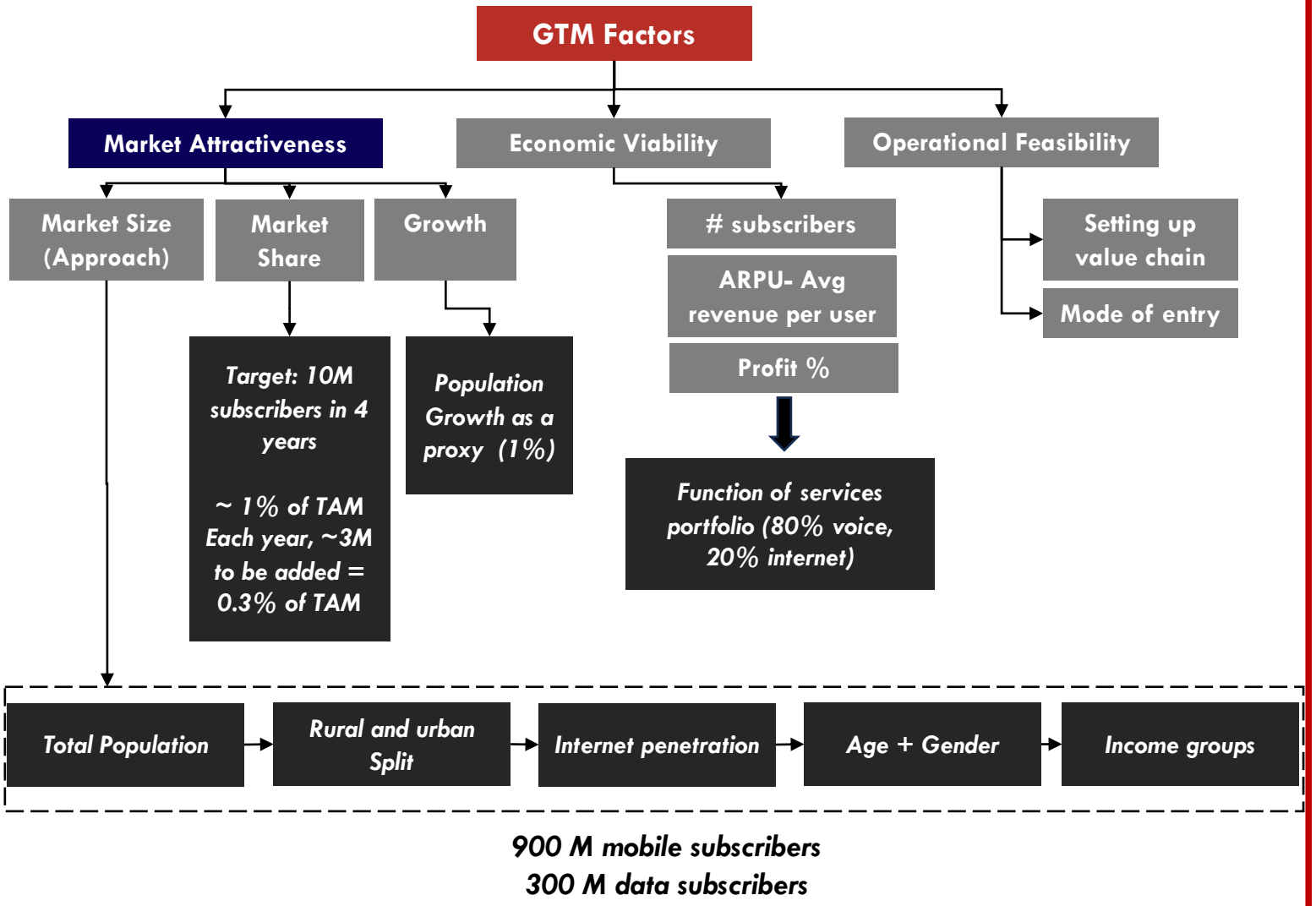
Okay. Finally, we can look into the associated risks (gave Vodafone case example) and the opportunity cost of investing in India vs other countries.

Alright, that will be all for this case. Thank you! You will hear back from our recruitment team for the results, all the best!

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EUROPEAN TELECOM GIANT

MECE STRUCTURE



900 M mobile subscribers
300 M data subscribers

INTERVIEWEE NOTES

- The interviewee should segment the market beyond just the rural and urban split. In a diverse market like India, segmentation could be based on regional preferences, income levels, and usage patterns, which can influence the adoption of new technologies like 5G.
- Good proxy for the growth rate and simple triangulation of numbers to showcase the GTM feasibility.
- An analysis of the regulatory environment in India is crucial. Telecom is a heavily regulated sector, and understanding the policies, compliances, and possible barriers is essential. With the new telecom draft bill, it is going to become even more stringent.
- India is already planning a 6G development scheme and trade-off analysis could have been done.

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RUSSIAN HEAVY TRUCK MANUFACTURER

Our client is a Russian heavy truck manufacturer, present across the value chain. They want to enter India and are eyeing at a small truck company with 2% market share. For the same they have approached us whether they should go ahead with the same. What are the different factors they must consider?

Sure, before proceeding with the case, I would like to ask some preliminary questions?

Okay, go ahead.

What is their primary objective of this M&A and that too in the Indian market?

Why do you think such a big organisation would come to India?

India is a growing market and has recently launched its National Logistic Policy of which road freight & truck fleet is going to be a major component.

They are a well-established larger player in Russia and want to enter Indian market considering the immensely growing road freight industry they want to enter, compete and grow in the same segment.

Sure, I would also like to know more about the player they are targeting, their value chain and market share?

They are trying to acquire a small manufacturer operating PAN India with roughly 2-3% market share. They also have a distribution network of their own. Russians plan to manufacture their own trucks in these facilities if required.

Okay, I would like to understand more about the product portfolio that they plan to launch and wrt they have any specific targets for each product?

You may assume just one model.

Sure, I think I have all the information I require and I would like to structure the case into 4 main parts; Financial valuation(Individual, & together, assets & liabilities of the to be acquired player, Cost of acquisition & capital), Synergy of operations(analysis of the integrated value chain and analysis the overlap), & Risks(Both internal{people, process, & technology} & External{PESTLE}) involved.

Sure, so tell me further what if you are entering the Indian market what would be the most important part.

According to me, for an international player the most important thing is the synergy in the value chain and in the integrated value chain distribution network are of prime importance as they provide a huge leverage in a developing economy like India.

Okay, that's right but what factors would you consider while judging the distribution network?

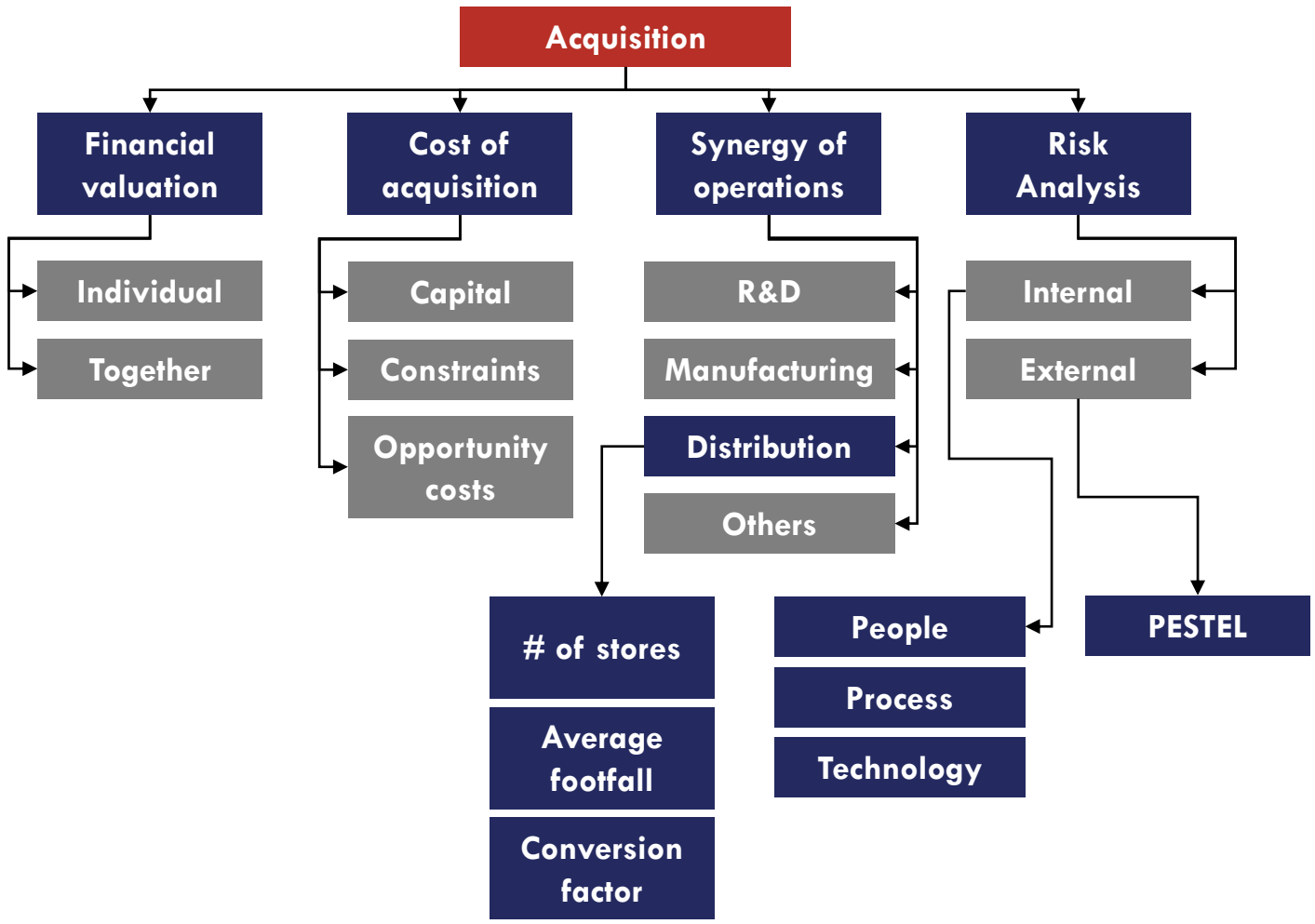
Number of stores (accessibility factors to be taken into account), average footfall per store(awareness factors), conversion factor of each store, post sales services and also any other additional services offered like technician workshops, spare parts centre etc.

You have majorly covered it all, we may close the case now.

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RUSSIAN HEAVY TRUCK MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- The interviewee could have delved deeper into the Indian market analysis by looking into regional market dynamics. For example, the growth projections of different truck segments (like light, medium, or heavy trucks) and understand the cyclical nature of the heavy truck market in India.
- India's recent National Logistics Policy could have major implications for the heavy truck industry. The interviewee should consider discussing how this policy could influence demand for trucks, and potentially, the operational synergies post-acquisition.
- Discussing how competitors have scaled their operations in India and any unique value propositions they offer could highlight potential challenges and opportunities could have provided much better brownie points.

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PRICING CASES

Scoping Questions / Preliminary Questions

Basic Questions

- What is the company's objective for pricing the product?
- What does the company do?
- What is the product?
- Who are the target customers?

Beyond the basic questions, few detailed questions under two different categories are mentioned here:

Product Information

- How innovative is this product compared to others that exist in the market?
- Is the product patented or have any rights that can protect it from being copied?
- Are there similar products in the market that can act as substitutes?
- Can the product be bundled with any existing products?
- Could the product cannibalize any of the client's current products?
- What were the R&D costs required to create this product?
- How big is the market for this product?

Competitive Analysis

- How much are competitors charging for similar products?
- How are competitors thinking about their pricing strategies?
- How much does it cost for competitors to create similar products?
- What are substitutions to our client's product?

Pricing Options

Inward Looking | ***Additional Services/ Product Modification*** | ***Like other products*** | ***Innovative Product*** | **Outward Looking**

Cost Plus Pricing

Cost

- One-time costs/ Sunk Costs. E.g., R&D
- Production Cost (FC + VC)
- Other Specific Costs

Returns

- How much profit margin can we add?
- What is our breakeven point & Payback Period?

Competitor Pricing

- Existing products & features
- Reference Prices & Avg Margin
- Set final price based on the objective of enhancing Market Share or Profit Margins
- Check for WTP
- Price based on Proxy Products

Value Based Pricing

- Evaluate opportunity costs to ascertain the product's perceived value.
- Determine willingness to pay by considering the total savings.
- Calculate the upper and lower price limit, then price it as per the Willingness to Pay

Price Elasticity

When to use?

- Cost Plus pricing not viable due to low-cost w.r.t other products.
- Competitor pricing not viable due to lack of competition.
- Value pricing not viable due to very high value or value is not quantifiable.

- Thus, Price determination hinges on customer affordability and price elasticity analysis.

How to Use?

- Estimate WTP by income segments
- Price at the cap of WTP

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HEPATITIS DRUG PRICING

Your client is a a pharma company. It is looking to launch a new drug around the Hepatitis C space. Recommend the price that the company should charge per dose.

I would like to begin with some preliminary questions. Do we have information regarding the geography we are dealing with and the pharmaceutical landscape in the Hepatitis C space?

Geography is US. At this point of time in the Hepatitis C market there are 2 types of drugs – generic ($1000/annual treatment) and innovative drug ($20000/annual treatment).

De we have info on the magnitude of market share of generic and innovative drug?

The market share of generic is 80% and innovative is 20%.

Are there any side-effects for these drugs?

You can assume that every 2 out of 10 patients, irrespective of generic or innovative, would require the patient to undergo a liver transplant that costs $300K. The insurance will cover this in our case.

How is the patient landscape looking like for this disease. Is it predominant?

This disease in US has around 100k patients every year and all of these patients are covered 100% by the Insurance company.

What does the competitive landscape look like and what is our market position?

The generic and innovative drug players are our competitors and we are market leader in this space.

Got it. I would like to know more about the client's drug. Is this a novel drug or has it been an existing product? Is it patented? What is the unique selling point of our drug?

A good question. This a completely novel drug and we haven't rolled it out in any other market. We have applied for the patent so don't worry about that. The USP of our drug is 0% chance of liver failure. Now dive into the case. First estimate the total outlay by the insurance companies across the industry followed by pricing the drug.

Alright. Please give me some time to aggregate all the data at one place to ensure ease of calculation and avoid missing data.

Yep. That sounds good.

These are the facts. Let me know if I have missed out on something important.
There are 100K patients of Hep C in US. Based on the market share. This is the segment info.
Generic drug – 80K patients; $1000/annual treatment; 20% failure rate.
Innovative drug – 20K patients; $20000/annual treatment; 20% failure rate.

This sounds right.

Outlay for generic: 80K * $1000 = **$80M**
Outlay for innovative: 20K * $20000 = **$400M.**
Now because some of the cases undergo a liver a liver transplant. We need to consider that as well.

Correct. So what would that be?

So, 100K cases out of which 20% i.e. 20K cases will undergo a liver transplant. That means 20K * $300K will be the overlay just for liver transplant. We get **$6B**!. So the total outlay by the insurance companies would be a total of **$6.48B.** ($6B + $80M + $400M)

Spot on! Based on this number, how much would you charge our drug for?

Okay. I wanted to understand the objective. Do we need to capture the highest market share or maximize our profits?

Don't worry about profits.

I wanted to understand how is decision made to purchase such a drug? Do we need to convince the doctor and patients?

So the patients don't make the decision. Therefore, we are just convincing the doctors and the insurance companies.

I would like to focus on the insurance part as of now given that we have some quantitative data. Insurance companies will get convinced if by the introduction of our drug their outlay decreases.

Yep that makes sense.

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HEPATITIS DRUG PRICING (Continued)

Do you have any data about a similar drug that might have been launched so that we can pull some proxy % of market penetration?

Don't worry about all that. Just give me a number. What is your gut feeling?

Assuming we capture the entire market. Insurance company will be happier if the outlay reduces from $6.48B to a lower number. If I calculate for per person. $6.48B for 100K patients. It comes out to be **$64800**.

Do you think we can charge $64800 for the drug?

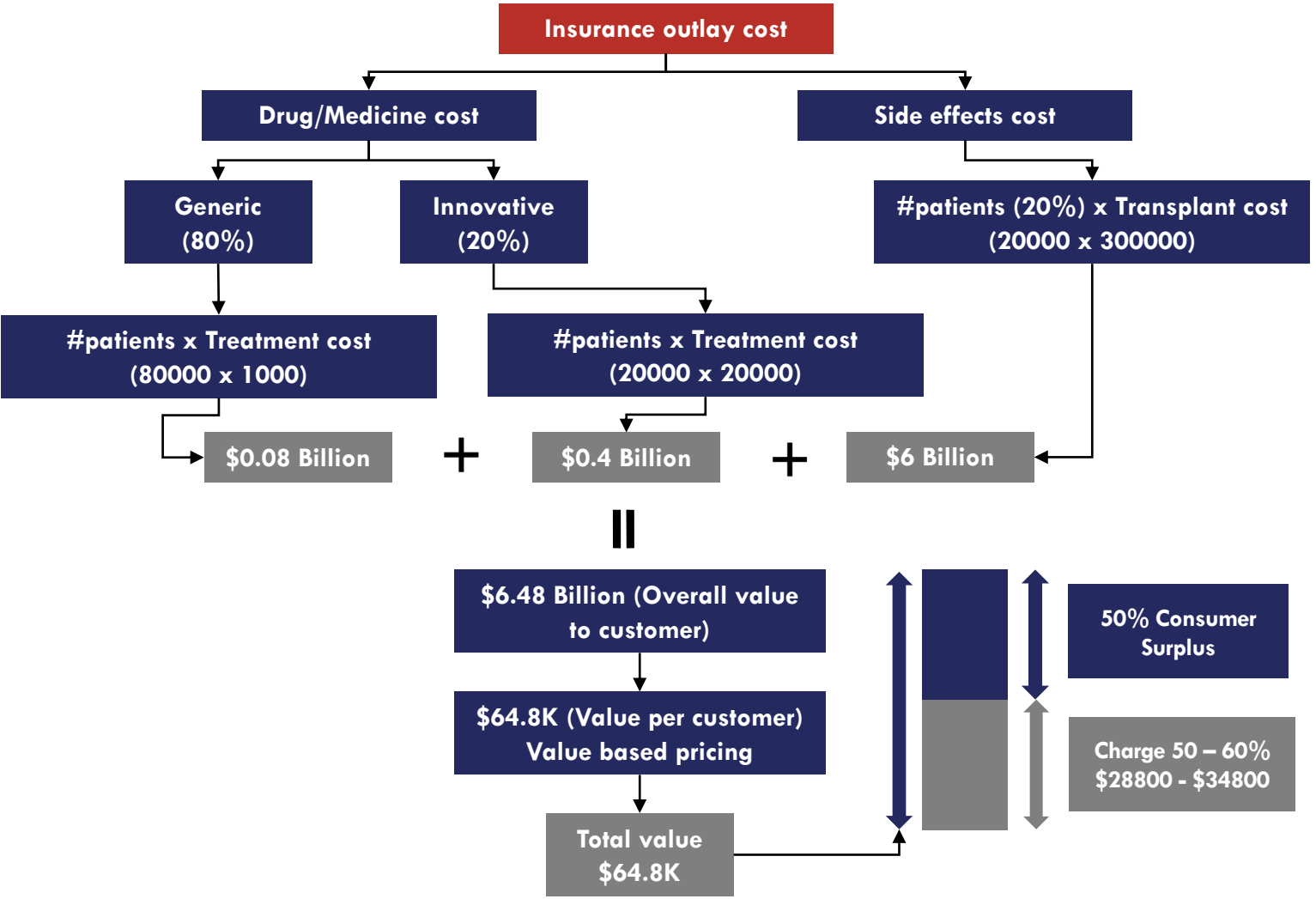
No, we should charge less than this. Some portion of the economic value we can create by introducing the drug should be given back to patients. One differentiation that we have is 0% change of liver failure, so with that **$60,000** per patient overlay will completely go away. 50-60% can be given back to the patient. The price of the drug should be in the range of **$28,800** - **$34800**.

Great. That brings us to towards the end of the case. Thank you for your time.

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HEPATITIS DRUG PRICING (Continued)

MECE STRUCTURE



INTERVIEWEE NOTES

- The interviewee could factor in realistic market penetration rates and how they might vary by customer segments, e.g., based on the ability to pay, insurance coverage, and geographical access to healthcare facilities. They could also consider payer mix (insurance, out-of-pocket, government programs) and how this affects pricing strategies.
- Interviewee could have explored tiered pricing or patient access programs, considering that high drug prices can be a barrier to access.
- Value for 0% liver rate does not just translate to higher cost savings but also softer aspects like much more convenience, comfort, no-anxiety, to name a few. These intangibles should also be included while accounting for pricing. If not through complete fair values but some discussion would have been nice.

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HOVERCRAFT FERRY SERVICE

Our client is setting up a new hovercraft transportation service from Bandra to Nariman Point. They need your help to price their services.

Thank you for the case. I would like to know more about our target customers and other modes of transportation services available for this route.

Target customers will mostly be business professionals traveling to and from their offices. Other modes of transportation available are taxi and train.

And what would be the taxi and train fares for the same? Also, would like to know more about the hovercraft service and its USP.

Here is the following data. The hovercraft is 100-seater vehicle that can travel on both road and water. I would like you to dive into the case straight away.

Sure. We can look at 4 possible pricing strategies for the same: 1) Cost plus. 2) Competition based. 3) Value Based. 4) Premium Pricing.

Okay, let's say we go with the cost-based pricing technique and arrive at a fare of Rs. 1000 per person. How would you test this estimate?

I would take a look at this price from three perspectives:
1) ***Affordability:*** Would take a look at customers' willingness to pay
2) ***Feasibility:*** Is it operationally feasible for the client to provide the service at Rs. 1000 per person.
3) ***Viability:*** Even if the price is feasible, will it drive profits for the client?

Good. I would now like you to estimate the revenues per day for the service.

For estimating the revenues I would like to know more about the operational hours, Capacity, Trips per hour of the hovercraft service.

Assume that the hovercraft service will be operational for 12 hours. It is a 100 seater and can do a round trip in 2 hours.

Since the hovercraft can't be running at full capacity all the time, depending on the traffic I want to divide the operational hours on the basis of ***HIGH***, ***MODERATE*** and ***LOW***.

Hours	Traffic	Utilization
4	HIGH	100%
4	MODERATE	60%
4	LOW	30%

Average utilization per hour: (1*4 + 0.6*4 + 0.3*4)/12 = approx. 65% . Is this a fair assumption?

Yes this sounds good. Now please jump to your estimations.

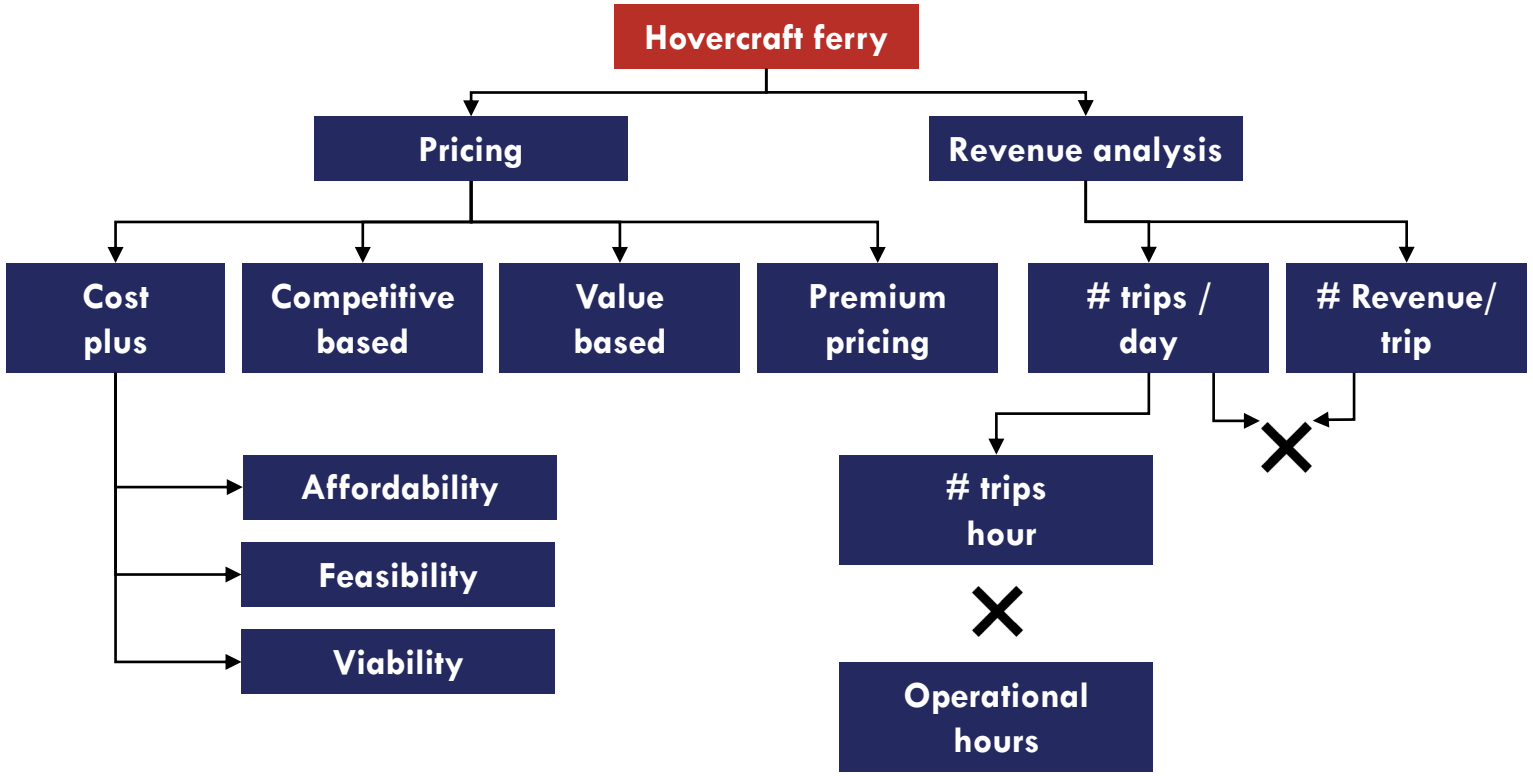
Sure. This would be my overall strategy to estimate the revenues per day.
= Number of trips per day * Revenue per trip
= [Number of trips per hour * Operational hours] * Revenue per trip
= [2 * 12 * 100 * 0.65 * 1000]
= **15.6 lacs INR**

Great. We can close the case now. Thank You.

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HOVERCRAFT FERRY SERVICE

MECE STRUCTURE



INTERVIEWEE NOTES

- Interviewee could have considered the operational details such as maintenance and downtime, which affect the number of trips per day. Including a buffer for such non-operational times would provide a more accurate revenue estimate.
- Risks such as regulatory hurdles, environmental concerns, or potential market shifts that could affect the service could have been included in the discussion.

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MERGER AND ACQUISITION CASES

Scoping Questions & Clarifications

Industry Dynamics

- What are the growth prospects for the industry?
- How might regulatory changes impact?

Market Conditions

- What are the prevailing economic trends?
- How does investor sentiment influence the current conditions?

Synergy Potential

- What are cost-saving opportunities through integration?
- How can the merging companies leverage their resources?

Risk Assessment

- What operational risks are associated with the merger?
- How might financial risks impact the success of the integration?

Due Diligence

- What specific areas need to be investigated during due diligence?
- How can risks be identified and mitigated through due diligence?

Note: *1. It is important to classify the valuation model and be clear on the approach that is to be followed.* *2. For the sake of simplicity, assume perpetuity in terms of future value calculation.*

Merger Roadmap

Pre-Merger Assessment

- **Due Diligence**: Conduct comprehensive due diligence on the target company.
- **Culture and Team Alignment:** Assess cultural differences and potential challenges in integrating teams.

Integration Planning

- **Synergy Identification:** Identify areas where synergy can be achieved (operations, technology, sales, etc.).
- **Integration Strategy**: Develop a plan for integrating processes, systems, and teams.
- **Risk Management:** Identify & mitigate potential risks associated with integration.

Post-Merger Implementation

- **Communication Strategy:** Develop a communication plan for stakeholders (employees, customers, investors, etc.).
- **Execution and Monitoring:** Implement the integration plan and monitor progress.
- **Adaptation and Adjustment:** Remain flexible to adapt the plan based on emerging challenges or opportunities during the integration process.

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Mergers & Acquisitions Synergy Framework

Synergies

Cost Synergies

- Identify potential cost reductions or operational efficiencies post-merger.
- For example, shared resources and streamlined operations post-merger to reduce expenses.

Revenue Synergies

- Explore opportunities for increased revenue through combined operations.
- For example, combined sales.

Integration Challenges

- Assess potential challenges in integrating operations and mitigating risks.

Deal Price

Strategic Fit

- Assess how the merger/acquisition aligns with the company's overall strategy.

Market Positioning

- Evaluate how the combined entity will be positioned in the market.

Growth Opportunities

- Identify potential growth opportunities post-merger.

Non-Financial Impact

Cultural Alignment

- Consistency in:
  - Work practices.
  - National contexts.
  - Entrepreneurial versus corporate ethos.
  - Founder profiles.

Strategic Consistency

- Harmony in long-term growth strategies, mission, vision, and values.
- Potential utilization of a value chain-based analysis.
- Portfolio companies complementing one another.

Exit & Final Recommendation

Due Diligence

- Conduct comprehensive due diligence to assess:
  - The target company's financial health.
  - Legal compliance.
  - Operational efficiency.
  - Potential risks.

Strategic Integration Planning

- Develop a detailed plan to:
  - Smoothly combine the operations.
  - Integrate systems.
  - Align cultures of the acquiring and target companies.
  - Ensure minimal disruption and maximum synergies.

Clear Communication & Stakeholder Management

- Maintain transparent communication with all stakeholders.
- Manage expectations and mitigate resistance throughout the M&A process.

Risk Mitigation

Potential Risks

- Financial figures are artificially boosted.
- Challenges with merging cultures and leveraging synergies.
- Potential for increased competition and bidding if news spreads.
- Difficulty in obtaining data for determining deal structure (E.g Tata Consumer goods acquiring Bisleri).
- Risk of existing services undercutting each other.

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CO-WORKING SPACES

Your client is a PE fund holding assets in Real estate and is looking at a target company for acquisition owning co-working spaces in India. Help them proceed with the process.

I would like to ask a few preliminary questions just to understand the case a little better.

Sure, go ahead.

Can I know a little more about the PE fund?

It is a large sized PE-VC firm with investments in Hospitality and Real Estate.

Is there any specific timeline for the acquisition?

No.

Can I know a little more about the target company now?

The company in question is an offshoot of a global entity. The present company under consideration is the demerged Indian entity which has recently undergone a corporate demerger.

Great. Is there any specific multiple on the investment or exit opportunities that the fund is looking at?

Nope. The client is open to all kind of exits.

Great. I think I have a good enough understanding of the situation. I would now like to go ahead and lay down a structure to evaluate the case further. Can I get a minute to structure my thoughts?

Go ahead.

I would like to go ahead and lay down an initial structure to investigate the potential acquisition. I would like to start off with looking at the industry as a whole and the economic drivers of the industry. Then I would like to delve into the financial aspects, non-financial aspects, Synergies and Risks involved in the potential acquisition to obtain a holistic understanding of the problem and come up with a conclusion on whether we should proceed with the acquisition or not.

Industry Attractiveness
Market Size
Growth Rate
Porters 5- Forces
PESTEL Analysis

Financial Aspects
Revenues
Costs
Margins
ROIC

Synergies
Added Customer Base
Financial Leverage

Risks
Reputation
Operation Integration
Culture Mismatch

Non-Financial Aspects
People
Process
Technology

Good. That seems quite comprehensive. Let's start off with the Market size. Can you go ahead and estimate the value of the market?

Sure.

Market Size = (Number of Companies looking for a co-working space both Indian and Foreign) * (Average Number of seats needed in each of these companies for co-working) * (Average revenue potential per seat)

Step 1: Number of new companies added in India every year = 70,000

Step 2: Assuming 20% of these are medium to large firms which are more likely to need co-working spaces. We get 14,000 companies

Step 3: Assuming an average company size of 1500 people and 10% of these needing co-working seats, we get 21,00,000 seats

Step 4: Number of Foreign Companies added every year in the Indian market = 4000. Assuming 50% do not set up their offices and might need other facilities.

Step 5: Average employees in these firms = 1000. Out of these approximately 40% of the seats will be co-working seats giving us 8,00,000 seats

Average assumed Revenue per seat = Rs. 120,000 per year

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CO-WORKING SPACES *(Continued)*

Total Market Value = Rs. 3400 crores approx.

This seems like a decent number, but you have forgotten to consider the freelancers who work from co-working and the companies exiting the market which is also very significant. Anyway, let's proceed. Can you give me a brief list of the major Cost and Revenue Headers for a Co-working space in India.

Sure.

MAJOR COSTS	MAJOR REVENUES
Rent	Membership Fees
Staffing	Event Fees
Utilities	Value Added Services
Furniture and Equipment	Food and Beverage Sales
Software	Meeting Room Rentals
Licenses and Permits	Seat Rentals

That seems like quite a comprehensive list. Let's proceed to one last aspect of the case. Even if the venture seems profitable, what is an inherent risk that a company is most likely to face in this industry.

A major risk might be the difference in lease terms on the suppliers and the customers side which might leave the properties idle for a long time which is counterproductive in this industry.

Thank you. We can close the case here.

INTERVIEWEE NOTES

- Exploring another way to size the Co-Working Market size through the population metric can help triangulate the exact number.
- Exploring synergies of the client in the market sizing as they already have some investments in the Real Estate space might also be a valuable addition to the case.
- Comparing the situational company to a real similar company in the market might be helpful in clearing a few assumptions and making the prediction more precise as a whole.
- Keeping in mind the various segments utilizing the Coworking spaces like freelancers (missed by the interviewee in this case) will help make the structure more comprehensive and accurate.
- Factoring in the various companies exiting the market is also an important aspect of the case which was missed by the interviewee.
- Understanding the nuances of the industry and the business model is crucial in solving the case effectively and the suggestions to be given to the acquirer.

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UNCONVENTIONAL CASES

Scoping Questions / Preliminary Questions

Understand the situation	Objective	Constraints
• What are the events that happened in the past • How did the situation arise • What were the alternatives to this situation	• What is the final objective of the problem ? • What else is needed from the consultant ?	• What are the limitations which are to be taken care of while developing solutions

Convert the problem into a MECE structure

Sample Case : *You wake up in the middle of a lonely island and have no memory of how you reached there. You need to find a way to reach home, what would you do?*

- In the above example the situation given has majorly two problems at hand which are MECE with each other
- This can be broken down into two things that is *1. Survival* and *2. A way to reach home*
- Other examples of not the best breaking of this problem would be 1. food 2. travel 3. water, etc. this introduces redundancy in the case

First Principle Thinking

- Work on your first instincts about each problem
- Do not complicate things by overthinking it, figure simple and basic solution to each leg of the problem

Survival	A way to reach home
• Food – Figure out eatable plants or meat on the island • Shelter – Observe the safe areas on the island and create a shelter • Clothing – Use available fabric/ other materials to cover yourself	• Land – This is not a viable option since its an island • Water – This is the most convenient option, find a boat • Air – if you have a SOS service to call an air rescue, do that

Key Notes

Pitfalls to be avoided	Interview Tips
• Do not loose the MECE structure in the process • Avoid landing up in convoluted arguments • Avoid rushing to the solution	• Ask sufficient questions to understand the problem better • Put yourself in the problem • Stay grounded and use first principle thinking

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BANK SERVICE STRATEGY

Your client is a bank who want you to help them design their service strategy. How would you approach this problem?

I would like to ask a few preliminary questions to understand the bank better. Is it a public sector or private sector bank ? Where is it located?

The bank is a private sector commercial bank. They operate in Tier 1, Tier 2 & Tier 3 cities. You can ignore their rural presence.

Can you tell me more about our customer portfolio and if it varies across the city tiers? Is digital or branch network the major channel for the bank?

The bank caters to a wide variety of customers. In tier 1 city the major customer segment are Gen-Z customers, tier 2 & tier 3 cater to retired professionals as well as MSMEs. Branch is the main channel for the bank.

I assume that the bank's product is concentrated on retail products like CASA accounts, term deposits, loans and mortgage. Is it a fair assumption?

Yes it's a fairly accurate assumption. You can ignore mortgage products for this analysis.

I would like to develop the service strategy in three phases. Phase 1 would entail an assessment of the current service strategy of the bank, next I would look to benchmark the bank's current service strategy to competition and in phase 3 I would look to prioritize and address the gaps in the service strategy from a customer journey lens.

This seems like a comprehensive approach. Let's say Phase 1 & 2 are completed. Could you delve deeper into phase 3 and highlight on some of the factors that the bank look into.

I'm looking at the customer journey in 3 parts: pre-service, during service and post-service. In the pre-service process the bank should focus on identifying the need better to target the right set of customers and design targeted campaigns. Onboarding processes can be improved in terms of ease of process, home visits & proximity of branches to the customers.

The bank should focus on improving the service offered on 3 fronts: people, process and technology in the during service phase.

Sounds interesting! Could you elaborate more on the people, process and technology aspect?

Sure,
People: Have dedicated RMs for customers, have regular trainings to improve customer interactions and reduce mis-selling risk.
Processes: Bank can explore the option of home banking for their retiree customer base, provide omnichannel experience on its products & offerings, benchmark their services to competition.
Technology: Improve their existing digital infrastructure to hasten the onboarding process.

What are some of the factors which the bank should focus on in post-service?

Post-service factors is an important phase to improve customer experience and reduce their churn. The bank should actively look at reducing TAT for customer complaints and improve the quality of resolution for customer complaints.

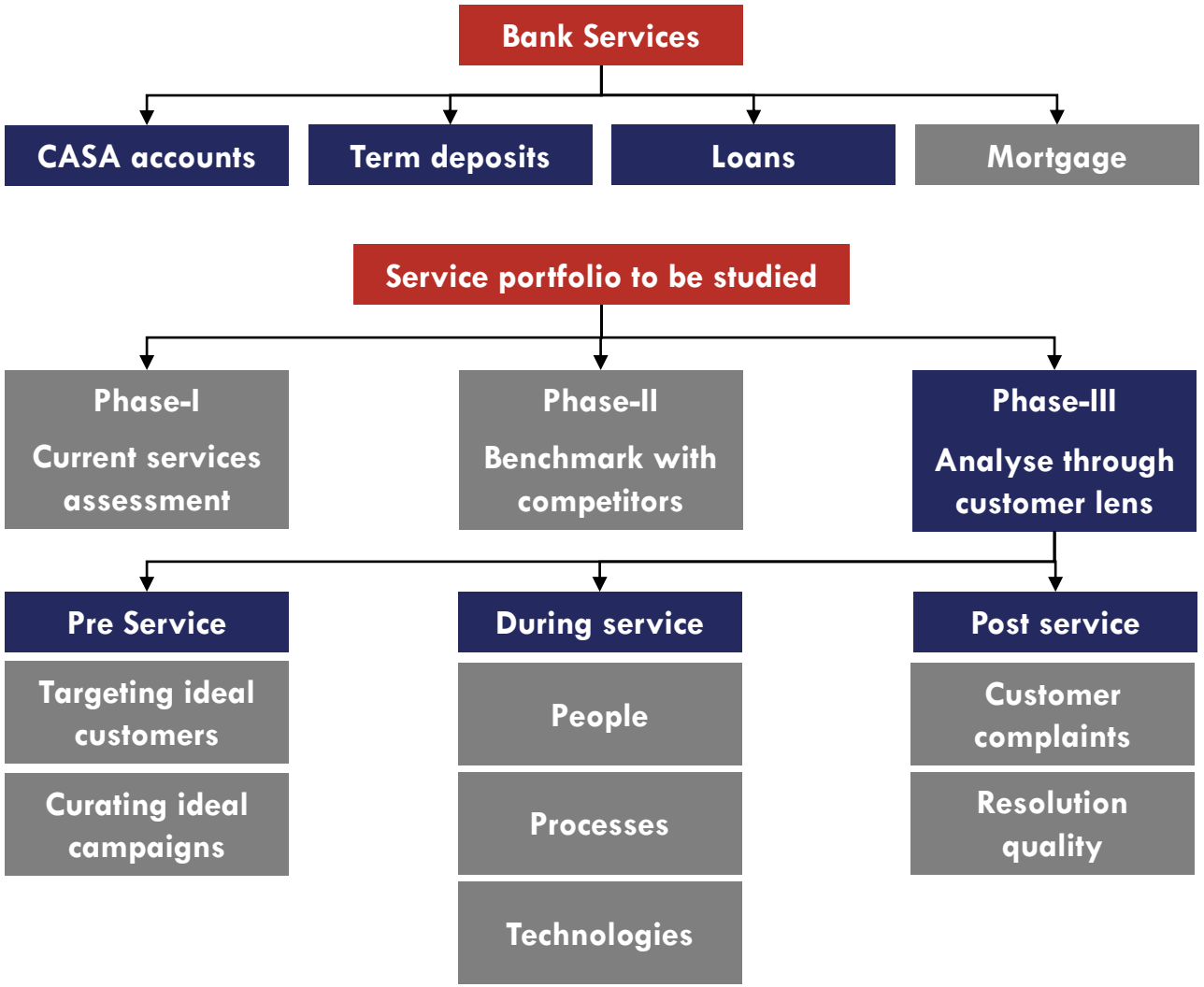
The bank should look to form a strong relationship with their customers by offering customized products & services as per need, be cognizant of the customers preferred mode of communication, monitoring expenses & sending reminders for payments among other initiatives which enable them to be in regular touch with customers.

Good discussion, we can close this case now.

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BANK SERVICE STRATEGY

MECE STRUCTURE



INTERVIEWEE NOTES

- The interviewee could improve the strategy by suggesting more nuanced customer segmentation. It's mentioned that the bank caters to Gen-Z, retirees, and MSMEs; however, the approach could detail how service offerings could be tailored for each segment's unique needs.
- A stronger emphasis on digital banking trends and how they impact customer expectations in each segment would be beneficial. This should cover mobile banking, internet banking, and the use of AI in customer service.
- Customer profiling and importance should have been discussed. How much of the business is coming from which segment. Relative to that recommendations could have been given.

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BUDDY CONNECTIVITY ISSUE

Whenever your McKinsey buddy calls you, your call always drops. Even the audio becomes unclear at times. You need to figure out what is happening.

I would like to know if this issue persists when our buddy calls other people as well or is it specific to calls with me? Also, do I experience this issue while calling other people?

The call drops happen only when the buddy calls you, not with anyone else. You don't face the issue with anyone else either but the buddy.

Interesting. May I know for how long has this issue been prevailing? Also, what is the geographical location of me and my buddy?

Both of you are located in Mumbai. The issue exists since the last 2 weeks i.e. since the time your buddy got assigned to you.

May I know if the call is a regular call or a VoIP call? And does my buddy call me at a specific time in the day/night, or is it random?

It's a regular call. Your buddy calls you only in the night after he is returning from office. You can now start with your analysis.

Sure.
We can break down call drop issue as:
1) Internal (factors within the control of the buddy/me)
2) External (factors beyond the control of both)
Further we can break down Internal factors into:
1) Mobile handset issue
2) Headphone issue (if applicable)
3) Location issue
4) Others
We can break down external issues into:
1) Issues with telecom operator
2) Service disruption due to other factors

Since it's an issue between just me and my buddy, and no one else, I am assuming that it's an internal issue. Is that a fair assumption?

Yes it's fair. Go ahead.

Do we know if it's either of the 4 issues mentioned above?

The issue is with the location of the buddy at the time of the call.

Okay. You mentioned that my buddy calls me at a specific time i.e. while returning from the office. May I know how is my buddy commuting back to his home? And is the route constant or changing daily?

Your buddy takes the office cab to his home. The distance is roughly 8km, and the route remains constant.

Got it. Since the buddy's location is constantly changing, I would like to take a look at the journey of the buddy to identify the specific location causing the issue. Is that okay?

Yes. Fair enough.

Split the buddy's journey into 3 parts:
1. Pre boarding the cab
2. During the journey in the cab
3. Post deboarding the cab
Do we know where the issue lies?

The call drop happens during the journey back home. What do you think is happening?

I am hypothesising that the cab is passing through a region that has no cellular reception, possibly something like an underbridge.

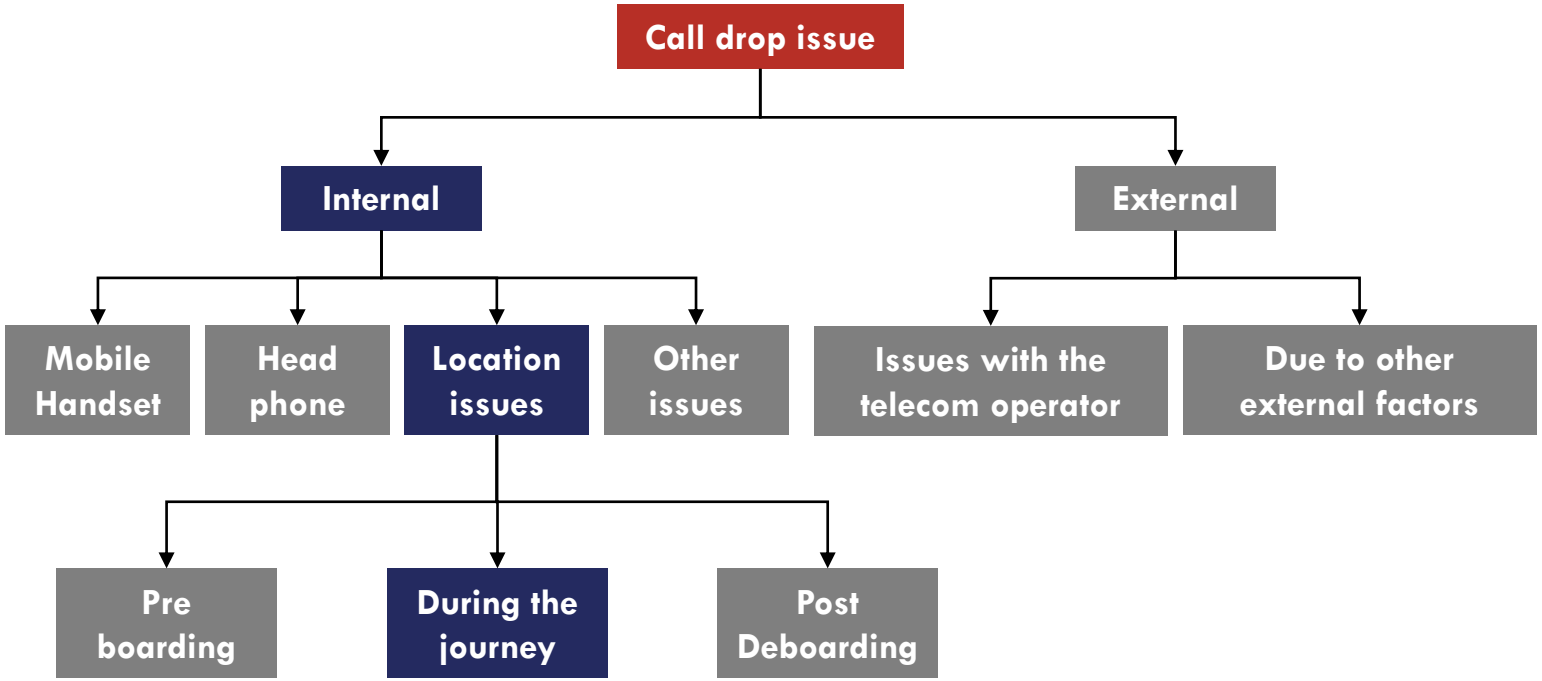
That's right. The cab is actually passing an R&D centre midway through the route, which has a very high magnetic field in its vicinity that is causing a disruption in cellular network, thus causing the call drop. Can you come up with some short-term recommendations to the buddy for the same?

Sure.
1.Request the cab driver to take an alternate route.
2.Schedule the call post reaching home.
3.Alert concerned authorities about the cellular disruption due to R&D, so that they can take remedial actions

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BUDDY CONNECTIVITY ISSUE

MECE STRUCTURE



INTERVIEWEE NOTES

- The candidate was correctly able to identify that it was an internal issue as it was only being faced by only the two parties. This shows awareness and significantly narrows down the scope of the solution.
- The first bucketing of Internal and External factors is crucial in cracking the case and providing a detailed first split for the case.
- Always try to branch the first level into two or three components only for easy understanding and comprehensive structure later on.
- Looking at the Customer journey perspective of things whenever possible helps in detailed MECE structuring at that particular branch.
- Separation of the final suggestions into 2 distinct categories helps in continuing the branched structure.

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STEEL MANUFACTURER

Your client is a steel manufacturer; we need to help them improve their performance using Analytical Tools.

Repeated understanding the question, "what is meant by performance in this case and what products do we manufacture?"

The overall throughput and just manufacturing of steel pipes and sheets. No scoping questions, please give me your ideas.

We can either improve the quality of the produce or reduce costs to do the same. Give a couple of seconds to formulate my structure.

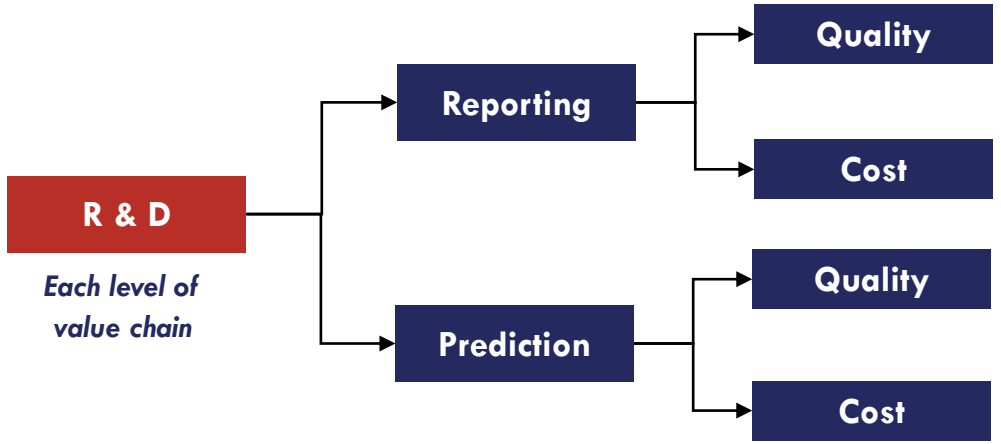
Sure go ahead.

First, I'd like to analyze the value chain in the following ways; raw material, inbound log, manufacturing, out bound log, warehousing, distribution, post distribution requirement. At each level I'd focus on reporting and prediction of quality and costs. Would you want me to focus on something particular?

Focus on both.

Reporting:

1. Raw Material – Quality and quantity of ore and other metals: Determine the level of iron oxide, copper, zinc etc in the produce to categories the quality of ore and negotiate further contracts(costs).
2. Logistics/Distribution – Asses using metrics like OTIF, ORDD, capacity utilisation of transport, damage% etc.
3. Manufacturing – Report machine performance by analysing human intervention, general throughput, QA and cost efficiency.
4. Warehousing – environmental analysis (moisture to minimise erosion), space utilisation metric and Inventory management. Tools used would be sensors and RFIDs at each level to measure the required KPIs, reporting tools like power BI and tableau to give granular view from raw materials to final product keeping financials in line.



Prediction: Quality –

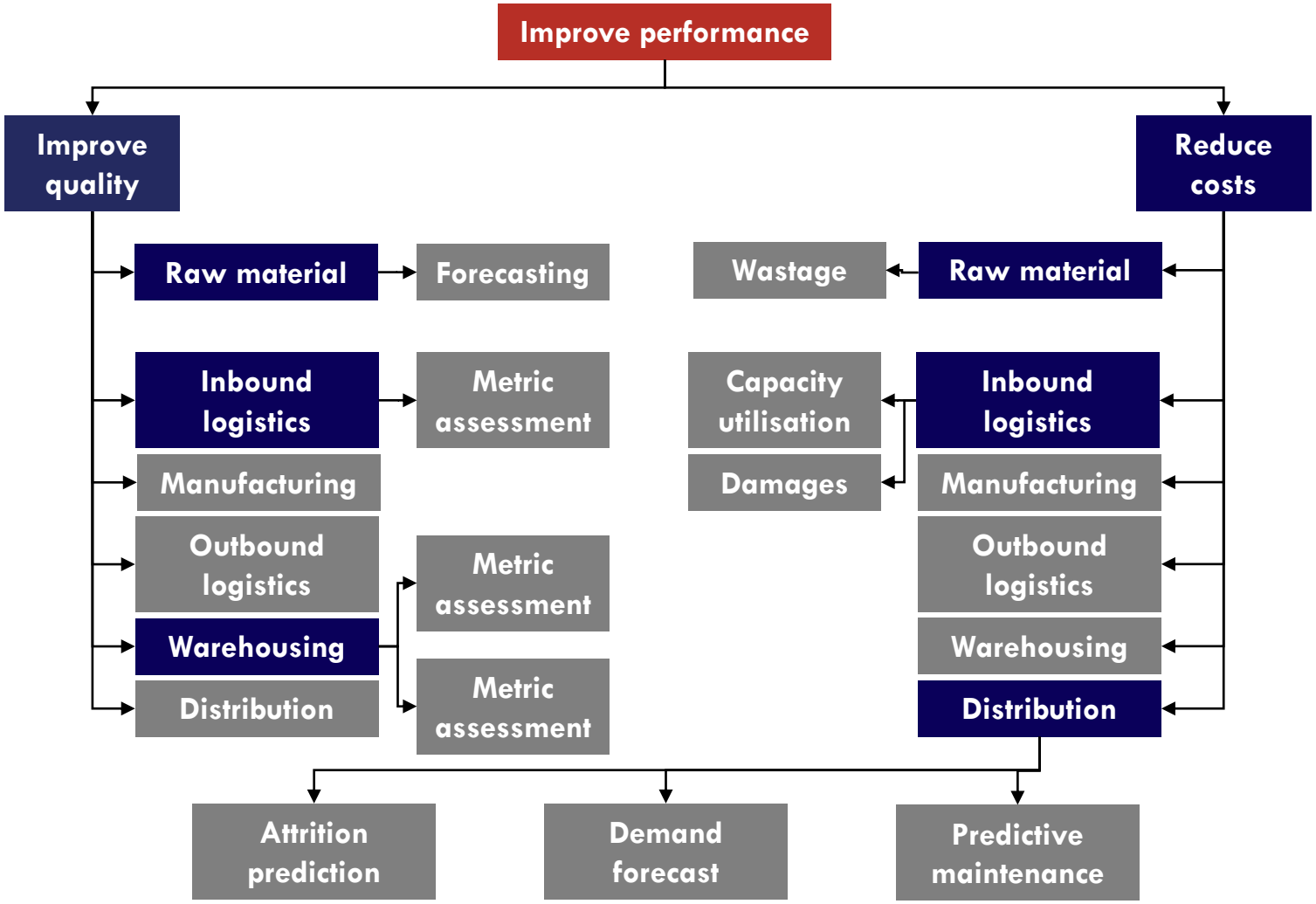
1. Forecasting quality of ore
2. Machine throughput predictor (once it has heat emissions of a threshold value, there performance will decline, hence determining ideal working time for the machine.)
3. Delivery forecasting Costs –
    1. Employee attrition prediction (white and blue)
    2. Demand forecast at each level of the value chain.
    3. Predictive Maintenance Analytics

Ok, this is good.

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STEEL MANUFACTURER

MECE STRUCTURE



INTERVIEWEE NOTES

- Classifying the various processes involved in the process as upstream and downstream indicates industry knowledge.
- Evaluating the crucial supply chain aspect of steel production might fetch some additional brownie points from the interviewer.
- Usage of methods like Six Sigma, Total Quality Management, etc can be crucial suggestions for improving the quality of the process.
- The value chain analysis of the steel production process can be done more comprehensively involving the various aspects of the entire chain.
- Since the interviewer has rejected any kind of scoping for the case, certain assumptions can be assumed which can make the analysis more comprehensive.

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ESPN BOOSTING VIEWERSHIP

ESPN India wants to boost their viewership in hockey premier league?

What is their current consumer base? Split between the sports?

We have 3 major sports where the viewership for football and cricket is 80%, 10% for hockey and rest to miscellaneous sports.

Do we have a numerical objective? The no. of viewers and by when?

No, not really.

What is the current competitive landscape? What is our current market share?

We have exclusive rights to broadcast the league.

Are we streaming only in India or anywhere else? What platforms are we streaming on?

Just India. OTT and TV.

Have we done this for any other sport? Something to benchmark against?

Yes, but they didn't work very well.

Which platform are we streaming on?

Both OTTs and cable.

Alright, Thank you. To increase the viewership, I'd first want to categorize our potential consumers into 2 buckets.

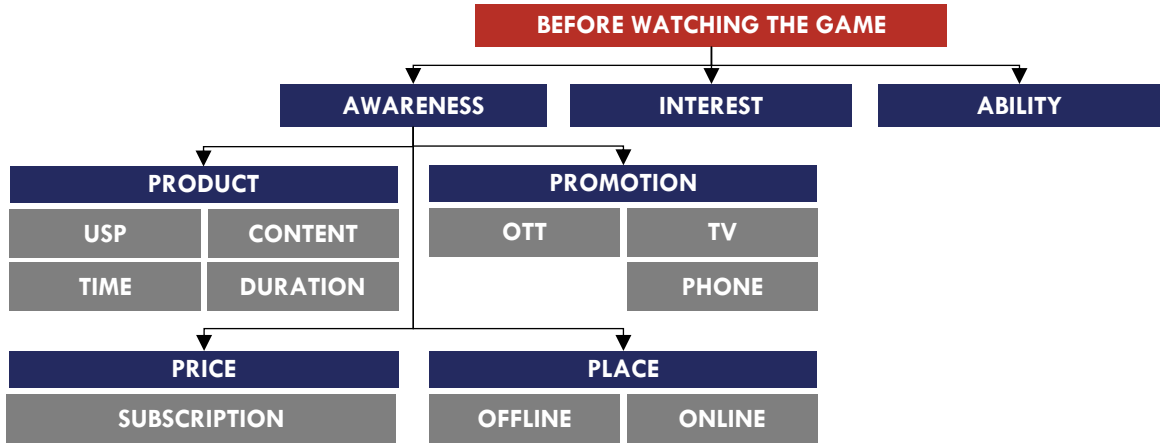
1. Capturing all hockey enthusiasts.
2. Capturing sports enthusiasts and increase awareness about hockey premier league.

Fair enough. Dive into capturing the hockey enthusiasts.

To do so, I'd want to go through the customer journey. Diving it into 3 phases.

1. Before watching the game
2. While watching the game
3. After watching the game

Dive into awareness.



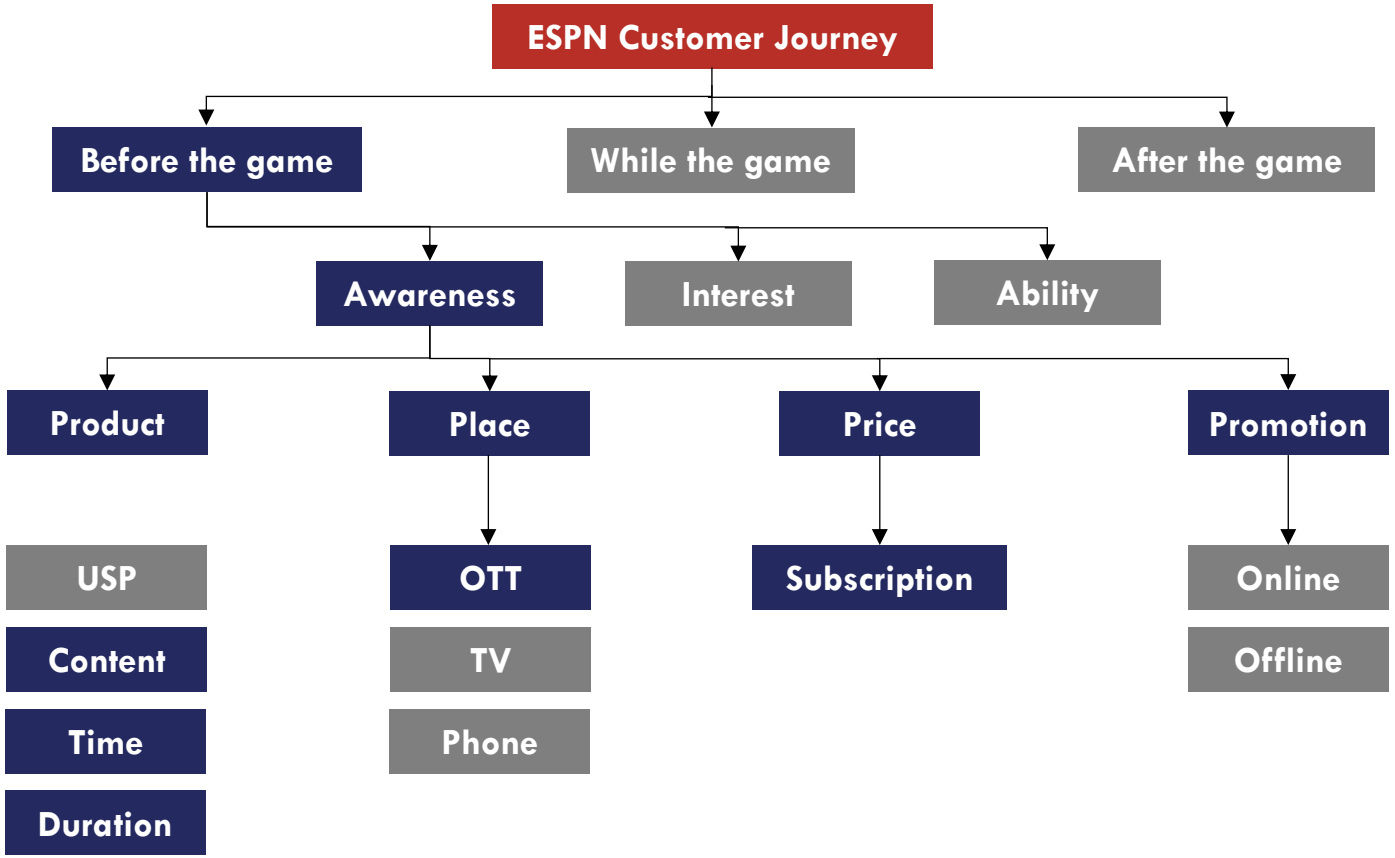
USP: Currently the USP is that we are the exclusive broadcaster of the league. All hockey fanatics will automatically resort to our channel.
Content: Examine the ratio between the content and advertisements. Hypothesis: The ratio is too high.
Duration: How long is the match? Hypothesis: Hockey is too long for the consumer to enjoy.
Time: When is it being streamed? Hypothesis: Streaming time is inconvenient.
Place: Streamed on OTT and Television. Hypothesis: Lack in awareness about OTT presence.
Price: Hypothesis: Subscription Price point is too high.
Promotion: Offline channels include, Billboard, newspaper advertisements etc. Online include advisements, social media marketing campaigns etc.

Your hypothesis is correct. The streaming time is between 9:00am to 5:00pm when the ideal consumers are at work.

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ESPN BOOSTING VIEWERSHIP

MECE STRUCTURE



INTERVIEWEE NOTES

- Examining the additional aspects of acquiring customers like USP, Content and Time along with 4P's was a good approach for interviewer buy-in.
- Improving the view time of the already existing userbase would also have been useful in exploring new avenues and increasing view time of the channel.
- Exploring the Time aspect further which is the main cause of limited viewership would be more beneficial to the case.
- Using the 3CPO (Company, Competitor, Context, Product, Objective) scoping technique would have given a holistic initial understanding of the problem.
- The initial bifurcation can be better framed as 1. Acquiring new customers and 2. Increasing the viewing time of the existing user base.
- Acquiring new customers can be analysed using the 4A framework.

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TEA STALL NEAR BITSoM

There is a tea stall near BITSoM that has been there since last 20 years. Following are a few more details about the tea stall:
Days of operation: 25 days/month
Operational hours: 8am – 8pm
Revenue per month: ₹ 20,000
Cost per month: ₹10,000

Assume that you are a regular customer at this stall. Since it is an illegal stall, the Dean of BITSoM has sent an eviction notice to the stall owner. Additionally, Starkbucks has reached out to BITSoM to set up a kiosk inside BITSoM's Hiranandani campus and would pay a rent of ₹10,000/month. However, if the tea stall would be willing to pay a rent of ₹10,000/month to setup a stall inside the campus, then the Dean may give the tea stall owner a shot. While this seems great, the stall owner's profit would vanish by paying the rent. Now, since you are a loyal customer of the stall, the owner has reached out to you give him recommendations around what he should do in this scenario.

This is interesting. So, our client is a tea stall owner who has an illegal setup and thus has been served an eviction notice. There are two items served at the stall and the owner earns a profit of ₹10,000/month. The client has an option to set up a kiosk inside the campus in a legal manner, but that would take away all the profit owing to the extra rent required to be paid. We have been tasked with help the tea stall owner figure out what to do.
Before I delve deeper into the problem statement, I would like to understand a bit more about the teal stall, the customers, the competitors on the following fronts:

1. What are the items served at the tea stall?
2. What kind of customers segments does the tea stall serve?
3. How does the competitive landscape look like?

The details for the questions asked are as follows:

1. Items served: Tea - ₹50 & Sandwich - ₹50
2. Customers segments: White-collar workers & Students
3. There are a few stalls outside the boundary of Hiranandani Knowledge Park. They have their own loyal customer base

Great. Thanks for sharing the details! Since I would like to look at the problem from two perspectives.

1. **Financial Enablers**: Sources of funds to enable growth
2. **Operational Enablers:** Revenue and Cost Levers

Would you like me to evaluate a particular perspective, or evaluate both in a sequential manner?

The two perspectives seem fair. Let's evaluate Revenue under operational enablers.

Alright. I would like to split revenue as ***Revenue per customer*** * ***No. of Customers***. Revenue per customer can be further split as ***Revenue per Transaction**** ***No. of Transactions***. Additionally, No. of Customers can be assessed by computing the market size and thus understanding what kind of market share the tea stall currently hold.

Seems fair. How many units of both tea and sandwich is the tea stall owner selling each day? What would be the market size for the tea stall if a kiosk were to be set inside the BITSoM campus?

Given that the tea stall is operational on 25 days in a month with ₹20,000/month revenue, the revenue per day is ₹800/day. With tea and sandwich being sold at ₹50 each, the number of units of tea and sandwich sold each day come out to be 8 each assuming that equal number of units are sold for both.

Now, to compute the market size, since the kiosk will be inside the BITSoM campus, I am assuming that most of the customers will be from BITSoM. This stems from the assumptions that the people visiting from other offices and business schools may not come because they would be asked to a make a guest pass each time someone from outside tries to go the tea kiosk

This assumption seems fair. Go ahead.

BITSoM has three sets of people (i.e. students, admin staff, housekeeping staff). There are a total of around 300 students across two years, 30 admin staff, and 15 housekeeping staff. This gives a market size of 345 people. With a bare minimum of 10% conversion rate, the number of ~35 customers each day indicates that the kiosk may be able to generate sufficient revenue to sustain.

Alright, how would you go about the Revenue per Customer?

Under Revenue per Customer, I would first look at Revenue per Transaction, which can be increased by increasing prices, bundling of products, wide range of payment options etc. And the No. of Transactions can be increased by offering better accessibility, wider range of product offerings etc. Would you like me to delve deeper into the above points?

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TEA STALL NEAR BITSoM (Continued)

No, I can get a sense of what you are looking at. This seems fair enough. Let's say that the tea stall owner decided to increase the price of both tea and sandwich by ₹10, so the revenue has increased sufficiently to make up for the rent in addition to making a profit of ₹10,000/month.

Now, what are the areas in which you foresee the costs to go up?

The costs would go up on the following fronts:
1. **Fixed costs** - Rent (Which was earlier not applicable), Labour cost, Cost of Capital (Interest on loan)
2. **Variable costs** - COGS (Since a greater number of units of tea and sandwich would be sold), Utilities cost

Would you like me to delve deeper into any of these costs?

No, this seems fine. Given the above analysis, would you recommend the tea stall owner to set up a kiosk inside the BITSoM campus?

I would advise the client to set up a kiosk inside the BITSoM campus because of the following reasons:
1. The market size is higher than the current serving rate while there is no/low risk from competitors
2. The customers belong to the premium segment and thus willingness to pay would be high
3. Since the kiosk would be inside the campus, improvement in accessibility to the people at BITSoM would increase the frequency of visit

Fair enough. Would your answer change if Starbucks offers to pay a rent of ₹1,00,000/month?

I would still recommend my client to setup a kiosk while implementing the following recommendations:

Short-term

Hire more people in his team to be able to serve a greater number of customers
Increase the range of offering from the current range of just two items
Deliver orders to people from other offices and colleges in the same building

Long-term

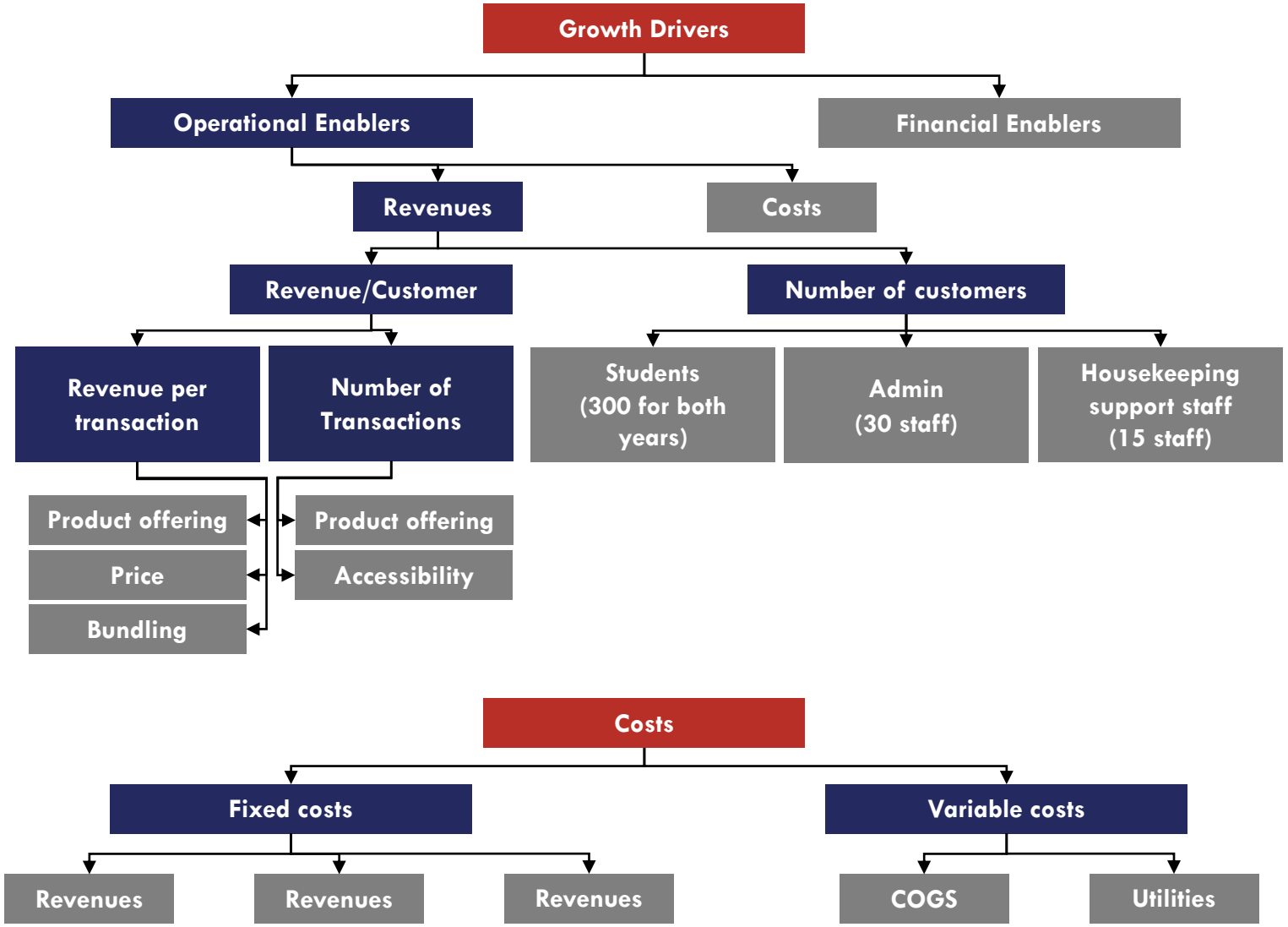
Create a brand for the tea kiosk venture and then partner with other colleges and offices to setup kiosks
Get listed on food delivery apps to cater to a bigger customer base than being currently served

This looks good! We can close the case here.

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TEA STALL NEAR BITSoM

MECE STRUCTURE



INTERVIEWEE NOTES

- Proposing suggestions which will enable to increase the overall TAM (like chocolates, etc.) for the stall could also have been explored.
- Triangulating the Market Size both from the Supply and Demand side can be explored to arrive at a more accurate and validated answer for the market sizing problem.
- Following the complete 3CPO framework of scoping would be ideal.
- Additional aspects like Market Size and Risks could also have been added to the initial structuring along with Financial and Structural Enablers to arrive at a more holistic evaluation of the opportunity.
- Increasing operational efficiency instead of hiring more people is a better short-term suggestion for this business case.

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TEXTILE BUSINESS OWNER

Your client is a second-generation textile business owner. The business is old and is not making money. What would you advise the client?

This is interesting. So, our client is a second-generation owner of textile business which is not doing well and wants our advice on his business.

That's right. How would you approach the problem?

Before I delve deeper into the problem, I would like to understand a bit more about our client. I would like to understand the following details:

1. What is the objective of our client?
2. What are the different types of textile products sold by our client?
3. Who are the customers and what are their segments?
4. How does the competitive landscape look like? Are the competitors also in a bad shape like our client?
5. How is the industry doing?

Forget about all the above questions. Why don't you go ahead and walk me through how you would analyse the problem?

Alright. I would conduct the analysis in the following manner:

1. Look at the revenue share of different product types and focus on 20% of the product types which contribute to 80% of the revenue.
2. Then, analyse the market share of the client's products in their respective sub-markets to figure out where the client is lagging.
3. Then, analyse the costs of the client by analysing the value chain.
4. Finally, explore growth opportunities

This approach looks good. What would you analyse under value chain?

The value chain can be split into 3 parts (i.e. pre-manufacturing, manufacturing, post-manufacturing).

Under pre-manufacturing, I would analyse the R&D capabilities (latest trends), Funding, Raw materials and their procurement, Inbound logistics, Quality check and storage of raw materials, and Pre-processing of the raw materials.

Under manufacturing, I would analyse the Machinery (efficiency, capacity utilization, downtime), Labour, Utilities, Wastages, Quality check, and Packaging.

Under post-manufacturing, I would analyse the Storage of produce, Distribution, Marketing, Customer support, and Reverse logistics

This is extensive. What would you look under market share?

I would analyse the market share of our client by studying the historical market share of our client and the competitors to understand how our client has fared over the years, and thus pinpoint the point of time from when the downfall started.

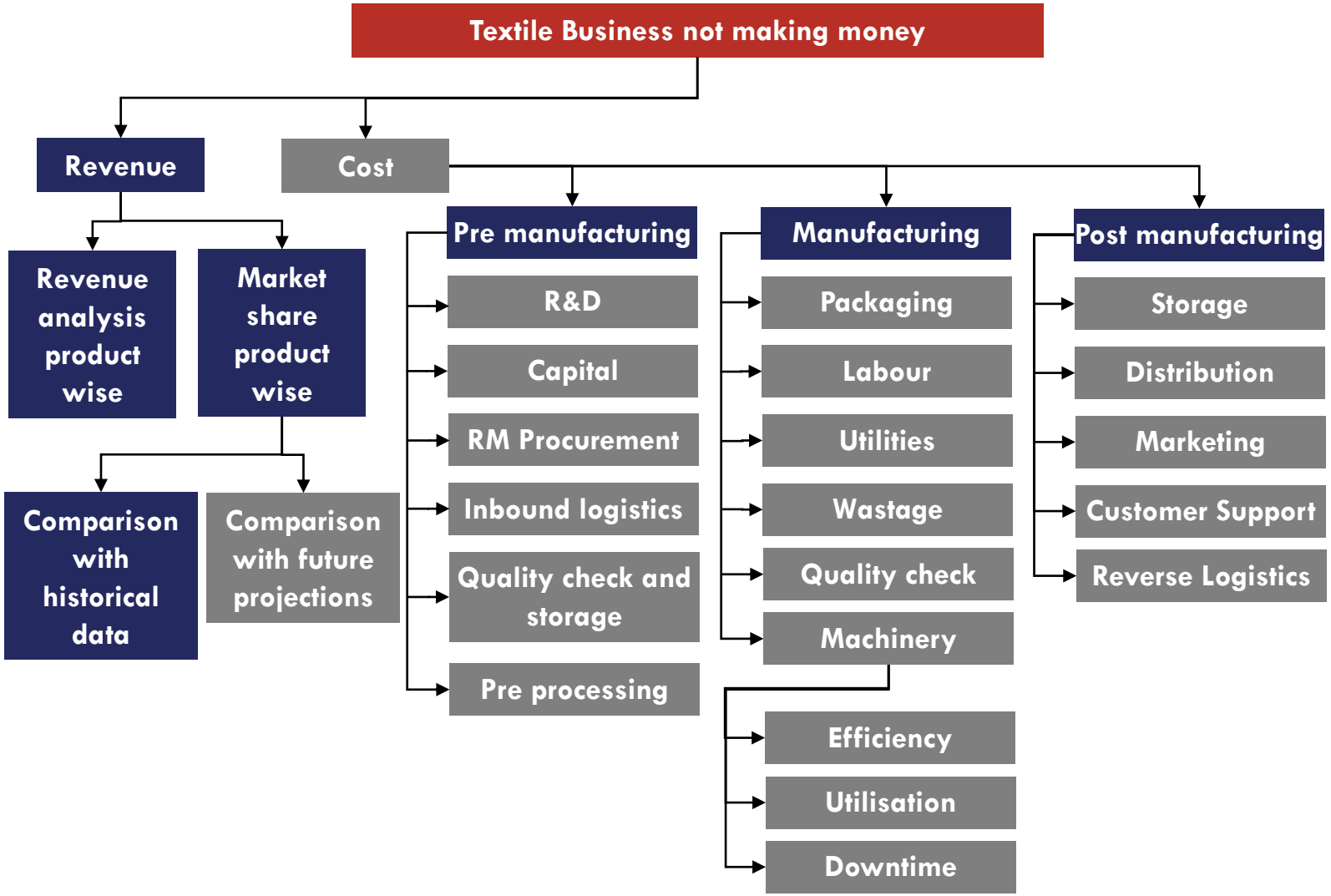
Additionally, it would be important to understand the growth rate of the industry and compare the same with that of the client to understand how our client has performed with reference to the competitors

Got it. Your analysis was good. We can close the case now. Thanks!

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TEXTILE BUSINESS OWNER

MECE STRUCTURE



INTERVIEWEE NOTES

- Good number of initial questions about company and problem is provided.
- In a chat or discussion-based case scenario like this, it's essential to keep the conversation flowing and grab the interviewer's interest. To add more depth to our analysis, we can explore some less obvious perspectives.
- For example, when looking at market share, we could further drill down and take a closer look at the brand perception, distribution, pricing strategies, customer segments, current fashion trends might give us ideas on how to make more money and grab a bigger share of the market. And, when we're thinking about costs, we could check out how going digital could help us save money.

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Your client is a bank robber. He wants to plan a rob a bank in Delhi. Since the robber has not robbed a bank in Delhi before, he has asked you to help him plan the robbery.

This is interesting! So, our client is a bank robber, who wants to rob a bank in Delhi and has sought our assistance in planning the same. Before I delve deeper into the problem at hand, I would like to understand a bit more about the client and the bank that the robber is planning to rob.

But, before I do that, I would like to clarify that this is a hypothetical scenario and McKinsey would not engage with a such client to undertake an illegal activity in real life

Thanks for clarifying that! You can go ahead with asking which details you would like to understand.

Great! I would like to understand the following aspect about the problem at hand:

1. What is the track record of robber?
2. How is a successful robbery defined?
3. Where in Delhi is the robbery going to be undertaken?
4. Can you share some details about the building in which the robbery will be undertaken?
5. What all does the robber plan to rob?

These are some good questions. The answers to these questions are as follows:

1. The client is a seasoned robber. He has executed ~30 successful bank robberies
2. A successful robbery is one in which the robber gets the targeted loot without getting caught by the law enforcement
3. The robbery will take place at a bank in Connaught Place
4. The target bank is a standalone 3-storey building
5. Cash and Jewellery

Thanks for sharing the info! To help the robber plan the robbery, I would look undertake the planning in three phases i.e. Planning, Execution, and Getaway + Risks. Does this structure seem fine, or should I explore some other way to go about the problem?

This seems like a fair way to go about the planning.

Under the planning phase, I would look at the following aspects:

1. Hiring of a skilled skrew.
2. Surveillance of the bank to understand the processes followed by the bank officials.
3. Practice on a dummy setup
4. Procurement of equipment and weapons

How would you structure the crew? Define the roles of all the crew members.

I would hire the follow types of people in the crew:

1. Combat personnel (Will handle the bank officials and bank customers, carry some part of the loot, operate weapons in case of emergency etc.)
2. Hacker (Will take care of hacking into the security system of the bank, hack the vault's locking mechanism, carry some part of the loot etc.)
3. Blacksmith (Will take care of cutting through metallic structure, breaking any structure, carry some part of the loot etc.)
4. Driver (Wil ensure that the crew is safely transported to the meeting point)

How many people will you hire under each category?

To compute that, I would like to understand the total weight of the loot and the capability of each crew member to carry weight

The total weight of the loot will be 20kgs (10kgs cash and 10kgs jewellery). Additionally, each crew member can carry 5kgs.

I am assuming that the crew will have to carry some equipment and weapons for the robbery and would have to carry them back along with the loot to not leave in evidence at the bank. Suppose the equipment and weapons would weigh 20kgs. This means that we will need 8 (i.e. 40kgs/5kgs) crew members apart from the driver who won't be entering the bank as he would stay ready in the car to drive away at the earliest.

Thus, we will need 4 combat personnel, 2 hackers, and 2 blacksmiths. Additionally, we will need 2 drivers to help get away with the loot and reach at the rendezvous point safely

This looks good. What about the planning to execute the robbery?

During the robbery, we will plan around managing people, process, and technology.
Under people, we will plan around the following aspects

1. Security team of the bank
2. Bank customers present during the robbery
3. Law enforcement agencies
4. Crew executing the robbery

Under process, we will plan around the following aspects:

1. Operating the weapons
2. Cutting open the safe/vault
3. Hacking into the security system
4. Ensuring precise coordination amongst the crew members
5. Managing the different stakeholders (security team, bank customers, law enforcement agency etc.) involved in any manner

Under technology, we will plan around the following aspects:

1. Weapons to be used for combat
2. Software to be used for hacking
3. Cutting tools to be used to cut the vault open
4. Getaway vehicle
5. Security system in the bank

You have extensively covered the anticipated aspects to be analysed during the robbery. What about the getaway phase and its risks?

During the getaway, it would be critical to ensure the following aspects:

1. Not engaging in combat until it's necessary
2. Clearing all the possible sources of proofs related to the crew
3. The getaway vehicle should be ready, and the driver should be stern to handle a wide range of obstructions during the drive
4. The crew and the loot should be split into two teams during getaways in two different vehicles to confuse the law enforcement agencies while minimizing the risk of getting caught

Certain risks which I can foresee are as follows:

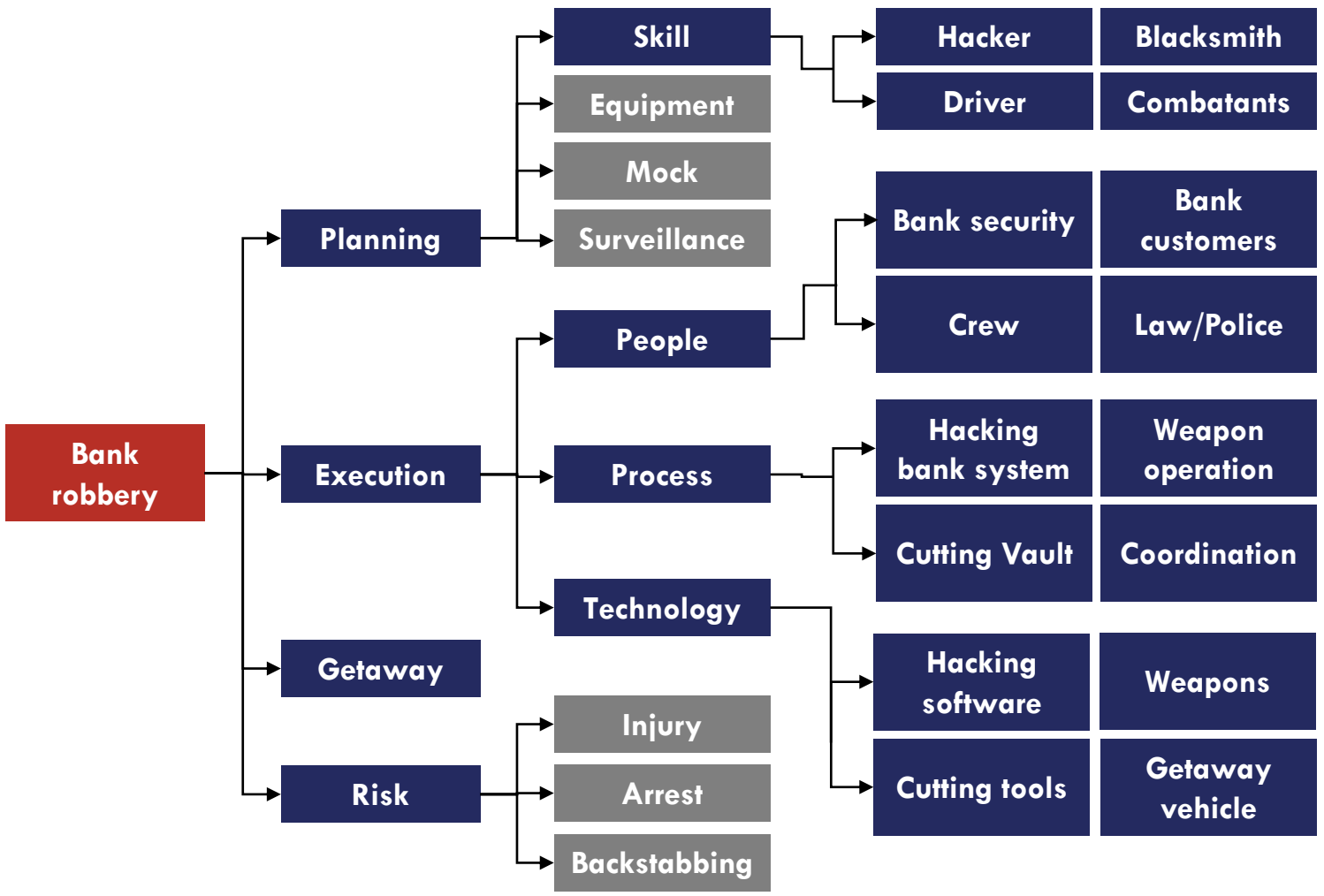
1. Some crew members can get injured during combat with the bank's security team or law enforcement agencies
2. Some crew members can get caught in the process
3. Some crew members can also think about taking away the loot to some other place and get away without sharing
4. The law enforcement agencies may set bounties and nationwide alerts for the crew members, restricting their movement after the robbery

Interesting. I think that you have covered all the aspects which could potentially impact the robbery. This was nicely done! We can close the case now.

Thank you.

BANK ROBBER

MECE STRUCTURE



INTERVIEWEE NOTES

- Repetition of topics in analysis and hence, the structure is not mutually exhaustive. For example, gateway vehicle is present in execution bucket whereas a separate bucket on gateway is mentioned.
- Good approach and good number of initial questions that made the problem statement clearly defined and bounded.

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Your client is a hospital in the USA. They have been witnessing a decline in NPS. Diagnose the reasons for the same and give recommendations.

This is an interesting problem. I would like to understand a bit more about the following:

1. What do you mean by NPS? How is it recorded? When is it recorded?
2. Since when has the client been facing a decline in NPS?
3. What kind of a hospital does the client have and kind of patients does it deal with?
4. Who are the competitors and are they also facing a similar issue?

Following are the requested details:

1. Hospitals get ratings on the scale of 1-10 from their customers. People giving any rating between 1 and 6 are called Detractors, the ones giving 9 and 10 are called Promoters, and the rest are Neutral customers. NPS is defined as %Promoters - %Detractors. The rest of the details are not relevant to the case.
2. Last 1 year.
3. Private hospital with Orthopaedic speciality.
4. The competitors are other private hospitals in the same segment, and they aren't facing this issue.

Thanks for sharing the above information! I believe that we can figure out the root cause of the fall in NPS by understanding how the patient experience has gone down by analysing their journey in the system.

Fair enough. Go ahead with this approach.

Just for clarification, can you let me know if the experience has gone down for the patients, for the people accompanying the patients, or for both?

The experience has gone down for the patients.

Alright. A patients' journey in the hospital can be analysed under the following three parts:

1. ***Pre-surgery*** (Registration, initial payment, waiting, check-up before surgery, preparation for the surgery)
2. ***During surgery***
3. ***Post-surgery*** (ICU experience, final billing, follow-up/check-up)

Which part of the journey would you want me to explore?

Let's explore the post-surgery part, specifically, the ICU experience.

Thanks for clarifying! Under the ICU experience, I would like to analyse the people, process, and the technology involved. Under people, I will explore any issues with the medical staff (Doctors, Nurses, etc) and non-medical staff (Housekeeping team etc.). Under process, I will explore any issues with the food, medicine, cleanliness, etc. And under technology, I will explore any issues with any medical equipment (Ventilators, Defibrillator, etc.) and non-medical equipment (Air conditioners, Humidifier, Air Purifier, etc.)

That's an extensive analysis. Let's explore the issues which could come up with respect to the doctors as they are unable to give sufficient time to each patient.

I would like to state the following hypotheses for the doctors being unable to give sufficient time to each patient:

1. The number of patients may have gone up per doctor
2. The doctors may have been busy with some other medical or non-medical tasks

The number of patients per doctor have remained the same. How would you analyse the time spent by doctors in some other activities?

Alright. So, the doctors may be busy with medical tasks such as:

1. Conducting more training sessions/classes for their students
2. Attending more conferences to learn about new techniques
3. Doing more amount of research

Otherwise, the doctors may be busy with some non-medical tasks which could entail an increase in documentation, or handling miscellaneous non-core activities in the hospital such as CSR drives, Blood donation campaigns etc.

Spot on. The doctors are spending more time on doing research as their compensation structure has recently been changed in such a manner that higher number of research publications leads to higher pay. This change owed to the fact that the ranking of the medical college division of the hospital had fallen, and the ranking was driven by the number of the research publications by the doctors in a college. What would you recommend to the client?

USA HOSPITAL *(Continued)*

I would make 2 short-term and 2 long-term recommendations to the client. Following are the short-term recommendations:

1. Set a minimum number of hours doctors should spend on patients after surgery.
2. Assign a greater number of junior resident doctors to look into patient check-up after surgeries.

Following are the long-term recommendations:

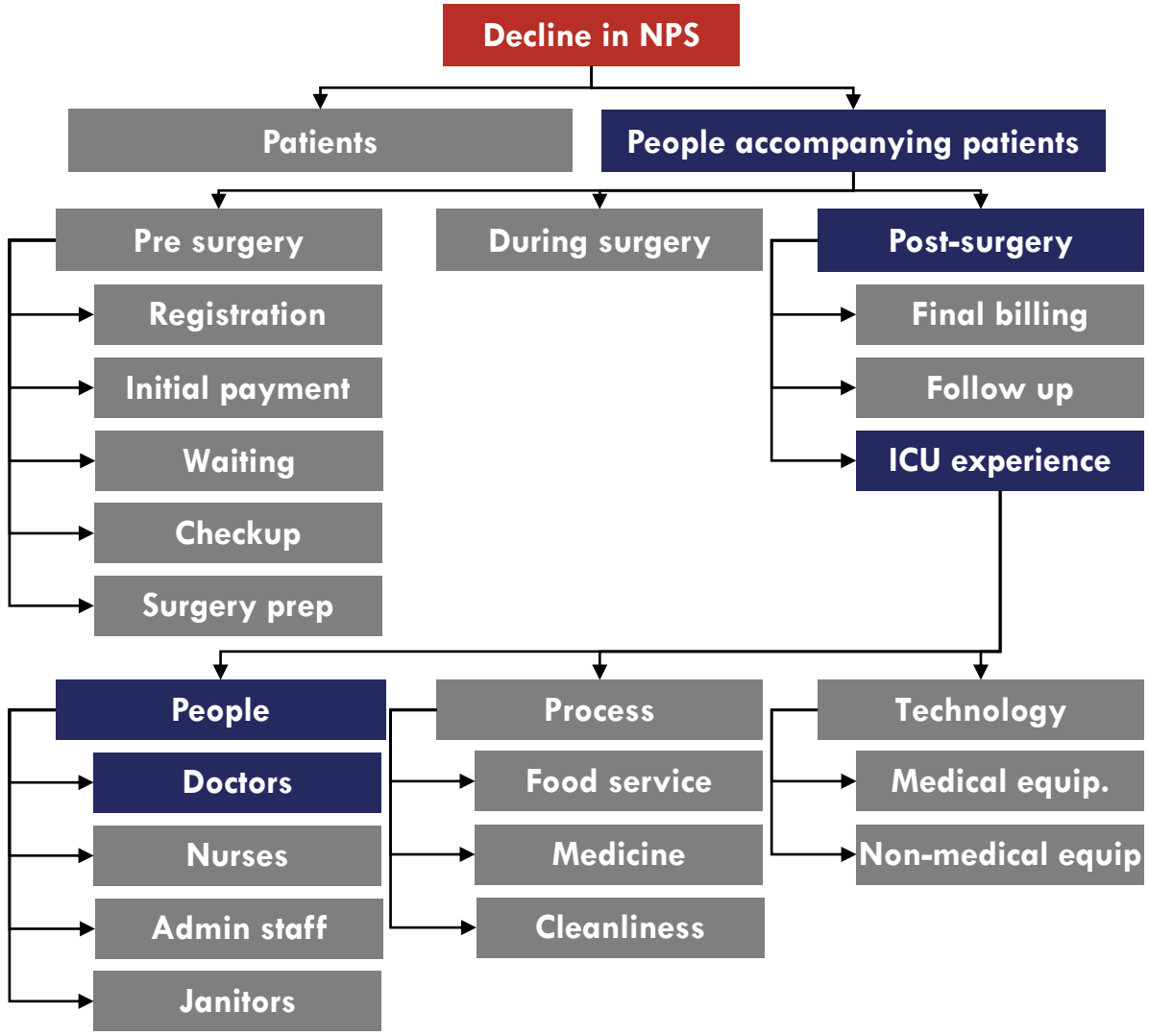
1. Set a compensation structure with equal focus on research and patient check-up.
2. Invest in robotic process automation to simplify the check-up process while saving time for doctors.

Thank you for your analysis and recommendations! We can close the case.

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USA HOSPITAL

MECE STRUCTURE



INTERVIEWEE NOTES

- The lower quality of check-ups by doctors due to spending less time can also be considered in analysis.
- In the recommendations, solution helping doctors to manage time – training to manage time better, streamlining the check-up process etc. can be explored upon.

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Your client is the Govt. of Bihar. They want to improve the mortality rate in Bihar. You have been asked to advise on the same.

Thank you for the case! Let me reiterate my understanding of the problem statement. So, our client is the Govt. of Bihar, and they want to reduce the mortality rate in Bihar. Is my understanding correct?

That's right. How would you go about it?

Before I delve deeper into the problem at hand, I would like to ask some preliminary questions.

Sure. Go ahead.

What is the current mortality rate and what amount of reduction is targeted?

The current mortality rate is 5.5 deaths/1000 people, and the client is targeting a significant improvement.

Why is the Govt. of Bihar exploring this problem right now? And how has been the mortality trend in Bihar over the years?

The Govt. of Bihar is exploring this right now because the ruling party wants to garner votes by showing an improvement in terms of mortality rate. The mortality rate had been in the range of 4-5 deaths/ 1000 people.

How are the other states comparable to Bihar doing in terms of mortality rate?

Compared to other states, Bihar has not fared well over the years in terms of mortality rate.

Is there any particular age group, or a segment of society which has faced a drastic rise in mortality?

The rise in mortality rate has been fairly split across all age groups and segments of society.

How is the distribution of the mortality rate across different cities in Bihar and is there any particular city which has had a drastic spike in mortality?

The mortality rate has been same across all the cities in Bihar barring 2-3 main cities which can be kept out of the consideration.

Got it. Thanks for sharing detailed information! I would like to analyse the accelerators and system failure that led to a bad mortality rate

This structure looks good. How would you go about it?

Under accelerators, I would analyse the internal and external accelerators that led to a rise in mortality rate.

1. ***Internal accelerators*** could be issues around nutrition deficiency and diseases which can be avoided by taking vaccines
2. ***External accelerators*** could be natural calamities such as earthquakes or man-made pandemics such as COVID

Alright. What about the system failures?

System failures could be around institutions and policies. For instance, institutions such as hospitals, primary healthcare centres etc. may not be functioning at their optimum capacity. Additionally, policies such as medical education, funding for healthcare etc. may not be sufficient to handle the increasing pressure in the medical system of Bihar.

In fact, the issue lies in the system failures. Because the government had set other priorities above health, the funding for health was re-routed to other segments. Because of shortage of funds, doctors and medical support staff were not getting paid well, the rate at which hospitals were being opened went down, and investments in medical innovations were not sufficient. What would you recommend to the Govt. of Bihar?

I have two sets of recommendations. The ***short term recommendations*** would be as follows:

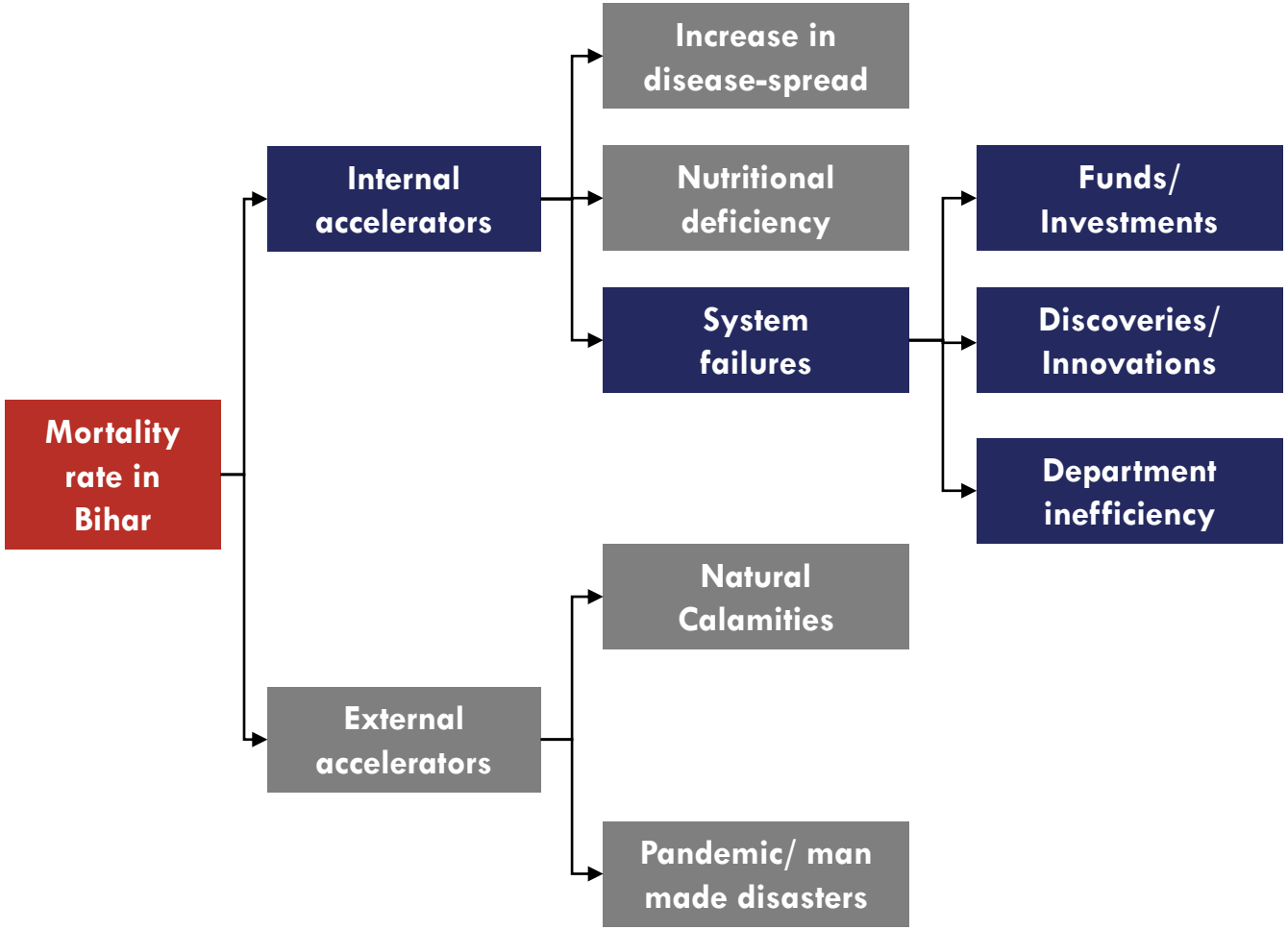
1. Allocate some budget from other low priority departments or over-achieving departments to health
2. Conduct regular audits to make current practices more stringent and thus reduce the scope of deaths due to irregularities

The ***long term recommendations*** would be as follows:

1. Set up more hospitals and primary healthcare centres
2. Set up more medical schools to train more doctors

Looks good. We can close the case here.

MECE STRUCTURE



INTERVIEWEE NOTES

- The recommendations can be more specific(covering the 'how' part), offering direct solutions to address the root cause. For instance, when dealing with funding issues for innovations, we can suggest partnerships with other institutions and how to increase the funding overall as a concrete solution.
- It's crucial to inquire about the reasons behind the government prioritizing other departments over health. Understanding these factors will contribute significantly to the discussion.
- The structure might be too basic, and there's a need for a deeper analysis, especially when it comes to system failures. For instance, under system failures, we should explore issues like department inefficiencies related to complex processes and systems, as well as the productivity of staffs.
- Providing a clearer definition of what the candidate means by internal and external accelerators could enhance the clarity of discussion. For example, diseases are categorized under internal accelerators, while a pandemic (also a disease) is listed as an external accelerator.

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Your client is a B2B food catering company that provides kitchen services on wheels. A new CFO has recently joined who observed that there is an increase in DSO (Day Sales Outstanding) for them (90 days) as compared to the competitors (65 days). He has hired to investigate the reason.

I would like to reiterate the problem statement. My client is a B2B food catering company that provides kitchen services on wheels. There has been an increase in DSO for them as per industry/ competitor standards. My objective is to investigate the root cause. Is my understanding correct?

Yes.

What part of the value chain does the client operate in? Is it fair to assume that it prepares food in a centralized kitchen and delivers it to its customers?

Yes, that is a fair understanding but they provide food to clients with whom they have long-term contracts, not one-time bookings like weddings, etc.

What are the different customer segments and is there a specific segment that is facing the issue?

Corporates, Manufacturing Companies, IT Companies, and government offices. All customer segments are facing similar issues.

What are the different geographies in which the client is operating? Is there any specific geography in which the client is facing the issue?

4 major urban cities and the issue is in all geographies.

Have the competitors or the client changed the credit policy recently?

No, the client's credit policy is at par with the competitors.

Is there any specific reason or target/KPI in mind that the CFO wants to achieve via this activity?

Not any specific KPI in mind. They just want to improve the cash flow.

Since when is the client-facing this issue?

The client has been facing this issue since the past 10 months.

I think I have got a fair understanding of the client. Now, I would like to structure my case. I would break down the client's business into its value chain and identify different levers and sub-levers affecting the DSO. Can I take a moment to lay out the structure?

Sure.

The value chain can be broken down into the following:

1. ***Customer Engagement*** and ***Contracting***
2. ***Service Delivery***
3. ***Invoicing and Collection***
4. ***Post Service Review*** and ***Relationship Management.***

Is there any specific lever on which you want me to focus or should I break down every aspect further?

Let us see each of them one by one.

There could be 3 issues at the customer engagement and contracting level:

1. Onboarding of high-risk clients by the sales team due to high sales targets or greedy motivation (Prioritizing volume over quality).
2. Inadequate mechanism of credit checks leading to ignorance of red flags.
3. Inability of the sales team to explain the terms and conditions of contracts, leading to delays in payments further.

Is there something that I am missing here or should I move to the next stage?

No, you can move to the next stage.

Service Delivery can be broken down into various stages: ***menu planning*** and ***resource allocation***, ***Inbound logistics***, ***Central Kitchen Operations***, ***Logistics/Delivery***, and ***On-Site Service Execution***. Any dissatisfaction at any stage might lead to a delay in payments. Have we identified any issue with any one of these or do you want me to break these down further?

Let's delve further into each of these.

Sure, ***menu planning and resource allocation***: misalignment with client's expectation, unable to meet last-minute changes, and unable to meet the variety committed initially;
Inbound Logistics: Supply Chain disruptions, Rise in costs of certain raw materials leading to the client not buying them, and unavailability of certain raw materials in the market because of different reasons like weather conditions;

Central Kitchen Operations: Unable to provide OTIF delivery, Quality of food prepared, and inefficient packaging leading to customer dissatisfaction;
Logistics/Delivery: Timely delivery to the customers via Routes Selection, pilferages, etc.;
On-Site Service Execution: Poor service delivery at the customer site- setting up of the service area, serving food and other management activities, leading to withholding of payments.
Is there something I am missing here or should we move further?

This looks comprehensive. Let us look at Invoicing and Collection.

I would like to first state the process of invoicing and collection. Firstly, there would be invoice generation, invoice dispatch, payment follow-ups/reminders, and Collections. Is this okay?

Yes, let's look at each step and break them into further sub-processes.

1. ***Invoice generation can have multiple issues:*** Inaccuracies in billing leading to delays in payments because of multiple reasons like ineffective communication between departments, etc., lack of technological integration at the client's site across different stages leading to delay in invoice generation, etc.;
2. ***Dispatching:*** Are we exploiting different channels of billing communication to the customers: online (WhatsApp, Email, etc.) v/s offline (Sales staff delivering the bill to the client) and are we delivering the bill to the customers within the targeted time like within 15 days of delivery?;
3. ***Payment follow-ups/reminders:*** Are we giving timely reminders of due invoices? Are we exploiting different modes of giving a reminder?
4. ***Collection:*** Do we have different modes of collection: online (NEFT, Net banking) v/s offline (Cash, Cheque)?

You have identified the issue that as a cost-cutting measure, we removed some of our call centre employees who used to send reminders via phone calls and some of our employees who used to go to the customer's site for reminders of dues and moved towards online mailing of the dues to the customers having a high bounce rate.

Is this the only issue or should I move to Post Service Review and Relationship Management?

This is the only issue. Can you please design an effective follow-up strategy for the client?

Sure.

1. first the dispatch of the invoice should happen within the desired time, say 15 days, both digital and physical.
2. Post that if we have something like a 2/10 net 45 days credit policy (2% discount if dues are paid within 10 days and if not, the whole dues should be paid within the next 45 days), the reminder should be given within the next 10 days to improve customer satisfaction and this should be a phone call since the bounce rate of email is high.
3. Lastly, 7 days before the overdue date, an email should be sent and a call should be made to make the customers aware of the due date and 2-4 days (depending on the preferred mode of payment of the customer- cheque or online using historical data) before the deadline, a sales staff should meet the customer offline for a reminder of the due date.

If we see that the behaviour doesn't change even post that, services should be stopped for that particular customer.

One last question: if you have 2 clients: one with 30 lakhs outstanding since the last 6 months and another with 1.8 crores outstanding since the last 6 months, for which customer will you stop the service?

I would close the service for the customer with 1.8 crores outstanding. Even though he is giving us more business, to deliver the services to that customer, we would require more capital, leading to higher interest costs, henceforth lower profitability.

Fair enough. But how will you convince the sales staff as they will not be willing to close such an account as their incentives would be linked to that particular client?

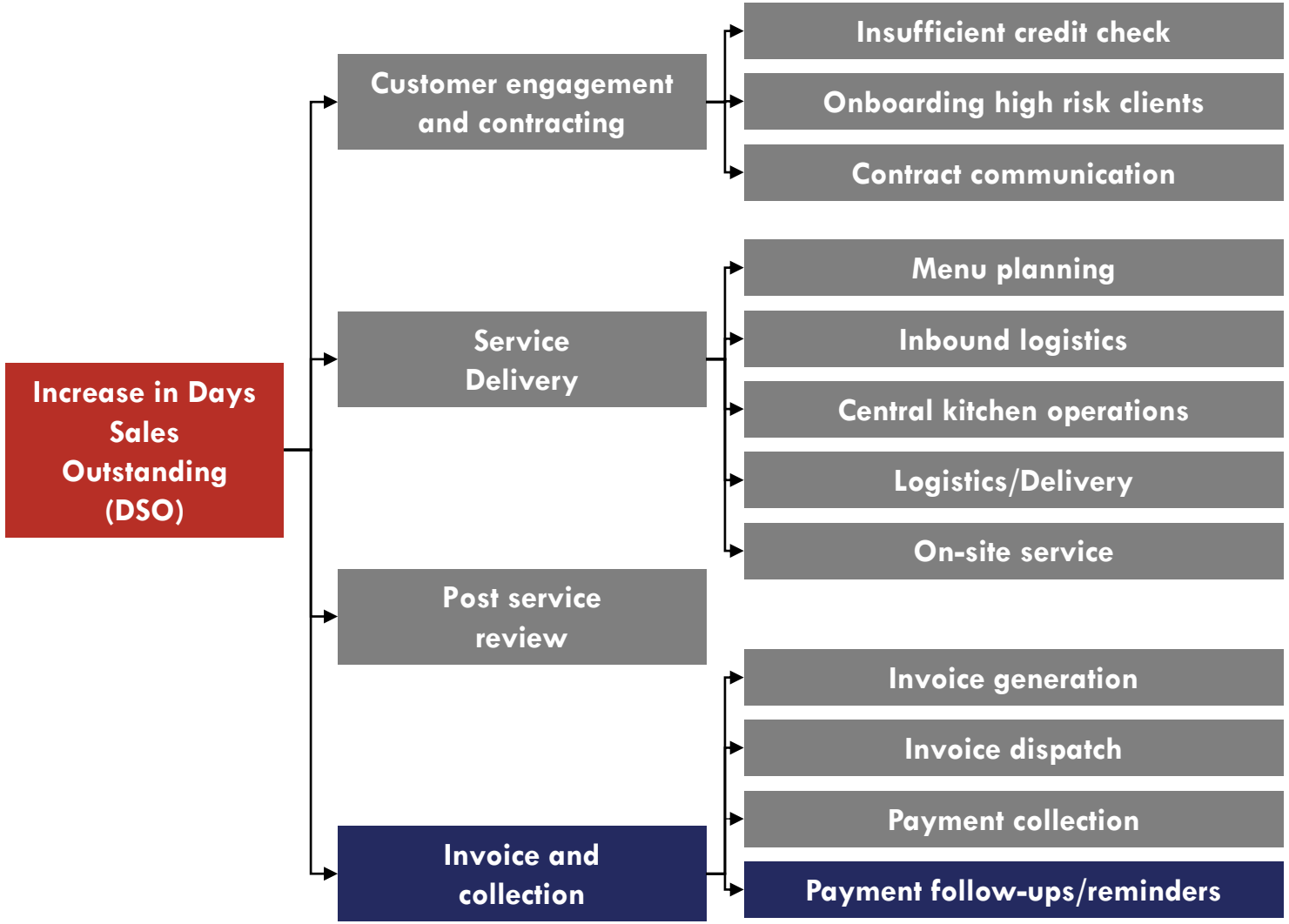
To convince our sales staff, we will have to make them happier as well as they are the revenue generating source of the company as well. We can give them 60 days as a soft deadline and create a hard deadline internally which the customers won't know by creating a data table where we will set off the interest costs by increasing the DSO, let's say 75 days, beyond which we will stop the service to maintain the desired profitability.

We can close the case now.

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FOOD CATERING COMPANY

MECE STRUCTURE



INTERVIEWEE NOTES

- Preventive measures like securing partial upfront payments and establishing legal agreements can also contribute to avoiding outstanding payments.
- To improve the structure of Layers 2 and 3 in the MECE tree – breaking down the value chain (layer 1) into specific process steps /negation technique/ points from company vs client can be explored.

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PUBLIC SECTOR BANK

Our client is a public sector bank and has appointed a new sales force and introduced a Central Processing Unit to improve loans, But CPU and salesforce are unable to meet the deliverables.

Is there a reason why the bank went for CPU and Salesforce. Also, what were the core problems. Do we have any info on the same?

Most of the home loans were due to word of mouth so two trained people were appointed in sales force to uplift the sales and the CPU was set to take away the sanctioning power from the branch manager as this was increasing the bad loans.

Do we have any info on the efficiency of the above two processes?

In terms of efficiencies what would you like to know?

First taking salesforce efficiency into account, I would divide it into pre, during and post sales. Presales will investigate lead generation, how are people approached and what is the conversion rate. During sales will include service provided, total turnaround time, staff available in the bank and consistency of the services provided. Post sales will include disbursement time. Interest rate updates and friendly customer care.

I want you to look into pre and during sales of the process.

In presales, I would like to know whether we have a mandatory training requirement and certification before we enrol someone into the salesforce.

Yes, we onboard a well-trained staff and have our own training program.

I would also like to know how the lead generation process looks like and how do they approach people?

We have divided specific geographical area into clusters and one salesperson take the alternate cluster.

How are these areas divided. Are they based on the number of requests, income size, language, and the interest they show in home loans.

These areas and the salesforce are divided randomly.

Do we have any data on the efficiency of the lead generation process or what's the conversion rate of the salesforce?

We don't have a data on that, but if they want a home loan, they will take it from us.

Do we know who our target customer base within the divided cluster is?

No, we don't. Do you have any suggestions?

We can have different promotional programs, lead generation based on demand, and we can target the people who advise for the home loan.

Who do you think are these advisors?

A builder selling new flats and financial advisors could be the potential advisors that we can collaborate with.

Ok. Now let's deep dive into during sales process?

In this, I would investigate the quality of service, turnaround time, availability of staff.

CPU was setup originally to decrease the turnaround time. However, the time for the same has increased. Can you investigate it?

To be eligible for home loan we need various documents like income statement and good credit score. One of the possible reasons could be, the CPU is taking longer as it is approving all these documents centrally. Do correct me if my assumption is wrong.

Yes, our rejection rates have increased. Can you suggest some changes.

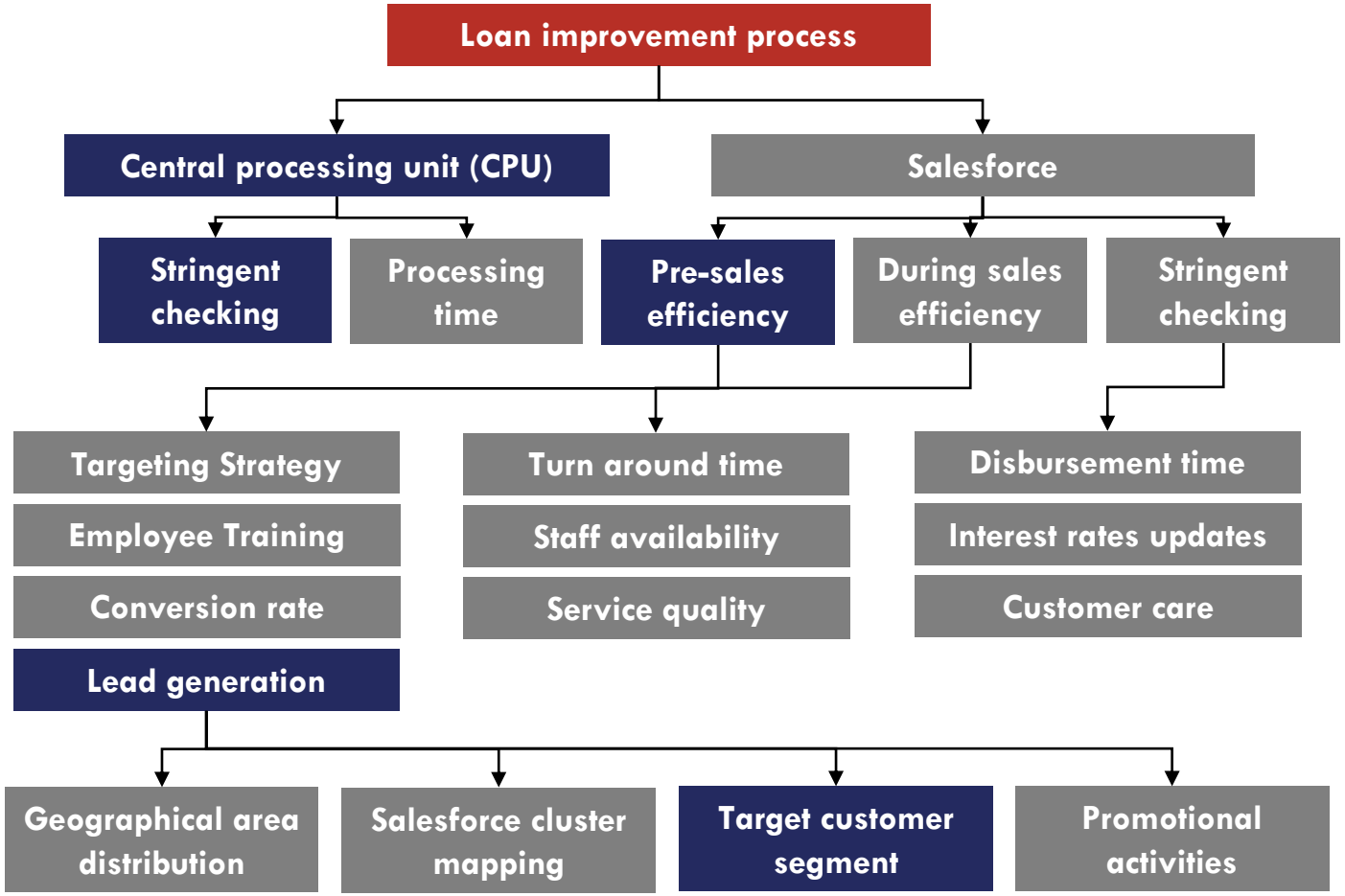
We could setup, loan helpdesk and a dedicated toll-free line for the same. We can also have real time updates on the documents that are rejected, and set up a feedback loop so that once a loan is rejected, the salesperson can visit the concerned party for correction and suggestion in resubmission of the loan application

Thank you. We can now conclude the interview.

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PUBLIC SECTOR BANK

MECE STRUCTURE



INTERVIEWEE NOTES

- Could have been more conversational by understanding the reason behind increase in rejection rates. This would have helped in to coming up with better recommendations.
- Lead generation process mapping step by step.
- Scoping could have been better in terms of geography, customer segments, objectives etc.
- Overall structure could have been more optimised.
- Bucket the recommendations into short term, long term. Introduce technological solutions.

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GUESSTIMATES

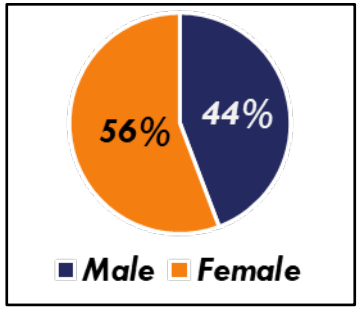
Guesstimate Datasheet

Economy
GDP: 3391 USD bn
GDP per capita: 2393 USD
Primary sector : 21.82%
Secondary sector: 24.29%
Tertiary sector: 53.89%

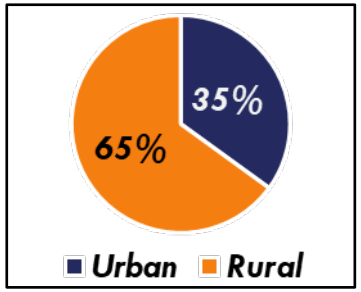
INDIA stats
Birth rate: 2.05 per woman
Death Rate: 9.7/1000 inhabitants
Population density: 481 per sq. km
Area: 3.3 million sq. km
Length of the country: 3214 km
Breadth of the country: 2933 km
Number of states: 28
Number of UTs: 8
Internet Penetration: 53%
Smartphone penetration: 71%

Population of India: 144 Cr.

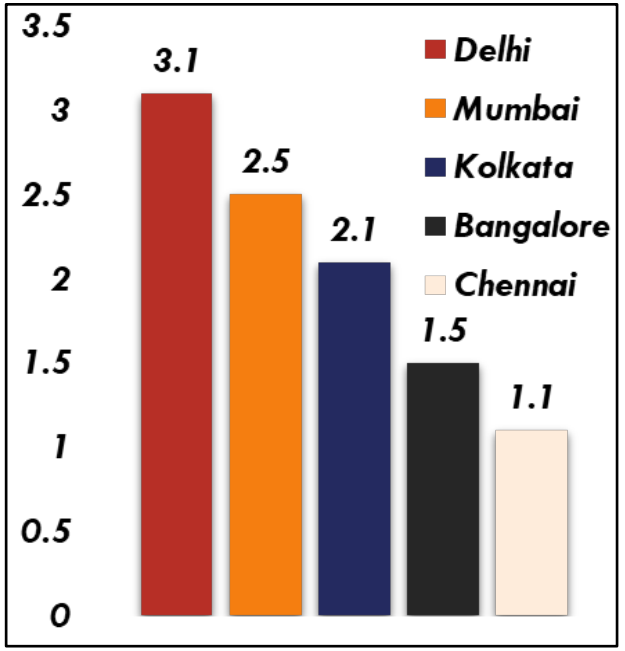
Gender Split



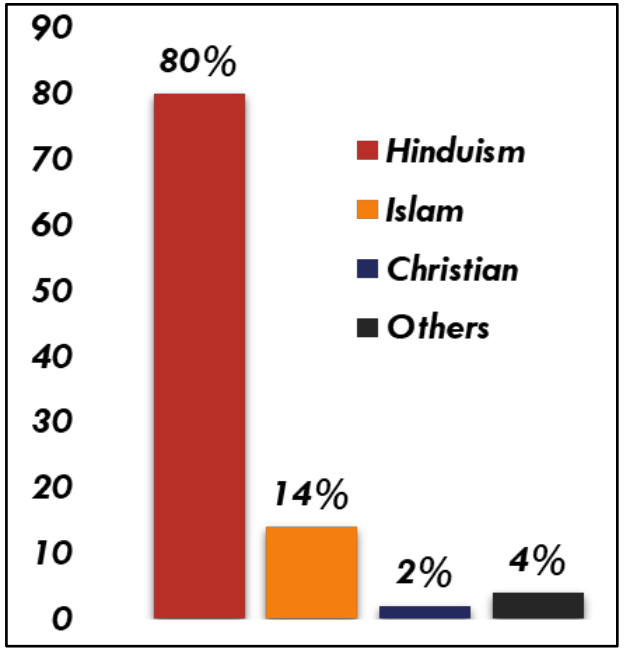
Urban/Rural Split



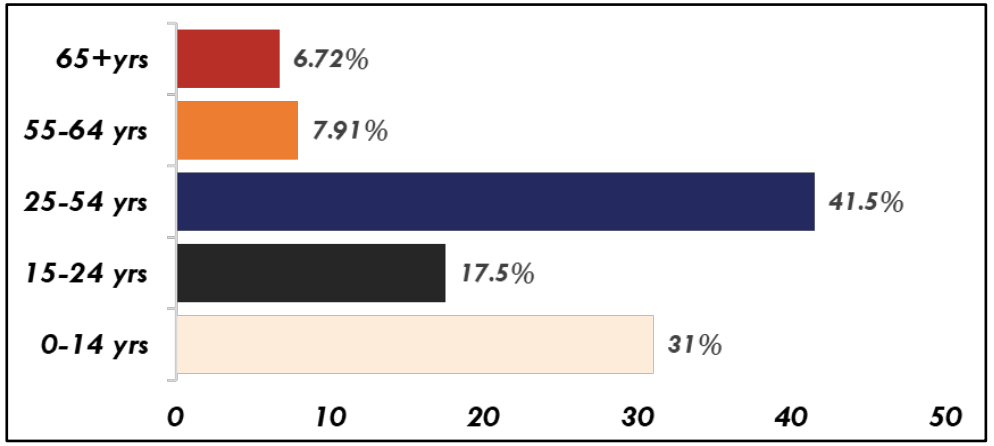
Population (in crores)



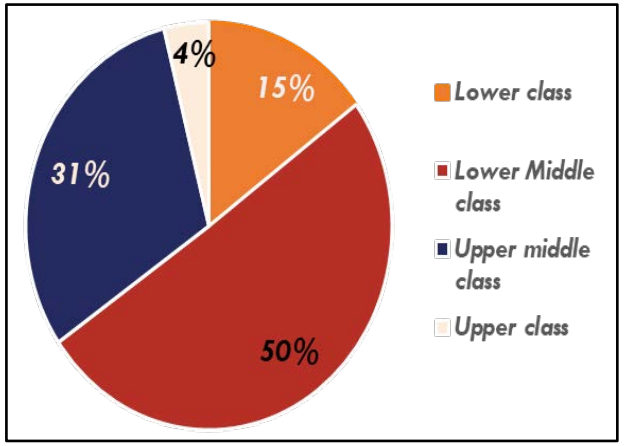
Religion-wise split (in %)



Age wise distribution (in %)

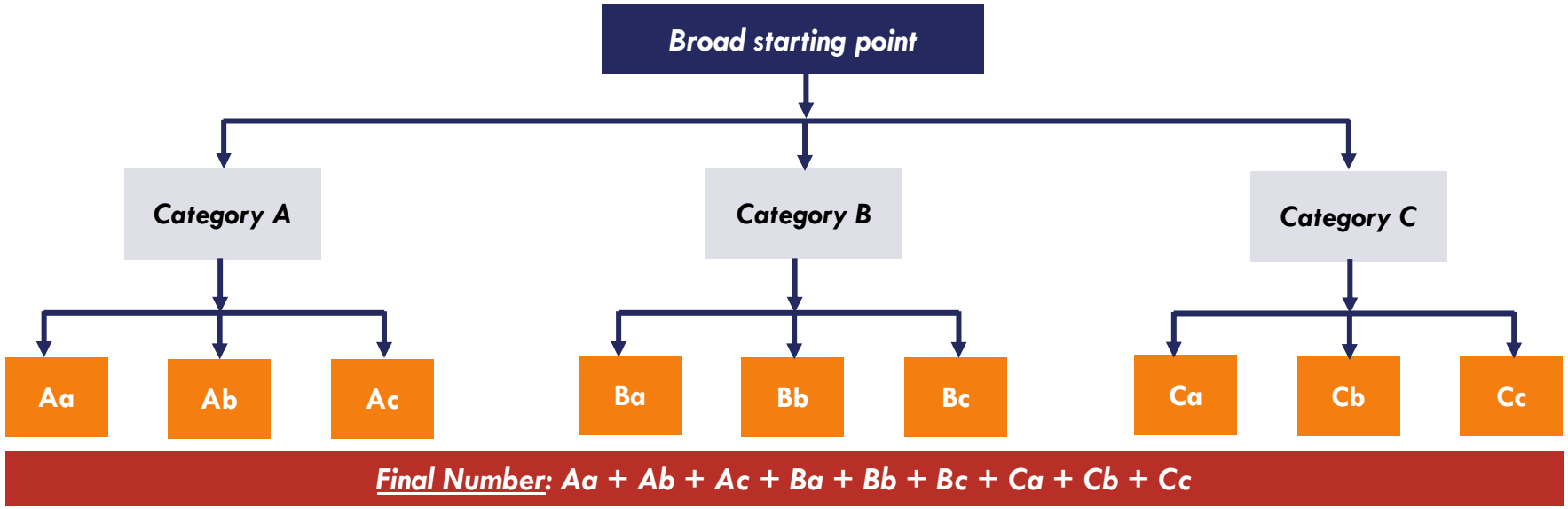


Income wise distribution (in %)



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Top-Down Approach

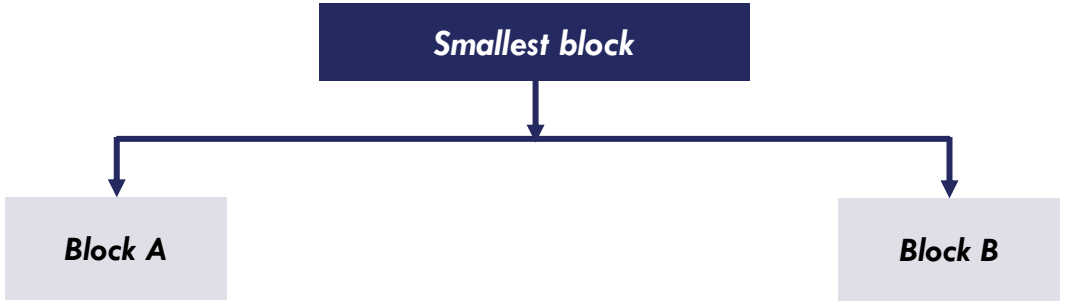


Identify a starting point.
For eg: The market size of a product

1st level MECE categorization.
For eg: Income spread

2nd level segmentation
For eg: Age-wise distribution

Bottom-Down Approach



Identify the smallest replicable block.

Estimate for the broader block.

Scale up accordingly.

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OXYGEN CYLINDER SUPPLY

you are the head of administration for the city of Vizag during covid in the month of February, how would you plan the oxygen cylinders required for the city?

Just to clear things could you confirm if only number of oxygen cylinders to be considered or also oxygen supplied through pipelines is to be considered. Could I consider it to be the peak covid time Patient would need oxygen for 14 days?

Yes, consider only cylinders. You can assume peak covid & 14 days.

Ok. I would need 2-3 mins to structure my thoughts.

Sure.

I would look at both supply & demand approach to the problem. For supply, I would look for three things

1. Oxygen supply quota from the central & state governments
2. Local oxygen manufacturing plants
3. Convertible oxygen plants (considering Vizag is an industrial city)

For demand, there would three kinds of people/patients,

1. Residents
2. Travelling people (Tourists, People who returned due to covid)
3. People from nearby villages (Considering Vizag is a HQ)

So, I would like to estimate by using the demand approach

Sure, please go ahead with the demand approach but give some numbers.

To start with Indian population of ***1.3 billion***, considering a tier-2 city ***0.15%*** would be the population of Vizag, i.e., ***20 lakhs***. Plus, to accommodate travelling & from neighbouring areas, add ***20%*** which adds to the total population of 24 lakhs. Then, I will divide into population into age groups ***0-15***, ***15-30***, ***30-60***, ***>60***. Currently, I would like to concentrate on the high-risk category and calculate accordingly.

What does High risk category mean & give a number to it.

So, by high risk I meant people needing oxygen help & the age groups >60, 30-60 would fall under this category. So, I would consider 5 % & 25% will respectively for these age groups. So, 30% of 24 lakhs is 7.2 lakhs. Considering peak covid time, incidence rate would be 60% (Hospitalized & require oxygen). So, 60% of 7.2 lakhs is 4.32 lakhs. Could I consider 10 l oxygen cylinder which would last around 8 hours/ per patient?

No consider that the cylinder would last for 1 day and go ahead.

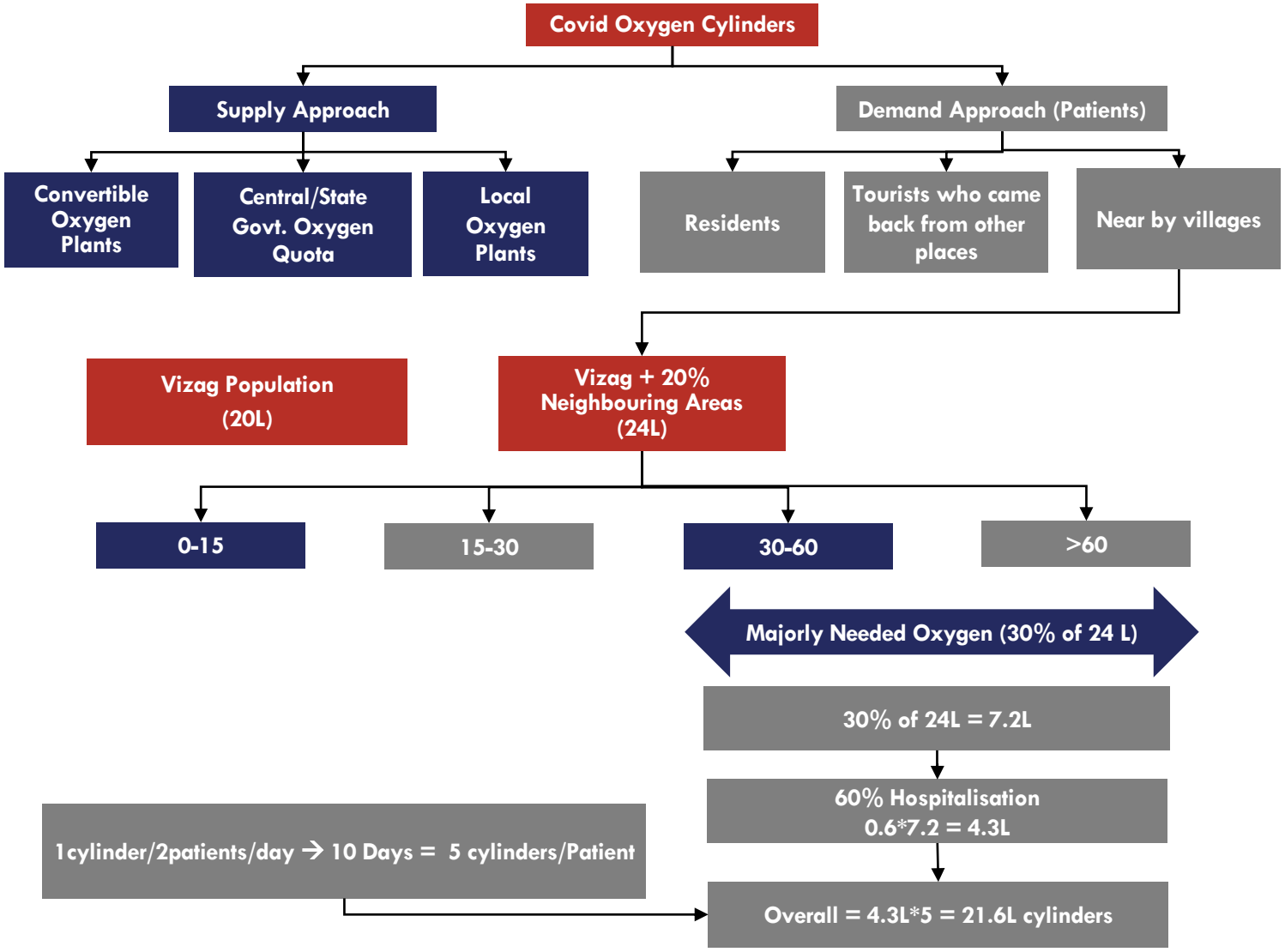
Ok, so estimating the 4.32 lakhs people would require 1 cylinder/day/2 patients till 10 days (hoping last 4 days would not require oxygen support). So, we will need 10 cylinders/ 2 patient which would make it ***4.32*5=21.6 lakh*** cylinders.

Okay thanks. That would be all.

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OXYGEN CYLINDER SUPPLY

MECE STRUCTURE



INTERVIEWEE NOTES

- Consider the logistics of delivering oxygen cylinders, including transportation, storage, and potential bottlenecks or disruptions in the supply chain.
- Interviewee could have Introduced risk factors such as increased demand due to a surge in cases or reduced supply due to manufacturing issues, and how these would affect the estimate. For such scenarios, alternative sources of oxygen, such as liquid oxygen tanks or oxygen concentrators, can be thought of and mentioned of qualitatively if quantitative factoring not possible.

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NUMBER OF ATMs

Your client is a retail bank with branches across India. They are currently re- evaluating their channel strategy. They want you to understand How many ATMs are there in India?

Understood. To clarify, we would like to estimate the total number of ATMs, including ATMs within banks and standalone ATMs, correct?

Yes, that's right.

Okay, may I have a couple of minutes to sketch out my approach?

Sure.

There are two approaches we can take. We could follow a population-based approach, determine the number of ATM cardholders, and then estimate the number of ATMs per cardholder. Alternatively, we could follow an area-based approach, and estimate how many ATMs there are per square km in rural areas and urban areas respectively. Is there a particular one you think I should proceed with?

Why don't you try out the second approach?

Sure. The land area of India is about 3 million square km. Of this about 25% is forested/mountainous, and about 50% is used for agriculture, leaving 25% that is fit for residential use. That is 750,000 square km, which can be further divided into urban residential area and rural residential area. Does this sound okay so far?

Yes, please continue.

Okay. Starting with the urban residential area—let's say there are about 100 cities in India, comprising Tier 1, 2, and 3 cities. Of these let's say that 10 would be Tier 1 cities like Mumbai, and the remaining 90 are Tier 2 and Tier 3 cities. Tier 1 cities are more densely populated, so they are likely to have more ATMs per square km than Tier 2 and Tier 3 cities.

Okay, understood. Continue.

Mumbai is a Tier 1 city, and is about 600 square km in area. Assuming that all Tier 1 cities are of a similar size, they would cover a total of 6000 square km. My neighbourhood in Mumbai is about 1 square km and has 8 ATMs. Extrapolating this number, we could say that tier 1 cities have (6000 x 8=) 48,000 ATMs. Does that sound okay?

Yes, go on.

Let's say that the remaining 90 cities are about 300 square km on average; this brings us up to 27,000 square km occupied by these cities. I am assuming there will be fewer ATMs per square km here compared to large metro cities. On average, let's say there are 3 on average per square km, accounting for both uninhabited and densely-populated areas. This gives us 81,000 ATMs. So in total, there are 129,000 ATMs in urban areas.

Now we can move on to rural areas. I suggested that urban land area is about (6000+27000=) 33,000 square km. This leaves (750,000–33,000=) 717,000 square km of rural area that could potentially be inhabited. I know that there are significantly fewer ATMs in rural areas, given the challenges of accessibility. Let's say there is 1 ATM every 10 square km; that would give us a total of 71,700 ATMs in rural India.

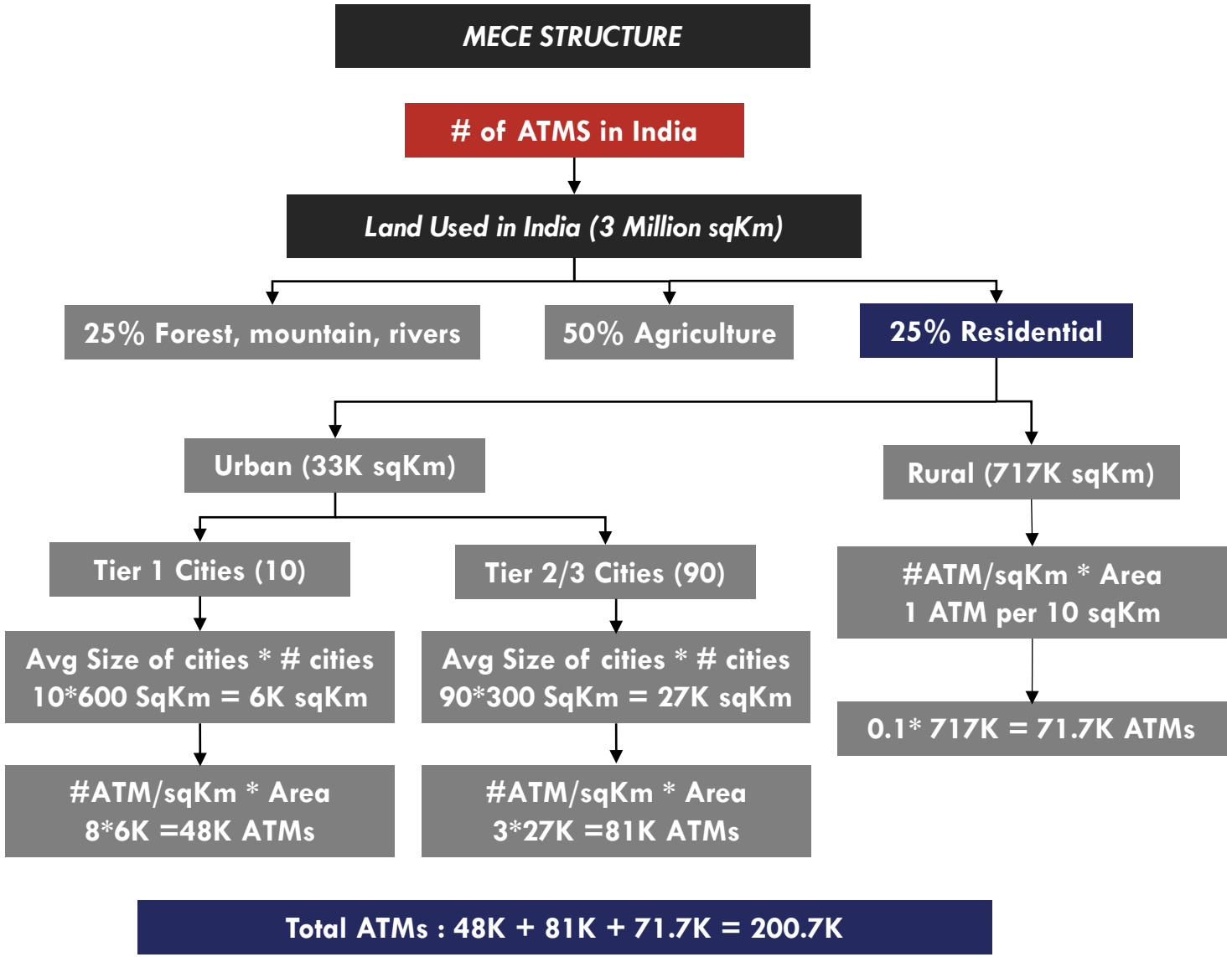
To triangulate this figure, I know that there are 600,000 villages in India. This would give us 1 ATM for every 8 villages, which seems plausible given that the population is quite underserved.

So in total, that gives us (129,000+71,700=) 200,700 ATMs in India, i.e., roughly 200k. Does that figure sound reasonable?

That sounds good. We can end the case here.

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NUMBER OF ATMs



INTERVIEWEE NOTES

- Interviewee could have connected the number of ATMs to economic indicators like GDP, average income, and banking penetration rates. Factoring in for India's unbanked population who might not have access to ATMs or not use them even if available could have provided some additional brownie points.
- Before jumping into calculations, it is always better to Clarify the assumptions about the percentage of land used for agriculture, forestry, and residential purposes, as these figures have a significant impact on the estimation.

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FLIGHTS ABOVE YOU

Give me an estimate of the number of flights flying above you at this instant?

I would like to begin with some preliminary questions before I proceed into the analysis.

Sure, please go ahead.

Currently I am stationed at Powai, Mumbai. Would you like me to estimate the number of flights above the geographical area of Mumbai or total geographical area of India?

I would like you to consider the geography of India.

Thank you. Now there are distinct types of airplanes like passenger flights, Freight flights, Military flights etc. What type of airplanes do you want me to focus on?

As of now, please consider only passenger flights.

Since we are focusing on passenger flights, they can be further categorized into domestic as well as international. Is it fair to assume that I will be calculating the number of domestic as well as international flights?

Yes, that is a fair assumption. But can you take me through your approach for international flights.

Sure sir. The international lights we are looking for might be the flights that land in India or take a connecting flight or passing through India's geography. I am assuming it takes at least 2-3 hrs for a flight to either land or cross the Indian geography once they enter our Indian borders. So, the number of international flights that have entered our Indian border 2-3 hrs before would be the number of international flights that could be above me this instant.

The approach is sound. Now I would like you to concentrate on the estimate of domestic flights above you and give me a number.

There are 90+ airports that are operational in India. Would you like me to consider 90 airports for the calculation.

For now, assume only 50 airports.

Sure, sir. I would like to assume that the hour of the interview is a rush hour, and each airport has two Runways. Is this a fair assumption to make?

Yes, you can go ahead with the assumption.

Could you please tell me what could be the average time a flight takes to reach its destination?

Assume it takes 1.5 hrs for a flight to reach its destination.

I will be calculating all the airplanes that have taken off 1.5 hr prior to the current time. I am going to look this problem from the supply side. This is the approach that I will be following.
Number of flights taking off in 1.5 hr = No. of runways used for take-offs X Number of flights utilizing runway per hour X 1.5 X number of airports.
This is the approach that I would like to follow. Is there something that we have missed, or something we could add to have a suitable number?

I think you have covered the required aspects. Please proceed.

Assuming there are 2 runways for the 50 airports and as it is rush hour 1 runway will be used for take-offs,
the number of flights that took off during the 1.5 hr = 1 X (1 flight for every 5 min) X 1.5hr X 50
= 1 X 12 X 1.5 X 50 = ***900 flights.***
So right at this instant there could be around 900 flights above me.

Is there something else that you would like to consider?

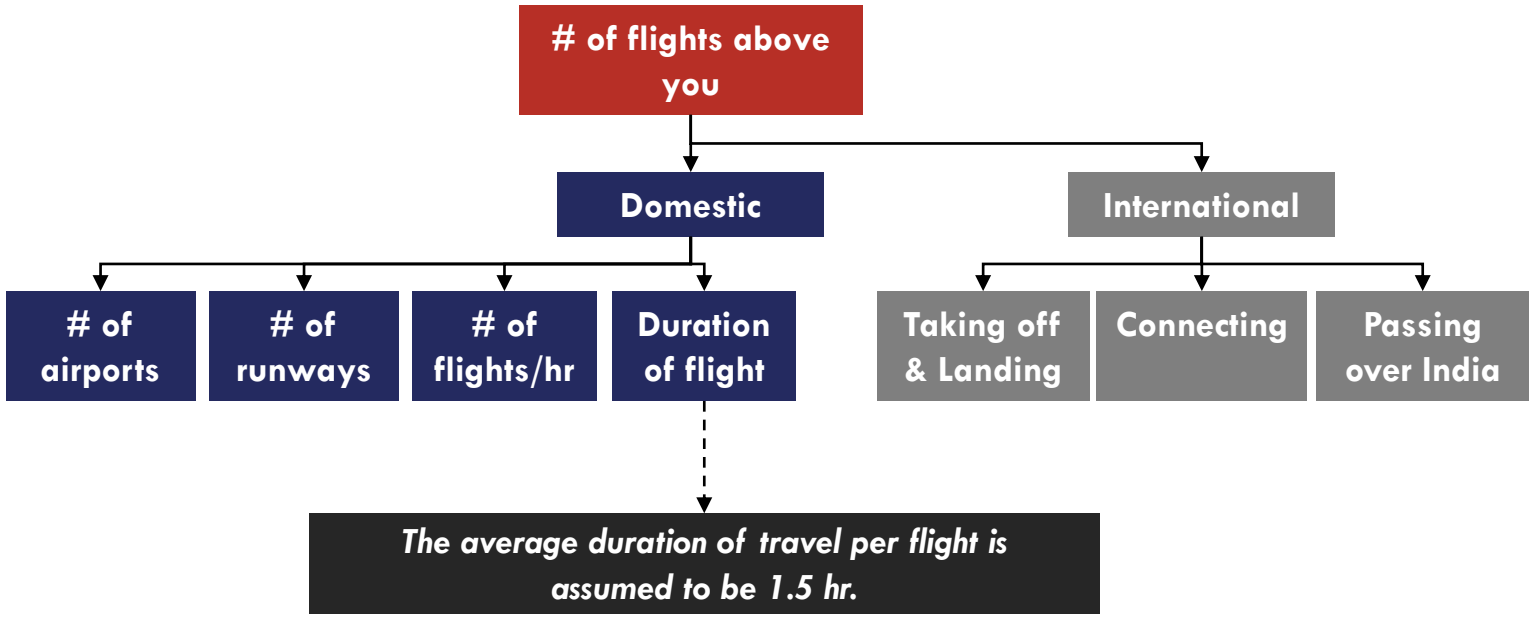
We can do a sanity check on the number obtained. The 900 flights that took off in 1.5 hrs need to land as well. So, we could look into the average number of flights that land in an airport per hour and verify our guesstimate.

Fair enough. We can close the case.

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FLIGHTS ABOVE YOU

MECE STRUCTURE



INTERVIEWEE NOTES

- Airports sizes, capacity utilizations vary immensely with locations. Therefore, a split between airports in tier 1 vs tier 2 &3 would have made more sense.

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AIRPORT OPERATOR REVENUES

You need to estimate the revenues of a private airport operator in India.

May I know more about the client and which city(s) does the client operate in?

You can think of the client as an entity similar to Adani. It currently operates one airport in Ahmedabad. Please dive into the guesstimate now.

Sure. I am currently thinking of four possible sources of revenue for the airline operator:
1) Airlines
2) Food & Beverage outlets, clothing, and other merchandise stores
3) Advertisements
4) Other investments

What can be the possible other investments?

Mostly the other possible investments could be real estate.

Alright. How would you go about estimating the revenues from airlines.

Sure. My overall strategy would be:
= ***Number of flights per airline* Avg. revenue per flight*** * % ***commission***
For simplicity, I will account only for the domestic departures. And do we have any information on the commission charged?

That's a good approach. Assume the commission to be 5%. You can proceed.

To estimate the number of daily flights per airline, overall strategy:
Number of boarding gates * Number of flights departing per boarding gate
= Number of boarding gates * (Number of flights per hour * total operational hours * Avg. utilization of boarding gate per hour)
= 60 * (1.3 * 24 * 0.65)
= ***1200 (approx.)***

ASSUMPTONS:
Every departure takes 45 minutes per boarding gate, hence number of flights per hour from one boarding gate = 60/45 = 1.3
Airport remains operational for 24 hours.
Split 24 hours into periods of high activity (100%), moderate activity (60%) and low activity (30%) to get an avg. utilization of 65%]

Good. Now estimate the ticketing revenue per flight.

Similar strategy as above:
Number of seats * avg. revenue per seat
= Number of seats * avg. utilization per seat * avg. price per seat
= 180 * 0.75 * Rs. 5000 = **Rs. 675000**
Hence, the daily variable revenues come out to be: =1200 * 675000*5%
=**4 crores** (approx.)

Got it. Now how would you estimate the revenues from advertisements. Just share the overall strategy, don't need to do any calculation.

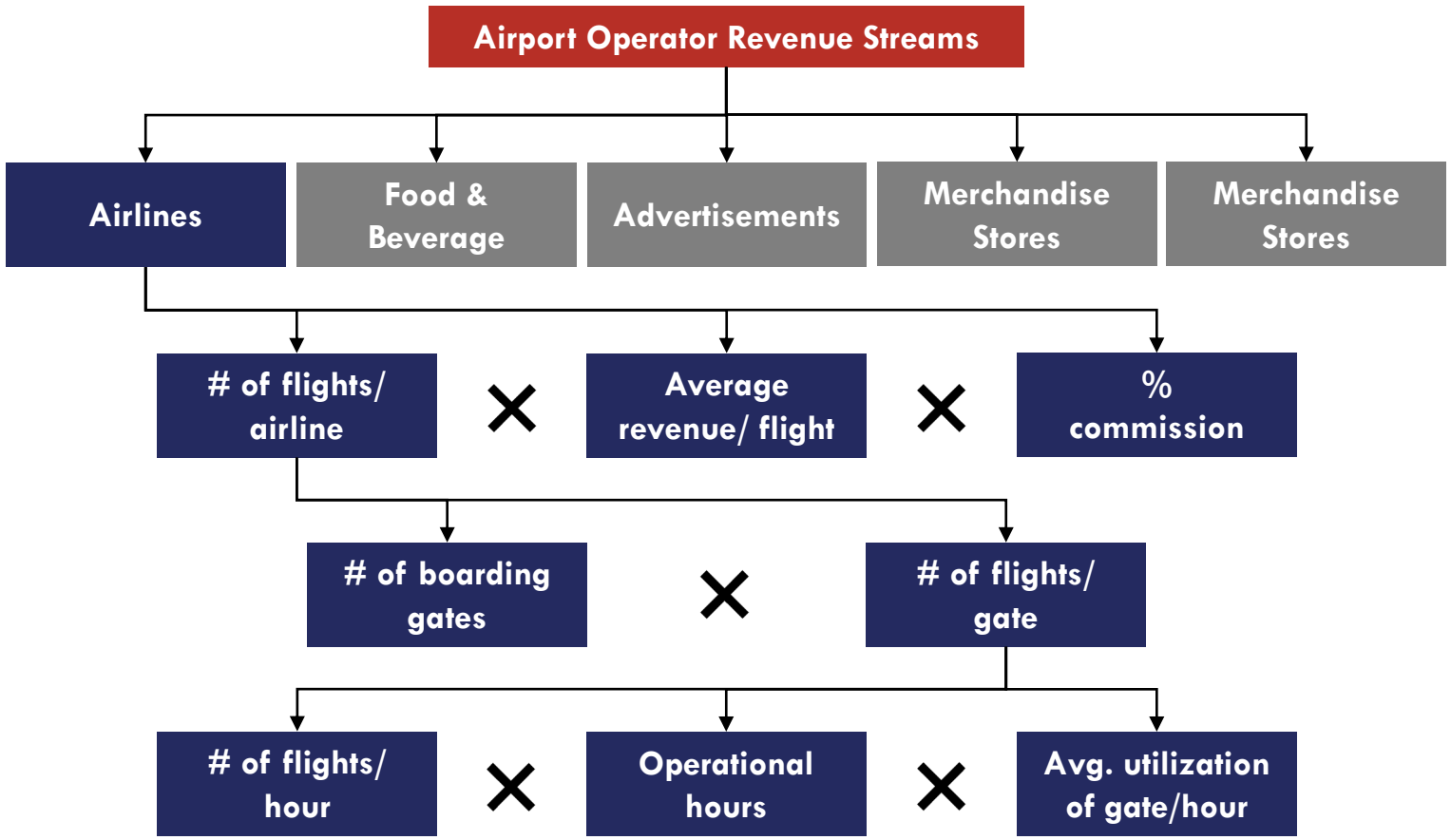
I would take a look at the total number of hoardings in the airport times the average revenue per hoarding. The average revenue per hoarding will be further broken down into a function of size, location, traditional/digital billboards and average fees.

Good. We can end it here.

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AIRPORT OPERATOR REVENUES

MECE STRUCTURE



INTERVIEWEE NOTES

- A brief mention was made about the number of hoardings and average revenue; however, consider the premium for digital advertisement spaces and the strategic placement of hoardings in high-traffic areas.
- In addition to commission from airlines, consider the nuances within each stream, such as differing rates for domestic vs. international flights, or economy vs. business/first-class tickets.

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ANNUAL WHEAT CONSUMPTION

Estimate the annual wheat consumption in India.

Should I estimate the consumption in terms of volume or value ? Also I am assuming wheat consumption as atta consumption. Is this fine?

Volume. And Yes, you can go with that assumption.

In India, 80-90% of Atta consumption happens in the form of rotis. So, I want to calculate only roti consumption as it is the major part. Is this fair?

What are the other ways of consumption do you think?

Sweets, Biscuits, Cereals etc are the other consumption ways

Great. Yes, for now you can go with only rotis.

I will lay down the approach that I am thinking. I will assume the average household size is 4, which makes 35 crore households in India. I want to break this down into North and South India, then rural and urban areas, and age-wise breakdown.
Sorry, I would like to correct myself. Age-wise doesn't make sense here, as I am already considering households. I would like to correct that.

Yes, exactly. What do you think about rural and Urban, do you think consumption vary a lot from people earning more to people earning less?

What I am thinking is that rural people may have only 2 meals, but urban people have 3 meals.
Okay, let me correct the way I am filtering.

Okay, continue.

I will break down the households as follows: North India (70%), South India (30%), and the frequency of roti eating—1 time a day, 2 times a day, 3 times a day. In North India, the combined percentage of households having 2 and 3 meals a day is higher, while in South India, it is 1 meal a day.

Okay and then how do you want to proceed?

As I mentioned, each household has 4 people, and on average consumes 4 rotis per person per meal. This allows me to calculate the average roti consumption of a family. Each roti requires 40-50 grams of atta. Consequently, I can determine the yearly atta consumption.

Great, it's fine. I am not looking at numbers. Instead of making it complex by distinguishing between 1-, 2-, and 3-time roti eaters, you could have simplified it by 20 categorizing families as rice eaters and roti eaters. Then, on average, you could consider 1 meal and 2.5 meals as the respective roti consumption.

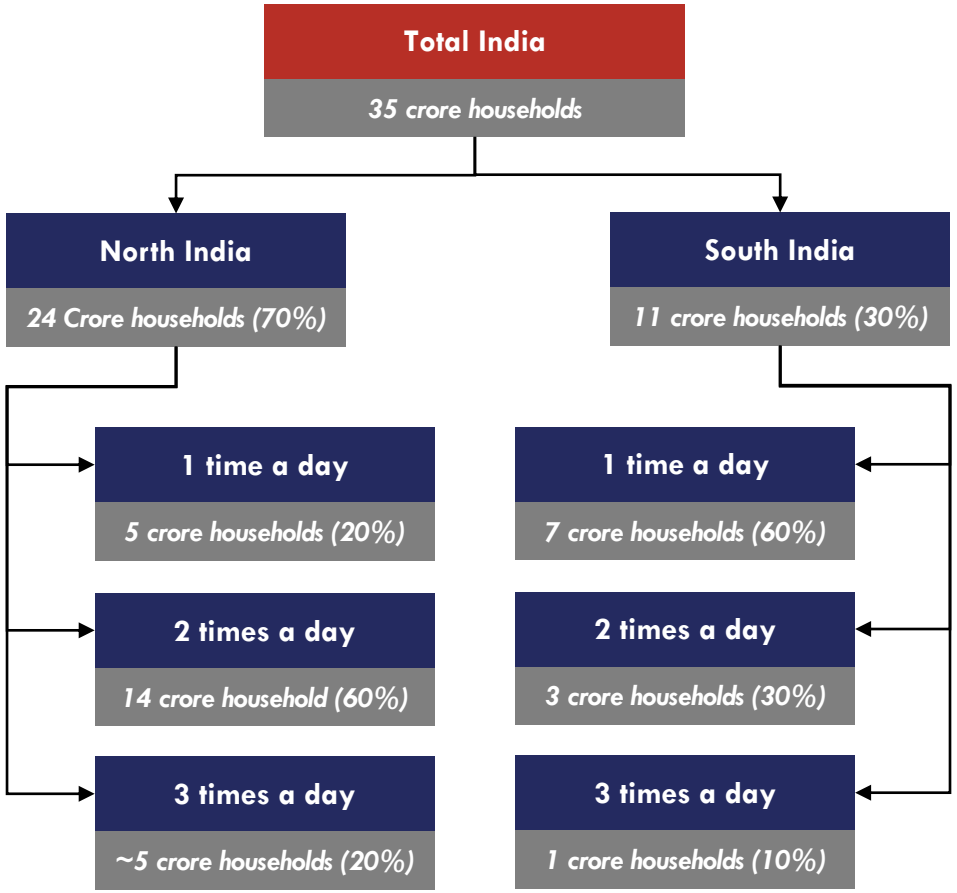
Yeah, right. Sure, will remember that.

Cool, we can close, All the best.

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ANNUAL WHEAT CONSUMPTION

MECE STRUCTURE



CALCULATIONS

- Total Population of India – 140 crore
- Average household size – 4
- Average Atta per roti – 40 – 50 gms
- Average roti consumption per person - 4

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SQUASH BALLS

Estimate the no. of squash balls sold in India annually. Take your own assumptions.

Can I take a few minutes to structure my answer?

Sure, go ahead.

Thank you for the time. This is how I wish to approach the problem statement.
1. I will estimate the no. of squash courts in India.
2. I will estimate the average no. of squash matches annually.
3. I will assume the life of a squash ball and calculate the following.
(Avg. no. of squash matches annually/Avg. no. of matches a squash ball lasts) = Avg. No. of squash balls sold annually. Please let me know if I have missed out on something.

The approach looks sound. Please go ahead.

I would like to further divide area of the country into 3 parts.
1. **High density** (10%) – There is a squash court every 500 sq. km
2. **Medium density** (40%) – There is a squash court every 1000 sq. km
3. **Low density** (50%) – No squash courts since it is not a popular sport.

Is there something else that you would like to add?

This seems fine.

Okay now moving ahead I would like to calculate the occupancy of squash courts using the following approach.
Total no. of courts in India= (3 lakh sq. km/500) +(12 lakh sq. km/1000) =1800
Assumption: Courts are operational for 8 hours in a day
Now, we will segregate the courts into three categories:
1. **High Occupancy courts** (20%) – Have a 100% occupancy rate.
2. **Medium Occupancy courts** (30%) – Have 70% occupancy rate.
3. **Low Occupancy courts** (50%) – Have 50 % occupancy rate

Okay continue.

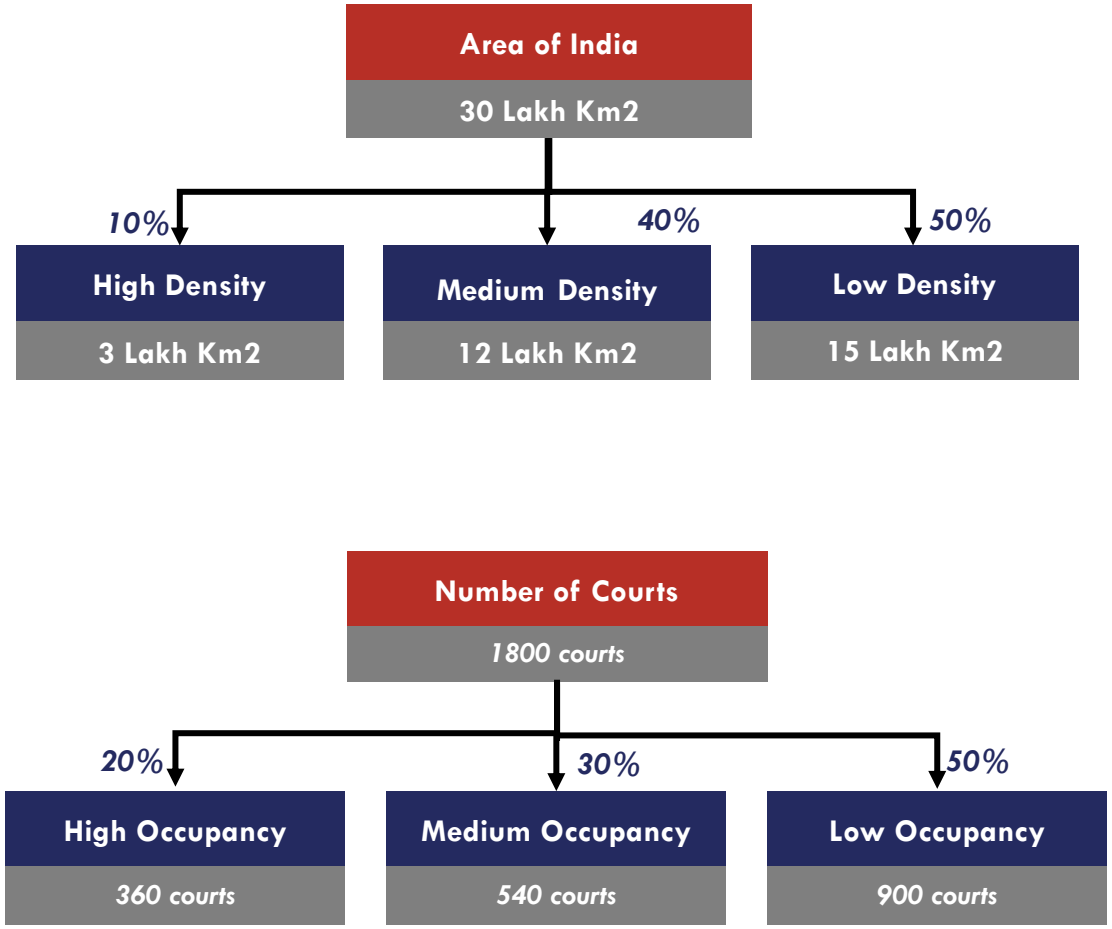
Play hours available in a day = ***No. of courts*** * ***operational hours*** * ***occupancy*** % = (360*8*1) +(540*8*0.7) +(900*8*0.5) = **9500 hours** (approx.)
Assumption: Avg. game of squash lasts **20 mins.** (Including idle time)
Total no. of squash games played in a day = 9500*3 = 28000 (approx.)
Total no. of squash games played annually = 1 cr. (approx.)
Assumption: Life of a squash ball = 50 games
Total no. of squash balls sold annually = 1 cr. / 50 = 2 lakh
Assuming a markup of 20% since people/courts buy reserve balls,
total no. comes out to be around **2.4 lakh** (approx.)

Great. I think we can close the case here.

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SQUASH BALLS

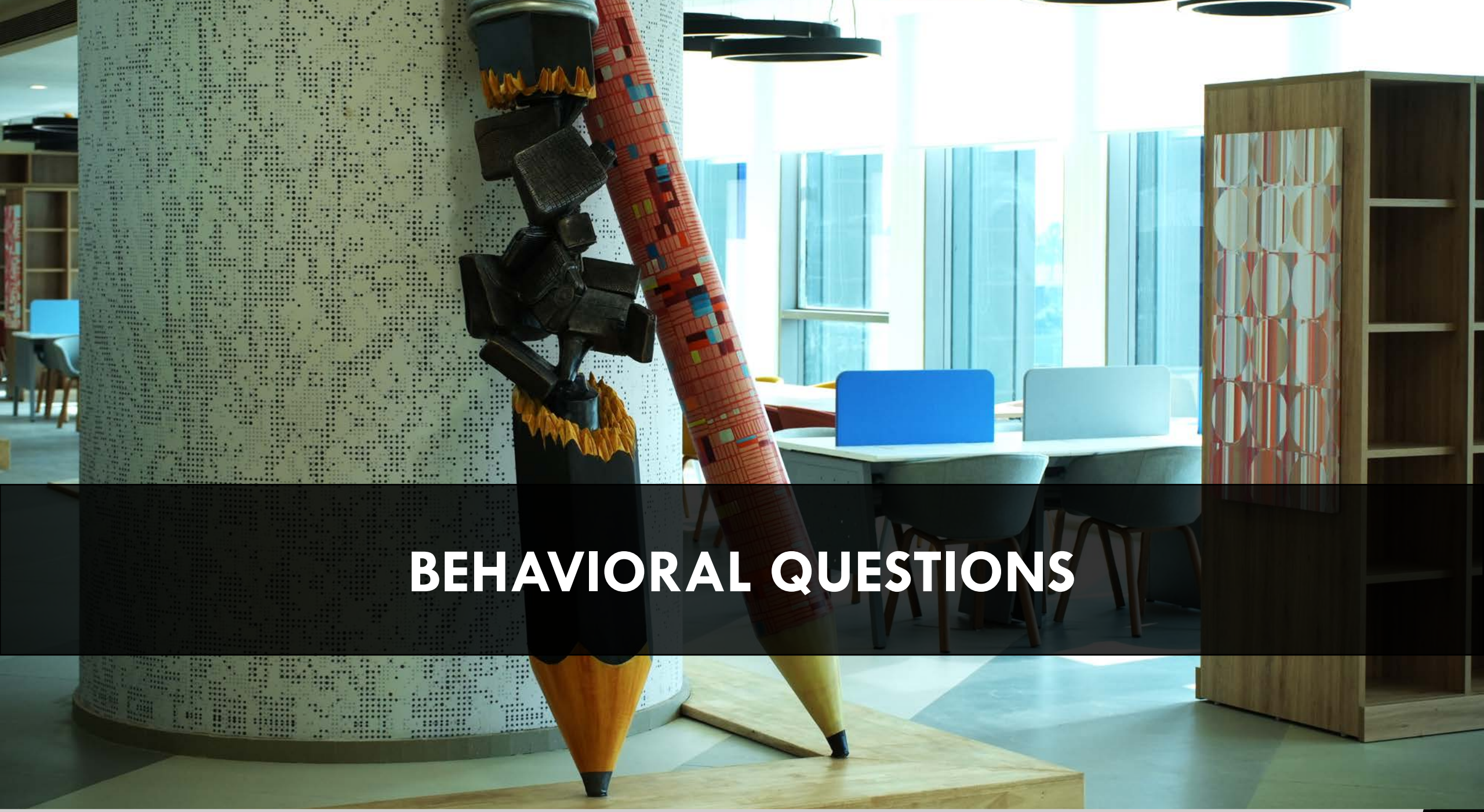
MECE STRUCTURE



INTERVIEWEE NOTES

- Planning the initial structure to solve the guesstimate from both the supply and demand sides separately will give added flexibility to the interviewee.
- Explaining the structure initially to the interviewer and getting their buy in will be crucial in making the right assumptions.
- All assumptions made during the guesstimate should ideally be first validated by the interviewer.
- Another approach to solving the guesstimate will be to start from the Indian population and further get into the details of the number of squash players and the balls bought by them annually.
- Adding additional levels into the guesstimate like urban rural divide and different age groups can be crucial in getting a more accurate final number.

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BEHAVIORAL QUESTIONS

CRACKING BEHAVIORAL QUESTIONS

TYPES OF BEHAVIORAL QUESTIONS

Hygiene

- Tell me about yourself.
- Why consulting?
- What are your major strengths and how would they help you in your professional life? What do you bring to the table?
- Mention 3 areas of personal improvement. Why do you think these are improvement areas?
- What are your long term (5-10 years) and short term (1-2 year) goals in life?
- What have you learned in X? (where X = anything on your resume)
- What do you do in your free time?

Personal Growth/Impact

- Tell me about a challenge you had to push yourself hard to overcome.
- What do you consider to be your most significant professional/academic achievement? Why?
- Describe a task/situation that you faced, which you consider as a complex problem. How did you approach the problem? What options did you generate to solve the problem? What were your key learnings from the situation? What would you do in case you were to handle a similar problem in future?

Leadership

- Describe an incident where you failed as a leader. What did you learn from it? What went wrong?
- What do you consider to be your greatest success as a leader?

Entrepreneurship

- An instance where you initiated a new idea or approach and went about implementing it. How did you go about doing it?
- Sometimes, we may find a group of people disagreeing with our beliefs/point of view. Give us an instance where you had to convince a group of people on your point of view.

Miscellaneous

- What are the significant events that have shaped your personality?
- Mention 3 most important values that you ensure to follow. Why are these values important to you?
- What motivates you?
- What is something that is not on your resume?

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INDUSTRY PRIMERS

AIRLINES

INBOUND LOGISTICS

- Aircraft acquisition and leasing
- Fuel
- Flight and Crew Scheduling
- Route expansion and selection

OPERATIONS

- Ticket management
- Gate and Aircraft maintenance
- Baggage handling
- In-flight services

OUTBOUND LOGISTICS

- Flight connections
- Cabs / Hotels rental
- Baggage connections

MARKETING & SALES

- Promotion / Advertising
- Frequent flyer miles
- Group sales
- E-tickets
- Travel agent programs

AFTER SALES SERVICE

- Lost baggage services
- Complaint addressal
- Technical support
- Maintenance services

KEY DRIVERS OF GROWTH

UNDER PENETRATION: India still remains highly underpenetrated in terms of air travel. ***13% CAGR*** over 2010-2019.

EXPANSION OF REGIONAL CONNECTIVITY: Under the **UDAN** scheme, GOI plans to develop **100 new airports** by 2024 and operationalize **1000 regional routes.**

INCREASED INVESTMENT IN INFRASTRUCTURE: GOI to invest **Rs 1 trillion** on airport development and modernization. Plans to increase airports from **140** to **220** by 2025

FAVOURABLE DEMOGRAPHICS: India's rising working population along with burgeoning middle-class demography are expected to be the major key drivers.

TIER1 AND TIER2 CITIES: Ministry of Civil Aviation (MoCA) is focussing on expanding and modernising the aviation network in Tier 1 and Tier 2 cities.

REVENUE AND COST DRIVERS

REVENUE	COST
Passenger Ticket Revenue	Aircraft Fuel Expenses (42%)
Cargo and Excess Baggage	Aircraft Leasing, Repair and Maintenance (17%)
In-flight Sales and Tours	Airport Fees and Charges (7%)

RISKS AND CHALLENGES

Adverse movement in foreign exchange might impact profitability as aircraft and engine rentals, maintenance are denominated in foreign currency (in $)

Variation in **fuel prices;** Increasing **competition** in the airline industry; **technology** failure; **talent** crunch and unfavourable government **regulations**

PERFORMANCE METRICS

Revenue Passenger Miles (RPM): Number of revenue passengers multiplied by number of miles flown by those passengers.

Available Seat Miles (ASM): Total number of available seats multiplied by total number of miles flown. Measure of capacity.

Passenger Load Factor: Measure of utilization. Calculated by dividing RPMs by ASMs.

Passenger Mile Yield or Yield: The amount of passenger revenue earned per RPM.

Passenger Revenue per Available Seat Mile (PRASM): The amount of passenger revenue earned per ASM.

Cost per Available Seat Mile (CASM): The amount of operating cost incurred per ASM. It is also referred as "unit cost".

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ASSET MANAGEMENT

Index

REASEARCH AND ANALYSIS

- Market research
- Fundamental analysis
- Quantitative analysis

PORTFOLIO MANAGEMENT

- Defining strategy
- Opportunity identification
- Investment decision
- Monitoring
- Risk management

REPORTING

- Performance Evaluation against benchmarks and customer expectations
- Regular reporting on performance & allocations to customers

REGULATORY COMPLIANCE

- Ensuring that all investment activities adhere to regulatory requirements and scheme specifications

KEY DRIVERS OF GROWTH

WEALTH EXPLOSION **:** More millionaires than ever (**521,512 in 2023**) crave personalized investment solutions, driving demand for wealth management services.

BEYOND STOCKS AND BONDS **:** Investors seeking diversification flock to alternatives like private equity, pushing global AUM **past $16 trillion.**

GREENER INVESTING : ESG factors like sustainability are no longer niche, with **$45 trillion invested in ESG strategies** – set to **double by 2025.**

TECH REVOLUTION **:** Fintech is democratizing finance with robo-advisors, automated advice, and access to exotic assets, fueling a $266.8 billion market by 2027.

CHANGING FACES **:** Aging populations with retirement savings and tech-savvy Gen Zers joining the investment scene create new client segments with unique needs, demanding diversified service offerings.

REVENUE AND COST DRIVERS

REVENUE	COST
Management fees	Technology Costs
Performance fees	Regulatory Compliance
Entry fee, transaction fee, account charges, etc.	Talent Acquisition & Retention

RISKS AND CHALLENGES

Robo-advisors and cheap index funds devour fees, while startups nibble at core services. **ETFs gobbled up $10.3 trillion** in 2023, surpassing active funds for the first time ever.

Inflation, rising rates, and the Ukraine war erupt, spewing **market anxiety**. Global equities plunged in 2023, with the S&P 500 down over 20%.

PERFORMANCE METRICS

Assets Under Management (AUM): Total market value of assets managed.

Return on Investment (ROI): Measures the profitability of investments.

Expense Ratio: The percentage of AUM used to cover operating expenses.

Alpha: Measures the excess return of an investment compared to its expected return, indicating the skill and effectiveness of asset managers in outperforming the market.

Sharpe Ratio: Assesses the risk-adjusted performance of an investment or portfolio.

Information Ratio: Captures excess return beyond what could be attributed to market movements.

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AUTOMOTIVE

INBOUND LOGISTICS	OPERATIONS	OUTBOUND LOGISTICS	MARKETING & SALES	AFTER SALES SERVICE
• Raw Material handling • Raw material distribution across manufacturing units • Supplier Relations	• Machining, Assembling & Testing • Manufacturing unit setup • Quality Control	• Final Inspection • Warehousing • Distribution	• Pricing • Promotion • Advertisement • Channel selection • Dealership Management	• Repair and maintenance • Warranty • Service Center Management

KEY DRIVERS OF GROWTH

EV ENGINE SOARS: EV sales doubled YoY in 2023 to reach 14 million units. Govt incentives and expanding charging infrastructure fuel the fire, pushing EV market share towards **30% by 2030**

SUBSCRIPTION SHIFT: Car subscription services **grow 50% in 2023 to a $7.2 billion market by 2025**. Consumers opt for flexible access and lower upfront costs, reshaping the ownership model.

SMART CARS: Cars become rolling computers with advanced driver-assistance systems (ADAS) steering the way. Global ADAS revenues reach $57 billion by 2026.

EMERGING MARKETS: Asia & Africa roar onto the scene, with vehicle sales in China and India expected to double by 2030. Rising incomes & urbanization fuel demand for new cars and mobility solutions.

SUSTAINABILITY DRIVES: Green vehicles gain momentum, with manufacturers using recycled materials and eco-friendly processes. Consumers prioritize sustainability, with 73% willing to pay more for green cars.

REVENUE AND COST DRIVERS

REVENUE	COST
New Vehicle Sales	Raw Material Costs
Aftermarket Services	Research & Development
Connected & Autonomous Car Technologies	Regulatory Compliance

RISKS AND CHALLENGES

The electric vehicle (EV) boom is a long-term win, but the short-term path is bumpy. **Ramping up production** strains battery material supply, driving up costs and potentially slowing the transition.

As cars become more connected and software-driven, they become increasingly susceptible to **cyberattacks.** Hackers could potentially exploit vulnerabilities to manipulate critical systems, compromising safety and privacy.

PERFORMANCE METRICS

Average Transaction Price (ATP): Represents average selling price of a vehicle, providing insights into pricing strategies, product mix, and profitability per unit.

Parts-per-Million (PPM) Defect Rate: Measures the quality of a manufacturer's production process by quantifying the number of defects per million vehicles produced.

Warranty Expense per Unit: Measures the average cost of warranty claims per vehicle sold.

Recall Rate: Reflects the percentage of vehicles requiring a safety-related recall due to identified defects.

Research & Development Spending per Vehicle: Reveals a manufacturer's commitment to innovation by calculating the average investment in R&D per vehicle produced.

Inventory Days Supply (IDS): Measures the average number of days it takes to sell a car from the manufacturer's inventory.

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BANKING, FINANCIAL SERVICES AND INSURANCE (BFSI)

Index

MARKETING

- Advertisement
- Branding and Promotion
- Sales Support

SALES

- Acquisition
- Offering
- Multi-Channel Management

INSTRUMENTS & OFFERINGS

- Deposits
- Securities
- Credit & Financial Products
- Account Mgmt.
- Insurance/IPO
- Asset Management
- Other services

TRANSACTIONS

- Payment
- Trading
- Clearing and Settlement
- Custody

KEY DRIVERS OF GROWTH

FINTECH FUSION: **$210 billion invested in 2022.** Robo-advisors crunch portfolios, blockchain secures transactions. Traditional banks partner or innovate to stay in orbit.

GREEN FINANCE: ESG assets hit **$45 trillion in 2022. Green bonds** and climate-conscious products fuel growth as consumers and institutions demand sustainability.

BIG DATA POTENTIAL: Big data unlocks new worlds - **$231 billion spent on analytics in 2023.** AI tailors services, predicts needs, boosts customer satisfaction.

EMERGING MARKETS EXPANSION: Asia & Africa ignite mobile boom - **$800 billion** in **mobile money transactions** in Africa alone by 2023. Rising incomes and smartphone penetration drive demand for digital finance.

RISING CYBERSEC SHIELD: **$260 billion spent** on cybersecurity in 2023. Protecting customer data and preventing financial crime become top priorities as online transactions skyrocket.

REVENUE AND COST DRIVERS

REVENUE	COST
Net Interest Income (NII)	Personnel Costs
Fee Income	Technology Investments
Trading & Commission Revenue	Regulatory Compliance

RISKS AND CHALLENGES

As online transactions surge, so do digital threats. **Global cybercrime costs exceed $6 trillion annually.** Data breaches and system disruptions erode trust, incur financial losses, and damage reputations.

The IMF projects global GDP growth to slow to 2.9% in 2023, raising concerns about **loan defaults and reduced investment activity.** This can impact banks' profitability and necessitate stricter lending practices, hindering economic growth.

PERFORMANCE METRICS

Return on Equity (ROE): Measures the profitability of a bank relative to its shareholder investments.

Net Interest Margin (NIM): Reflects the difference between what banks earn on loans and pay on deposits, expressed as a percentage of average earning assets.

Cost-to-Income Ratio (CIR): Measures how much it costs a bank to generate every dollar of income.

Non-Performing Loan (NPL) Ratio: Indicates the percentage of outstanding loans that are unlikely to be repaid.

Customer Acquisition Cost (CAC): Measures the average cost of acquiring a new customer across various channels.

Customer Lifetime Value (CLV): estimates the total revenue a customer generates for the bank over their lifetime.

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CONSTRUCTION AND INFRASTRUCTURE

Index

PLANNING AND DEVELOPMENT

- Feasibility studies
- Design & engineering
- Permitting & approvals
- Financing & investments
- Land Acquisition / Transfers

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INSPECTIONS & QUALITY CONTROL

- Quality checks
- Safety compliance
- Environmental monitoring

PROJECT COMPLETION & HANDOVER

- Final inspections
- Punch list completion
- Documentation & handover
- Warranty & maintenance

KEY DRIVERS OF GROWTH

URBANISATION SURGE: Cities swell globally, pushing infrastructure upgrades and new construction. UN expects urban population to reach **68% by 2050**, driving a **$7.7 trillion** annual global market by 2030

GREEN INFRA: Sustainability reignites growth, with investments in renewable energy projects like **solar farms and wind power** grids expected to reach **$3.4 trillion by 2027**

DIGITAL TRANSFORMATION: **Building Information Modeling** (BIM) and robotics optimize efficiency, reduce costs. Global BIM market projected to hit **$11.8 billion by 2027**

EMERGING MARKET BOOM: Asia and Africa witness explosive infrastructure spending, led by China's ambitious Belt and Road Initiative. Asia-Pacific alone expected to invest **$28 trillion in infrastructure by 2040**

DEFENSIVE DEVELOPMENT: Climate change and natural disasters drive investments in flood defenses, resilient buildings, and smart infrastructure. Global **climate-resilient infrastructure** market set to reach **$1.5 trillion by 2027**

REVENUE AND COST DRIVERS

REVENUE	COST
Project Contracts	Material Costs
Change Orders & Variations	Labor Costs
Maintenance & Service Contracts	Equipment & Machinery

RISKS AND CHALLENGES

Skilled Labour Shortage - Worker gap widens, risking delays, higher costs, and safety concerns. North America alone faces a **shortage of 2.3 million workers by 2030.**

More frequent floods, droughts, and heatwaves disrupt schedules, damage infrastructure, and raise costs. Climate change could cost developing countries up to **$300 billion annually by 2030 in infrastructure damage**

PERFORMANCE METRICS

Project Completion Rate on Time & Budget: Measures adherence to schedules and cost estimates.

Return on Equity (ROE): Measures profitability relative to shareholder investments.

Safety Incident Rate: Tracks accidents per worker-hour.

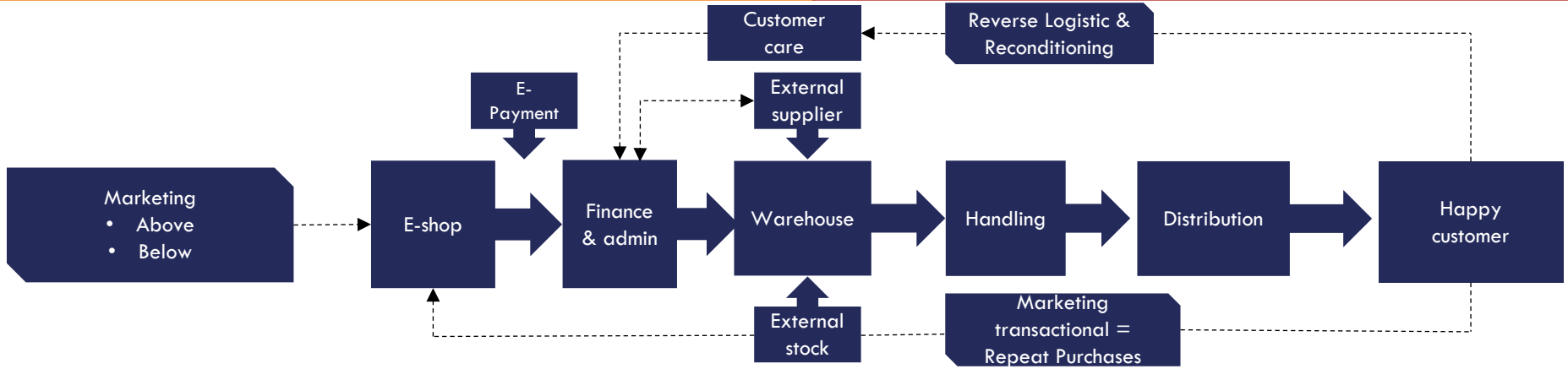
Change Order Value as % of Contract Value: Measures unplanned cost variations.

Customer Satisfaction Index (CSI): Gauges client satisfaction with project quality, communication, and on-time delivery.

Productivity Index: Measures output per worker-hour.

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E-COMMERCE



KEY DRIVERS OF GROWTH

INTERNET PENETRATION: Potential customer base for shopping increases

GOVERNMENT INITIATIVES: ONDC; Government e -Marketplace Portal (GeM) for facilitating public procurement; Bharat Net to set up broadband in rural India

ARTIFICIAL INTELLIGENCE: Augmented Reality, AI -led personalized shopping (Retail 4.0); practiced by Lenskart, Caratlane

FASHION AND GROCERY: Grocery and fashion/apparel to be key drivers, with increased purchase in Tier -2, 3 cities (contributing to 60% orders placed). By 2030, tier 2 shoppers to contribute to 88% of new shoppers

REVENUE AND COST DRIVERS

REVENUE	COST
Commission/revenue -sharing	Technology
Ad. Revenue, affiliate marketing	Shipping, Warehousing and returns
Subscription fee and Delivery charges	Customer Acquisition

RISKS AND CHALLENGES

In India, Internet penetration is quite low as compared to several western countries like the USA, UK, France, and more. Still, the country is a small fraction of what other countries are getting.

It is true that eCommerce in India has lots of first -time buyers. It means, they are still not sure about what to expect from eCommerce websites; thus, purchasers fall prey to hard sell. Finally, when the product is delivered, they started feeling regret and return the goods.

PERFORMANCE METRICS

Average Order Value (AOV) - Total Revenue divided by no. of orders; yields the typical amount spent by a customer in an order

Customer Acquisition Cost (CAC) - Amount that is spent to acquire a new customer

Gross Merchandise Value (GMV) - No. of transactions multiplied by AOV; represents total sales volume in a period

Shopping Cart Abandonment Rate (SCAR) - 1 minus cart conversion rate (i.e. sales divided by no. of carts); shows ease of the check -out system

Bounce rate - percentage of visitors who land on a webpage and then leave without interacting further or navigating to other pages within the same website.

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FMCG

INBOUND LOGISTICS

- Source materials and components
- Suppliers
- Efficient logistics

PRODUCTION

- Manufacturing
- Packaging
- Quality Standards
- Warehouse Storage

OUTBOUND LOGISTICS

- Distribution
- Delivery
- Distribution networks
- Delivery Invoicing

MARKETING & SALES

- Promotion and branding
- Consumer Demand
- Sales Relationships
- Market Research

AFTER SALES SERVICE

- Customer Satisfaction
- Returns & queries
- Feedback

KEY DRIVERS OF GROWTH

E-COMMERCE BOOM: Online grocery sales soar, reaching **$530 billion globally** by 2025. Convenience and wider product access fuel growth, with mobile wallets and hyperlocal deliveries accelerating adoption.

GREEN & CLEAN CRAZE: Consumers demanding eco-friendly packaging, organic ingredients, and ethical sourcing. Global **green FMCG** market projected to hit **$1 trillion by 2027**

PERSONALIZED NUTRITION: Data-driven diets gain traction, with AI analyzing health data to recommend personalized food and beverage choices.

SNACKIFICATION: Busy lifestyles drive demand for convenient, on-the-go snacks. Global snack market expected to reach $330 billion by 2025, healthy and indulgence options both thriving.

EMERGING MARKETS: Asia and Africa witness explosive FMCG growth, driven by rising disposable incomes and population expansion.

REVENUE AND COST DRIVERS

REVENUE	COST
Direct-to-Consumer Sales	Raw Material
Premiumization	Supply Chain Disruptions
Emerging Market Expansion	Evolving Consumer Preferences

RISKS AND CHALLENGES

Global **inflation** projected to reach **6.7%** in 2023, squeezing household budgets. Nielsen reports 40% consumers globally switching to cheaper brands, challenging pricing & profitability.

Eco-friendly practices and ethical sourcing raise costs and require complex supply chain adjustments. Balancing sustainability goals with affordability and operational efficiency.

PERFORMANCE METRICS

Revenue Growth Rate: Tracks annual top-line growth, reflecting market share gains and product innovation.

Gross Margin: Measures profitability per unit sold.

Inventory Turnover Ratio: Indicates how efficiently stock is managed.

New Product Launch Success Rate: Tracks % of new products exceeding sales targets.

Customer Acquisition Cost (CAC): Measures marketing cost per acquired customer.

Brand Loyalty & Repurchase Rate: Tracks % of repeat customers, reflecting brand strength and customer satisfaction.

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HEALTHCARE

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CONSULTING

- Patient Engagement / Scheduling
- Initial Assessment
- Specialist referrals
- Educational materials

DIAGNOSTICS

- Imaging tests
- Laboratory tests
- Functional testing
- Data analysis and interpretation

ADMISSIONS

- Bed allocation
- Insurance verification
- Financial arrangements
- Pre-operative preparation

TREATMENT

- Surgical procedures
- Non-surgical interventions
- Monitoring and adjustments
- Pain management

POST TREATMENT CARE

- Discharge planning
- Patient education
- Follow-up appointments
- Remote monitoring

KEY DRIVERS OF GROWTH

PRECISION MEDICINE: Leveraging AI and genomics to tailor treatments to individual patients, improving efficacy and reducing side effects, like targeted cancer therapies based on genetic mutations.

REMOTE MONITORING & WEARABLES: Global market for remote patient monitoring expected to reach **$31.4 billion by 2026.**

VIRTUAL CARE AND TELEHEALTH: Telehealth usage jumped 800% during the pandemic and continues to rise.

AI & DATA ANALYTICS: AI assisting in diagnosis, predicting disease risk, and streamlining administrative tasks for improved efficiency and cost reduction.

PREVENTION & WELLNESS: Shift towards personalized prevention strategies, to reduce healthcare costs and improve overall well-being. Wellness industry projected to reach **$1.5 trillion by 2025.**

REVENUE AND COST DRIVERS

REVENUE	COST
Patient Volume	Facility & Equipment Maintenance
Reimbursement Rates	Staff Wages
Ancillary Services	Administrative Overhead

RISKS AND CHALLENGES

Healthcare organizations are increasingly targeted by cybercriminals due to the valuable data they hold. Recent **data breaches** have exposed millions of patient records, causing significant **financial losses and reputational damage.**

The global population is aging, leading to an increased demand for healthcare services. Healthcare workforce is not growing at the same pace, leading to **shortages** of doctors, nurses, and other healthcare professionals.

PERFORMANCE METRICS

Readmission Rate: Percentage of patients admitted again within 30 days of discharge for the same condition.

Hospital-Acquired Infections (HAIs) Rate: Occurrence of infections patients contract during hospitalization.

Average Cost per Patient Admission: Average cost incurred per patient admission.

Length of Stay (LOS): Average number of days patients spend in the hospital.

Uninsured Rate: Percentage of the population without health insurance.

Telehealth Utilization Rate: Percentage of patient consultations conducted remotely via telehealth.

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HOTEL AND HOSPITALITY

Index

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PROCUREMENT

- Food and beverage
- Equipment and supplies
- Equipment and supplies
- Services

OPERATIONS

- Front office
- Housekeeping
- Maintenance
- IT

SERVICES

- Accommodation
- Event spaces
- Recreation
- Food and beverage

MARKETING & SALES

- Branding and positioning
- Distribution channels
- Public relations
- Marketing campaigns

DISTRIBUTION

- Direct channels
- Online travel agencies (OTAs)
- Corporate accounts
- Travel agents

KEY DRIVERS OF GROWTH

PENT UP TRAVEL DEMAND: After pandemic restrictions, the desire for leisure travel is exploding. Global tourism is projected to reach pre-pandemic levels by 2024, driven by a surge in domestic and regional travel.

SHIFTING PREFERENCES: Travelers are seeking unique experiences & personalized service. Boutique hotels, eco-friendly options, and wellness getaways are seeing increased demand.

TECHNOLOGY ADOPTION: Hospitality tech is booming, with mobile check-in, contactless payments, and AI-powered guest services enhancing convenience and driving operational efficiency.

RISE OF BLEISURE: The blurring lines between business and leisure travel create opportunities for hotels to cater to remote workers and digital nomads seeking flexible workspaces and extended stays.

SUSTAINABLE TOURISM: Travelers are increasingly conscious of environmental impact, supporting hotels with sustainability initiatives and eco-friendly practices.

REVENUE AND COST DRIVERS

REVENUE	COST
Room Tariffs	Wages
F&B	Consumables
Events	Repair & Maintenance

RISKS AND CHALLENGES

Rising **inflation** and potential **recessionary fears** could dampen travel spending. Recent consumer confidence indices reflect growing concerns about economic stability, potentially leading to travel budget cuts.

The hospitality industry grapples with **staffing challenges**, hindering service quality and operational efficiency. **High turnover rates** and **competition for skilled workers** make recruitment and retention a major concern.

PERFORMANCE METRICS

Occupancy Rate: Percentage of rooms occupied on a given night, showcasing room utilization and revenue potential.

Average Daily Rate (ADR): Average room revenue generated per occupied room, measuring pricing strategy and market positioning.

Revenue per Available Room (RevPAR): Combines occupancy and ADR, reflecting overall revenue generation per available room.

Guest Acquisition Cost (CAC): Marketing and sales expenses per acquired guest, evaluating marketing efficiency and budget allocation.

Customer Satisfaction Score (CSAT): Reflects guest experience through surveys or online reviews, impacting brand reputation and repeat business.

Employee Turnover Rate: Percentage of employees leaving within a period, indicating potential workforce issues affecting service quality and operational costs.

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INFORMATION TECHNOLOGY

Index

MARKETING & SALES

- Identifying target markets
- Marketing campaigns
- Sales
- Promotion

INBOUND LOGISTICS

- Procuring hardware components, software licenses, raw material needed for IT product manufacturing and development

OPERATIONS

- Designing
- Manufacturing
- Developing IT hardware & software
- Coding and testing
- Quality checks

OUTBOUND LOGISTICS

- Distribution/Supply chain management
- Warehousing
- Order fulfillment

SERVICE

- Maintenance
- Installation
- Consulting services

KEY DRIVERS OF GROWTH

DIGITAL TRANSFORMATION: Companys' focus on adopting new technologies to improve efficiency, value for customer, quality of operations

INTERNET OF THINGS (IoT): Rise in use of technologies like cloud computing, artificial intelligence, augmented reality, virtual reality, 3D printing

BIG DATA AND ANALYTICS: Need to store, manage and analyze big data sets generated by businesses for efficient decision making

NEED FOR GLOBAL CONNECTIVITY: Increased globalization, cross-border businesses, changing trend towards remote work creates demand for cloud computing, cybersecurity, mobile technologies, data exchange mechanisms

E-COMMERCE & PLATFORM BUSINESS MODELS: Increase in number of businesses that operate on online platforms boosts demand for IT services

REVENUE AND COST DRIVERS

REVENUE	COST
Services, consulting, training & support	People: Labour, training
Software	Processes: Compliance, R&D, maintenance
Hardware	Infrastructure costs

RISKS AND CHALLENGES

Rapid technological advancements makes it difficult to keep up with the pace of change, high risks of **cybercrimes** with the increasing use of technology in every sector

Global competition, geopolitical factors and new **regulations** need to be complied with

PERFORMANCE METRICS

Operational: System uptime, response & resolution times, backup & recovery performance, capacity planning & resource utilization

Quality: Customer & user satisfaction

Support employees per end users: Number of employees per users to resolve tickets

Service Level Agreement (SLA) Compliance Rate: Ratio of timely and accurately completed projects by total projects. High SLA compliance rate indicates good performance.

Change Success Rate: Ratio of successful IT updates versus unsuccessful changes

Financial: *Return on IT assets, IT budget utilization, cost per employee*

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MANUFACTURING

Index

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MARKETING & SALES

- Identifying target markets
- Marketing campaigns
- Sales
- Promotion
- Pricing

INBOUND LOGISTICS

- Procuring raw materials
- Warehousing
- Managing inventory

OPERATIONS

- Designing
- Manufacturing
- Testing
- Quality checks

OUTBOUND LOGISTICS

- Distribution
- Supply chain management
- Order fulfillment

SERVICE

- Maintenance
- Customer service
- Returns processing

KEY DRIVERS OF GROWTH

GOVERNMENT POLICIES: Favorable government policies help attract investment and boost growth

INFRASTRUCTURE and LABOUR: Adequate infrastructure is essential for the efficient operation of the industry; a skilled and available labor market helps to increase output

SUPPLY CHAIN OPTIMIZATION: Efficient supply chain management is essential for reducing costs and meeting consumer demands timely, promotes overall growth

TECHNOLOGY ADOPTION: Helps companies improve their efficiency by automating operations, improving productivity and providing competitive advantage

INNOVATION AND R&D: Investment in innovation and research help in developing new products and processes which is essential for competitive advantage and efficiency of operations

REVENUE AND COST DRIVERS

REVENUE	COST
Globalization	Raw material, labor, infrastructure
New product development	Factory related indirect costs
New markets	Administrative costs

RISKS AND CHALLENGES

India has a large workforce, but much of it is **unskilled** and lacks the necessary skills to work in the modern manufacturing sector

Increased **competition** from countries like China, **geopolitical** factors that affect international trade and **regulations** set to meet **environmental** standards

PERFORMANCE METRICS

Overall Equipment Effectiveness (OEE): Considers factors like equipment availability, performance, and quality to determine how effectively assets are utilized

Quality Yield: Percentage of total production that passes quality checks

Production Downtime: Ratio of equipment downtime versus total production time availability, tracking downtime and its causes helps identify areas for improvement

Total Cycle Time: Percentage of products processed, produced and delivered on time to customer

Throughput: Number of units produced/Total time of productions; Helps to judge efficiency of operations

Capacity Utilization: (Actual output/Total capacity)x100; Helps to determine if a machine is producing to its maximum capacity

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OIL AND GAS

Index

UPSTREAM

- Exploration, Drilling, Production
- Involves locating oil and gas reserves
- Includes drilling wells and extracting hydrocarbons

MIDSTREAM

- Transportation, Storage, Marketing
- Focuses on moving and storing crude oil and gas
- Includes pipelines, storage terminals, and LNG facilities

DOWNSTREAM

- Refining, Processing, Distribution.
- Converts crude oil into refined products.
- Involves refining, petrochemicals, and distribution.

KEY DRIVERS OF GROWTH

ECONOMIC GROWTH: Industrialisation and urbanisation, increased mobility, manufacturing, shipping and logistics

TECHNOLOGICAL ADVANCEMENT: Seismic imaging, drilling technology, big data analytics for optimisng operations

PETROCHEMICAL PRODUCTS: Diversification of products, global manufacturing and construction, plastic and automotive industry

EXPLORATION OF UNCONVENTIONAL GAS AND RESOURCES: Increased energy supply, energy security and competitive gas prices, export opportunities

REVENUE AND COST DRIVERS

REVENUE	COST
Crude Oil, Gasoline and Lubricants	Exploration: Seismic studies, Drilling rigs, and labour
Natural Gas	Production: Valuable Infrastructure set-up and maintenance
Gas Stations	Retail Outlets, Employee Expenses, Insurance, Licenses

RISKS AND CHALLENGES

Regulatory and compliance challenges: Highly regulated by government agencies

Competition and pricing: Crude prices and other external factors determine the prices of various fuels and petroleum products

PERFORMANCE METRICS

Lease operating Expenses: Cost incurred to keep the well producing after the initial cost of drilling and completing a well

Reserve Replacement Ratio: Net proved reserves added through discoveries, revisions, and net acquisitions divided by total productive volume

Barrels of oil equivalent: Energy released from burning of barrel oil

Natural Gas equivalent: Energy released from burning natural gas

Capital project efficiency: Cost management, timely completion, ROI, operational readiness

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TELECOM

MOBILE OPERATORS

- These companies provided and billed for voice and data services that consumers bought

Examples: Vodafone, Airtel, Jio etc.

INFRASTRUCTURE VENDORS

- These players provided data supply lines, base stations, switches, gateways, controllers etc. to enable interfacing between carriers and chipsets

Examples: Nokia, Huawei etc.

HANDSET MANUFACTURERS

- Such companies built and sold the final mobile phones, to customers

Examples: Apple, Samsung, LG, Etc.

CHIPSET MANUFACTURERS

- Companies in this space build chips that power the handset, enabling them to talk to the network as well as run applications

CUSTOMERS

- Product and service offering design
- Sales support, customer care and account management
- Billing collection, tracking, follow up
- Engagement through online/offline advertising

KEY DRIVERS OF GROWTH

DIGITAL INDIA INITIATIVE: Government initiatives such as Digital India have played a crucial role in driving foreign direct investment. India plans to manufacture mobile phones worth **US$ 126 billion by 2025-26**.

DATA CONSUMPTION SURGE: India ranks second globally in the number of internet subscribers. The total reached **865.9 million** internet users (December 2022).

INCREASING MOBILE PENETRATION: Increase in mobile penetration in India by **14 percentage points**.

4G NETWORK EXPANSION: Teledensity grew from **18.23%** in FY16 to **84.51%** in FY23.

REVENUE AND COST DRIVERS

REVENUE	COST
Internet and voice services	Spectrum Charges
Cross provider calls	License fees, network costs
International Roaming Revenue	Operational costs, interest costs

RISKS AND CHALLENGES

High Churn Rate: Average churn rate for a telecom industry varies safely between 10 to 67% annually, which makes it very difficult to predict the everchanging market

Telcos' 5G disclosures on climate change and sustainability have declined, lacking ESG metric details. Lack of clear net-zero strategies and businesses are finding vendor 5G solutions insufficient for sustainability needs.

PERFORMANCE METRICS

Call Drop Rate: The percentage of calls that get disconnected before completion.

Average Call Duration: This metric measures the average length of time that a call lasts.

Subscriber Churn Rate: The percentage of subscribers who discontinue their service within a specified period.

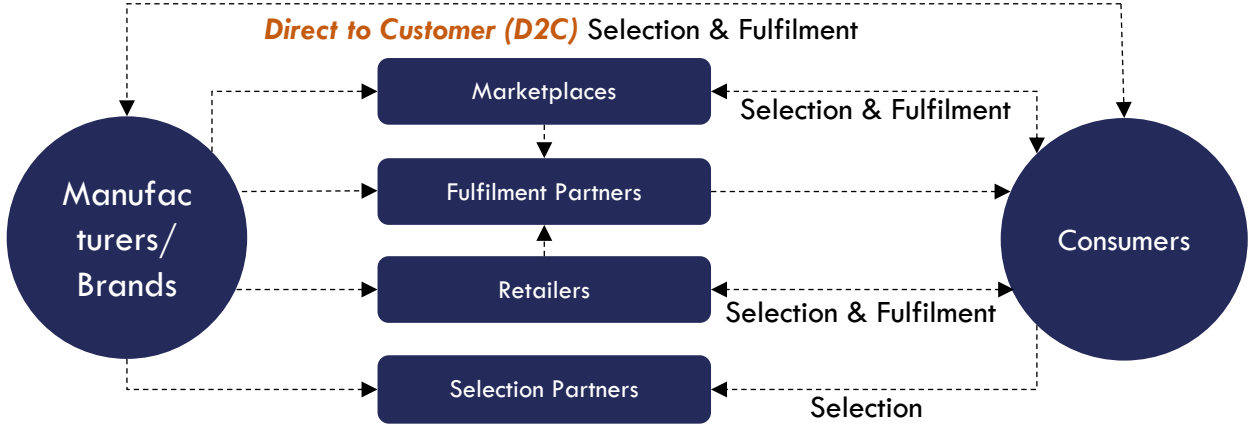
Average Revenue per User: The average revenue generated per subscriber over a specific time period.

Network Latency : The time delay between the initiation of a communication request and the actual response.

Packet Loss Rate: The percentage of data packets lost during transmission.

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RETAIL



KEY DRIVERS OF GROWTH

***ECONOMIC GROWTH*:** Increased consumer spending due to higher disposable income

CONVENIENCE IN PAYMENTS: Easy payment options such as UPI, BNPL

E-COMMERCE: Rise of E-commerce, M-commerce. Data-driven insights.

E-RETAIL PENETRATION: 4.3% in India vs ~25% in UK, China, Korea

GOVERNMENT POLICIES: Availability of labour, low costs and special investment wages such as tax breaks encourage FDIs

REVENUE AND COST DRIVERS

REVENUE	COST
Own brand (private label) sales	Retail Lease
Loyalty & rewards programmes	COGS & supply chain
Affiliate marketing and Cross selling	Utilities/labour &other op-ex

RISKS AND CHALLENGES

Unorganized Markets The retail sector in India has been unorganized for a long time. There is no standard procedure and planning that would aid a retailer in establishing and running its business.

Rise of e -Commerce Many customers do not want to go out in the sun and search for their desired products. Rather, they want their products home - delivered by the click of a few buttons.

PERFORMANCE METRICS

Sales Revenue: This fundamental retail KPI reflects the total sales revenue generated within a specific period. It offers insights into the business's financial health and its capability to generate profit.

Gross Margin: This KPI calculates the remaining revenue after deducting the cost of goods sold (COGS). It measures the profitability of the individual products you sell.

Inventory Turnover: This KPI measures how many times a business has sold and replaced inventory during a certain period, providing a yardstick for merchandising effectiveness and pricing strategy.

Conversion Rate: This KPI measures the percentage of store visitors who make a purchase. A key objective for retail businesses, an increasing conversion rate indicates success in getting customers to make purchases.

Foot Traffic: Particularly important for brick-and-mortar retailers, foot traffic denotes the number of customers who enter your store. An increase in foot traffic often indicates the success of your marketing and promotional efforts.

Sales per Square Foot: This metric demonstrates a retail business's average revenue for every square foot of sales space. It is useful for assessing store layout efficiency and the effectiveness of product placement.

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TRAVEL AND TOURISM

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DESTINATION MARKETING AND PROMOTION

- Advertising
- Digital marketing
- Promotions.

TRAVEL PLANNING AND BOOKING

- Facilitating trip planning
- Online ticket booking
- Travel agencies
- Service providers.

TRANSPORTATION ACCOMMODATION SERVICES:

- Transportation (air, rail, road)
- Lodging options.

ON-SITE EXPERIENCES AND ACTIVITIES

- Offering diverse on-site experiences, managed by tour operators and local guides.

POST-TRAVEL SERVICES AND FEEDBACK

- Managing post-travel services
- Gathering feedback, and using insights to enhance services and encourage destination loyalty.

KEY DRIVERS OF GROWTH

ECONOMIC GROWTH : Strong economy boosts disposable income, driving spending on leisure travel.

***GLOBALIZATION*:** Increased global connectivity and accessibility spur international tourism.

REVENGE TRAVEL: Surge in travel post-restrictions, where individuals compensate for missed opportunities with extravagant or indulgent trips, reflecting pent-up demand for leisure and exploration.

TECHNOLOGICAL ADVANCEMENTS: Innovations enhance travel efficiency and accessibility, shaping industry growth.

HEALTH AND WELLNESS TOURISM: Increasing awareness has led to a rise in wellness tourism, with people seeking destinations that offer spa treatments, fitness activities, and holistic experiences.

REVENUE AND COST DRIVERS

REVENUE	COST
Commission models	Fuel Energy and Personnel Costs
Accommodation Revenue	Infrastructure investment and Maintenance
Airlines and Transportation	Regulatory and Compliance

RISKS AND CHALLENGES

Economic Volatility and Exchange Rates: Impact of economic uncertainties and currency fluctuations on travel spending and business performance in India.

Infrastructure Constraints: Challenges posed by inadequate transportation, airport, and accommodation infrastructure, limiting industry growth and hindering visitor experiences.

PERFORMANCE METRICS

Cancellation rate: Percentage of booking cancelled

Revenue per available room (RevPAR): Total revenue earned by a hotel divided by the number of rooms

Load factor : Percentage of total available seat occupied by passengers

Average Daily Rate : A measure of the average price paid for a hotel room per night.

Occupancy Rates: Average price paid for a hotel room per night

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