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I want to try and gauge how we will fare with respect to the substitute in each segment. Based on our assumption this will be 20% of the UMC segment. The next thing to do is ask some preliminary questions. During the case you can score brownie points by throwing few insights along the way as long as you're not deviating much from your primary objective. We can assume that all men and half the women would be working. 3.1. Asking Preliminary Questions 3.2. Having and Conveying an Overall Strategies 3.3. Problem Isolation Tools Segmentation Company Specific or Industry Wide issue Hypothesis driven approach 3.4. Improving Drill Speed (If there are 4 possible causes to a problem, knowing how to assign priority to the investigation process to reach the solution faster) Using the 80/20 rule Benchmarking with competition Using Business insights Apart from these skills we will introduce you to approaches to solve cases which are better than the approaches in conventional resources. No 83 Case Interviews Cracked 2. Most BPL families are too poor to send their children to school. 56 Case Interviews Cracked Profit=~\$240mn in the first year and are likely to grow at >80% year-on-year(y-o-y) owing to increasing capture of the market share and intrinsic growth rate of the segment itself. We are only present in the cocaine business. Small Retail (Pan Shops): 60% sales Medium Retail: 30% Large Retail: 10% Paan shop sales have taken a hit, while other channels have not seen a decline. Company Notice here that after using the Profitability framework to find the metric responsible for Profit decline, the candidate is directly moving onto the Business Situation Framework. Assuming an equal distribution, this gives us 400,000 students across each year till the age 25. Tent Maintenance comprises maintenance equipment costs and Service Personnel comprise of our labor costs including maintenance staff. Compared to Fri, Sat, Sun on Mon, Wed, Thu we have only an 80% occupancy even though we have tickets selling at half price. Let's see first if we can increase our revenue streams. We will simply state them as follows: a) Communicating your thought process to the interviewer b) Synthesizing the case (Typically state Recommendation with three supporting reasons) 15 Case Interviewer Cracked 3.1. Asking Preliminary Questions You're given a problem statement like "Client ABC which is part of the X industry has lost 20% profits, please suggest recommendations to turnaround the problem". What do you think? We can also pilot by increasing price of one show on Fri, Sat, and Sun and see customer response. What about geography of where customers come from? Alright, to make Tuesdays more profitable as well as better in promoting talent we can - Improve quality of the plays to boost audience turnout by appointing veteran directors as mentors Tie-up with local schools by providing discounted tickets for class outings at the theatre Sell broadcasting rights to TV channels. Air Conditioners are used for residential cooling and commercial cooling in Mumbai. 117 Case Interviews Cracked Overall Strategy We need to address two issues although they affect each other 1. B) Distribution challenges-We have already covered this aspect. Price has remained the same, Volume has declined proportionate to Revenue. The Evolved approach looks like this (We are assuming that we need to estimate profits to decide whether to enter the market here. This would mean that our unit cost is also 1.5X compared to A & B. Conventional vs Evolved Approach 4.1.2. Sample Case 1: Sweets (Using evolved approach) 4.2. Market Entry 4.2.1. Conventional vs Evolved Approach 4.2.2. Sample Case 2: Chicken Nutrients (Using conventional approach) 4.2.3. Sample Case 2: Chicken Nutrients (Using evolved approach) Chapter 5. The most popular plays are performed on weekends 128 Case Interviews Cracked When we say we have popular plays on weekends and less popular plays on weekends and less popular plays on weekends is this popularity determined...the respective turnouts on either days would not be a good parameter of comparison, because weekdays are hamstrung with a lower audience? Notice over-and-above asking "What has changed" within these segments, something we discussed in Chapter 3.3.1. Just information of what the current split is, does not tell anything. What is its price? Are we open to setting up more theatres, exploring options outside the city or are we to focus only on the existing theatre? Segmentation is important to narrow down a broad problem into a more nuanced and specific problem. Are there any regulatory barriers to entry? So over the last month our costs have gone down from 130 lakhs to 110 lakhs, 10 lakh reduction coming from Head Office costs and 5 lakhs each coming from Tent Maintenance and Service personnel reductions. There is no competition currently. Distribution Push Issue -> 3. (2) The interviewer notes that you have thought about various aspects of a case. How would you improve maintenance? What is the customer concentration like? Their income is greater than 32,000 pm. These are usually, children of construction workers, vegetable vendors or even beggars. Preliminary questions about the product not asked which led to the candidate confusing sweets with 'mithai'. Our variable cost, including all transportation costs, comes out to be 40c/unit. What is the market share of each? The growth rate is 3%. The income generated is then split amongst the contributing farmers. We sell toffees, like a Mentos toffee. It is located on a highway joining Delhi and Chandigarh. Naturally, our trees are able to provide us with much more type B wood compared to our competitors. Apart from the area of a cubicle, an air-conditioned office has several common areas such as receptions, washrooms, lunch areas. That would make sense since we are dealing with middle class urbanites who typically are price sensitive. Then in the first year we can sell 0.06X units at a price of 80c/unit. What are the products we sell? The # of people in Delhi/ Chandigarh has reduced, which is unlikely in a short span of time. Although not shown in this case, the way a value-chain is set up affects profit margins. I am assumption that the client is in the wrist watch market instead of the wall clock market, it can bite you later in the case when, let's say, you have to suggest suitable marketing strategies. Hmm so even if we were able to overlook the problem of low capital and lack of awareness of farmer, our product would not be useful to the small farmers. Can you tell me how our fixed and variable costs compare with competitors? My preliminary thoughts are this is because of fewer patrons on working days. Students also begin to practice cases amongst themselves referring to university casebooks of HBS, LBS, Wharton and many others. 2) Victor Cheng's Email Newsletters: You can get this by subscribing for free on caseinterview.com. Together-product, geography and value chain-give you a good 'look and feel' of the company, makes it easy for you to visualize the company and puts you in a comfortable spot to analyze the rest of the case. To do away with the gueues altogether, we can also introduce a token system, where a time is given to a visitor and he/she has to come at that time to see the exhibit, else they are free to do something else. This is the case for my family, and our average household income would be around 100,000pm. What are the various products sold at this pump? There is no competition in the next 1-2 years. Are there any substitutes for our product currently? These may look like several questions but in a conversation they will take very little time since many of them have a simple 'yes' or 'no' response. For example if in response to question (c) the interviewer tells you that the industry is growing and hence there was an expectation for the company's profit structure to that of competitors and get to the bottom of the stagnation problem. You can look at other cost reductions now. That fine, we can close the Evolved approach to see how these issues get resolved. We would like to thank the following set of brilliant people who supported this idea and actively participated in refining the content to bring it to its current form. Over the last 2-3 years. It is routed via Delhi. How does it compare to the client's product? of rooms available per night*(% avg. Employees can stay in any hotel as long as rooms cost 40 stores). This leads to a price of Rs. 25 per pill. Metro to Tier two: Total of 6x5=30 routes. Since our cost will become 120 lakhs after solving the maintenance problem, to break-even we need to make up for 30 lakhs. For example: Let's say profit margin=Profit/Revenue) for guitar sales has gone down and we know there are two channels for distribution- Company owned stores and third-party stores. There also we isolate the problem along the value chain as Production \rightarrow Distribution & Retail Push \rightarrow Customer Pull 123 Case Interviews Cracked How many people can we accommodate at the Darbar? Where is our factory located? Why is it even a concern? The farmer would at best break-even. That's it. Our client has recently outsourced labor to China as a result of which they have been able to cut down on labor expenses. What is likely to happen to an illegal product like cocaine? Exhibit 1 Cost structure (in Head INR lakhs) Office Tent Maintenance Service Personnel Marketing Total This Month 50 20 20 110 Last Month 60 20 25 25 130 118 Case Interviews Cracked Exhibit 2 Operating Data Number of Maintenance Requests This Month Average queue times at exhibits(minutes) Last Month Peak Queue time Zone 1 6 12 21 3 Zone 2 10 5 25 2 Zone 3 20 15 92 17 Zone 4 34 11 12 11 Zone 5 20 7 76 23 Zone 6 18 9 88 21 Zone 7 71 54 34 12 Zone 8 1 3 44 10 Zone 9 29 12 57 14 Zone 10 22 15 232 121 Zone 11 10 14 76 16 Zone 12 32 18 21 4 Zone 13 1 0 140 92 Zone 14 0 1 32 4 Zone 15 20 12 42 3 Zone 16 37 31 18 7 Zone 17 45 20 12 1 Observations: 1. d. Would we be able to distribute our product? This gives us a total of 2MN men + 1MN women = 3MN people. The terms of the deal should be such that the publisher on an average makes at least as much as he/she used to in the old model else he will not agree to the new deal. Then we can see what would be frequency of each route and accordingly find the no. Wooden planks are manufactured from the teak trees that grow there. 59 Case Interviews Cracked (1) Restaurant Strategy I would like to approach this problem from a supply point of view. Even signing up with channels with mediocre TRP on non-prime time slots is good enough. That won't be necessary. You should compare variable cost with competitors. Also, police regulations do not allow us to keep the Darbar open for any longer than the current hours. That seems reasonable. Why is this so? What is the client's product? Replacement Demand = Current # Products/ Avg. 87 Case Interviews Cracked Case 10: Mumbai Hotel Our client owns a hotel. Are they evenly spread out in Thailand? Split of unit production is 3:1 in favor of high-margin Type B planks? We are. I want to know 120 Case Interviews Cracked 1. b) We can increase the #People not at exhibits. This is because this conventional approach is not goal-oriented. We will suggest a few very important tweaks to the conventional approach. In the middle-class segment on an average two people would use a taxi at a time. The problem could be because of 1. c. The approach given does the income-split analysis together, and then applies a factor for market share of taxis within (taxis + autos). Also you don't want to be in a situation where you miss out some important info either because the interviewer forgot to explicitly state it(he/she have been conducting interviews for several hours) or because you misunderstood profitability(usually profit as a % of revenue) for profits. Spot on. Yes, A & B have reduced their price from 1.5X to 1X in the last year. This is because electronic products require a greater sales effort. Both competitors and the client make wooden planks of two types - A and B. Perfect. Distribution Push Issue-Our products are not being pushed by the Distributors & Retailers as much as before. Skills Development 3.1. Asking Preliminary Questions 3.2. Having and Conveying an Overall Strategy 3.3. Problem Isolation 3.4. Improving Drill Speed Chapter 4. ft.) has increased. The journey time is lesser of about an hour. Production Issue-We are not able to produce as much as before. Yes, because they have more #chicken compared to a small farmer, economies of scale kick in. The biggest production houses have their plays on weekends. Discussion Although in this approach you arrive at the correct answer, the process can be made a lot more efficient. Can I have details about the earlier model and the proposed one in terms of numerical data? 39 Case Interviews Cracked We know that we reach out to customers via Pan Shops, Small Retailers and Large Retailers. We will now show you how to effectively tackle these types of cases. 3.1.3. Spidey-Sense info (Applies to all types of cases) By this we mean any information or technical term which "tingles your Spidey-Sense" or is a little ambiguous or something you're not 100% sure of. Why do we have more cutting cycles in a year? So the product sales are largely driven by the shopkeepers. fares per taxi in a hour = 1 hour / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total #Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total #Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the total # taxis= (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the taxis = (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interviews Cracked Hence the taxis = (Total # Taxi fares per hour) / (Average fare time) = 60 mins / 45 mins = 1.33 79 Case Interv difference in learning curves before buddies were appointed and after. For now this much is enough, thanks. Segment Small farmers Community farmers Corporations Size(of total Chinese market) 80% 10% 10% 10% forward and after. cap for room rentals. Correct, but the Government is not looking to make profits out of this, it is looking to break even. Try to choose one which has a good mix and which you think might be a close to an average Large schools typically have 40 students in each class. Sure. *Synthesizes* 116 Case Interviews Cracked Case 16: Delhi Darbar Note-This case is slightly different. Both segments have seen revenue growth of 4%. 8 Case Interviews Cracked Preface In the first semester of the Academic year 2013-2014 at IIT-Bombay, we were gearing up for placements. Also certain primary skills such as "Asking Preliminary Questions" and "Having an Overall Strategy" which we explain in the book have not been emphasized with enough examples. mileage) x (Cost of fuel) While the above segmentation is correct, here is a simpler way of doing the same segmentation Transport Cost = (#Trucks) x (#Trips per Truck) x (Cost of fuel) = (#Trucks) x (#Trips per Truck) x (Cost of fuel) = (#Trucks) x (#Trips per Truck) x (#Trips per per Truck) x (Distance travelled per trip)/ (Avg. What else would you like to do? 55 Case Interviews Cracked Hmm... You can consider them to be like the exhibits of an amusement park. He did his internships at Goldman Sachs and Dalberg Global Development Advisors, where he decided he wanted to do consulting right out of college. It's only one theatre we are talking of. Other Cost reductions So our costs had gone down from 130 to 110 lacks we are still in losses. It could be because of a better: - Profit sharing with the play organizers Brand of theatre house Location of theatre house Location of theatre house Location of theatre house are still in losses. It could be because of a better: - Profit sharing with the play organizers Brand of theatre house Location of theat less preferred. Regard the time between a metro and its orbital tier-two cities, not between a metro and different metro's orbital tier-two city. Thank you for respecting the hard work of the authors. We don't need specific data of competitors, but there might be a body like a tourism body which keeps industry data. Do we know how has each metric has changed? Alright, good job. Are we open to change the purpose of the facility from plays to something different? Supply Keeping in mind that the McDonald's model is a made-to-assemble* one, Time required to make a burger = (1) Sourcing components + (2) Heating + (3) Assembly + (4) Delivery *A made-to-assemble model is one where the individual components are ready or 'made' and require only assembling to make the finished product Time required to make a burger = 5s + *5s + 10s + 10s = -30s*Assuming 2 crate of patties (each having 30) take about 5 minutes to cook. Where is it located? What are our existing channels? Uniform rate across all our rooms. You need to know: (1) What case-interviews are. Discussion In this approach after the candidate identified the problem of volume decline, he isolated it across the valuechain instead of directly moving to the business situation framework. We now need to see how to improve our revenues on Mon, Wed & Thurs. Candidates often have the time to prepare, but only limited sources to practice advanced cases from. However, if you find its contents useful and believe it deserves any kind of compensation, please use the Amazon or Smashwords.com web-portal to purchase an e-copy. Most companies in this industry, the client included, own plots of land in the forest. That settles it then. What might be going wrong? We find out why the problem exists at that part of the Value Chain using the Business Situation Framework The benefit of this modification is it allows you to isolate the problem to a specific part of the value chain thereby leading you to the cause of the problem more easily. However it creates side-effects in the chicken. Precisely, we can economically reach out to this segment. This means they will ask questions like what type of distribution channels we have, but since they don't know beforehand how they will make sense of the information, they often forget asking the second question of WHAT HAS CHANGED in the distribution channel. Overall strategy Now I would like to analyses the 'Product' branch and 'Competition' branch to gether as a 'Competitor benchmarking' branch to gether as a 'Low of the business You can analyse the 'Product' branch and 'Competition' branch to gether as a 'Competitor benchmarking' branch to gether as a 'Low of the business' You can analyse the 'Product' branch and 'Competition' branch to gether as a 'Low of the business' You can analyse the 'Product' branch and 'Competition' branch and 'Competition' branch and 'Low of the business' You can analyse the 'Product' branch and 'Low of the business' to 30x1=30 Aircrafts. Interesting, so it seems we have not adapted to this development. He wants you to find out the problem is. It is a commodity product. 12 Case Interviews Cracked 3) www.caseinterviewmath.com/math: This resource helps in improving your math calculation speed and accuracy. Distribution channel Size and growth rate of each segment? Note that the Upper Middle Class (10% of population) has the same relevant characteristic as the Middle Class and hence it has been lumped in the Middle Class for analysis. No distinction in product, distribution channels or marketing. How is it used? Let's go over the numbers once more. That is an average of 0.2*2 + 0.8*1 = 1.2 burgers per person per sitting. Tue is a holiday for the theatre industry. This is an approximation as many times small schools like those run by NGOs lump students across ages in the same class. of available rooms remaining the same. The shopkeeper is not selling (pushing) the toffees to his customers or 2. b) Middle class (Rs. 16,000-Rs. 32,000 pm) Assuming an average income of Rs. 20,000, and using the same analysis as for the upper middle class bracket, we get a maximum spending of (20,000) x (75%) x (5%) =Rs.750 per month. We will assume the average family in this segment owns 4 tons of ACs Hence we get, #Tons in residential segment = 5MN x (10%) x (1 ton) + 5MN x (10%) x (20%) x (4 tons) =400,000 + 400,000 = 800,000 tons. We need to consider the following factors when calculating (Total # Taxi fares) in the morning Population Income Split Age split Gender Alternatives: Buses, personal cars, bikes, walking, auto-rickshaws, other vehicles Region: Auto-Rickshaws are not allowed in South Bombay, so use of taxis is greater there No. of passengers in a taxi at a time Journey time 77 Case Interviews Cracked Let us begin the estimation Of this target population is important only when we are trying to determine a price of the product. Though we are having a 6% growth rate in overall no. 200) Since the occupancy varies according to time of day, I would like to do the math separately for each hour. If our goal is to estimate Profits, every question asked should help in arriving closer to that. Their revenues have declined by 20% over the last year and they want you to figure out the cause and suggest suitable remedies. 40 Case Interviews Cracked If it is a differentiable product, we will need to do a competitive analysis on product parameters (flavor, size, price etc.), distribution channels (customer preferences) and marketing. Suppose if profits have changed to cause the change in profits.

We expect small farmers to be more price-sensitive than corporations. All we know is we can charge more than the Nicotine patches, but we don't know how much more we can charge. Lastly, the candidate was more effective in thinking of potential Retail (40%) - E-commerce (20%) What is the split for competitors? Example 18 Case Interviews Cracked - Facebook's penetration in Rural India is restricted by low internet availability. Is he being compensated for this? Is it possible to pay off the cops to let go of our product? Based on this information it seems, that customers are moving away from our client's product as well as B & A due to the higher price. Analyze and tell us how you can increase our ticket sales. I think it would be easier to reach to big corporations and we'll require only a few distribution centers to reach out to them. # Students per school) We will first estimate the (#School going children in Mumbai) and then the (Avg. Mr. Victor Cheng's (A former McKinsey consultant and interviewer) resources adequately cover (1), (2) and (3). Most of these maintenance requests are repeat requests, owing to the previous request not being addressed due to lack of manpower and equipment. a. Coming to Distribution and Retail push issues. The total number of burgers = (# hours) x (# people per seat per hour) x (# burgers per person) The total number of burgers = (# hours) x (# people per seat per hour) x (# burgers per person) Let's say every person eats at McDonalds for 20 minutes. Has there been a reduction in length of stay of each segment. Cost/unit) - Fixed Costs 2. Sure, let's do that. I would now like to analyses the profit structure of the company to know why profits are declining. d) Forgetting Value Chain feasibility-Candidates often estimate the profit structure of the company to know why profits are declining. if it's practically possible to establish the value chain from Production to marketing. 28 Case Interviews Cracked 3.4.3 Business insight Sometimes business insight scan help you gauge which branch to drill first. That's fine, anything else? Indeed, there has been a shift of passengers to a new air route between the two cities. What do you think can be the reasons for this? To make matters worse, the facility has a life of one year, and will be closed in 10 months in case things don't improve. How is the industry doing with respect to kitchen-utility products on the revenue front? We can consider them to be equivalent to two flights (if there is one stop over) under the types of routes mentioned above and continue with the analysis. c) Lower middle class (Rs. 8,000-Rs. 16,000 pm) Let the average income be Rs.10, 000 pm for this group. After using the patch for four months less than 1% people are able to quit. This helps streamline the problem isolation process to a great degree. 109 Case Interviews Cracked So we know our revenues are down by 20% because units sold in our main business of toasters is down by 22%. They have been classified as guesstimates, profitability, market entry, pricing, and unconventional for the benefit of candidates wanting to practice a certain type of 4-16, 80% students may have gone to school at some point of time, but not through all the grades in between. Yes, you are spot on. We have 90 lakhs in revenue and 110 lakhs in cost. If you would try and fit the normal profit framework, under costs you would find that all costs-rent, maintenance, employee and delivery are up and would not know where the problem lies. They can command a higher price after using the vitamins. This can be done by Popularizing theatre as a form of entertainment for this group Advertise and provide promotional tickets; flyers at homes, social media for students Have television soap actors as cast members in the plays to attract housewives, retirees Having plays with themes that appeal to these groups Alternatively some shows can have plays targeted towards the masses, by having vernacular languages as the medium. How will you test it? Which regions have seen this problem? Let's say for a particular case, we want to segment the fuel transportation cost of trucks. So we can gain back up to 20 lakhs worth of revenue just by turning around negative publicity. You will focus your analysis on finding company-specific causes rather than potential industry-wide causes. There is the conventional approach which is what most candidates use initially after referring popular resources. Revenues remain unchanged. Shall we look into this? Great question. How might you do that? Since # of units is reducing in the Pan Shop segment, I want to identify the problem in the value chain. Small farmers and community farms would purchase the vitamins from a local shop. Then we can understand why this problem is happening and how to turn it around. Are both segments showing a reduction in length of stay? reduced. Let's say we incorporate your suggestions and find that we will have to make an expenditure of 10 lakhs to improve maintenance, no other optimization is possible. Good job. We cannot reduce our price. It is then shipped to various countries. These are skills difficult to develop on your own without someone telling you and you taking active steps to refine them. If there are American corporations which operate in China, we should first sell our product to them since they will be aware of its benefits. It outlines approaches to solve cases. Sounds good, go ahead. And should I include objects like air-coolers? 73 Case Interviews and then has a repository of solved cases. Cracked Now we need to see the Upper Middle Class (UMC) families. Small farmers-We know our product is more expensive but has better quality. Yes the management wishes to continue providing this kind of platform. Your first hypothesis is correct. We will be unable to do either of these. Also asking about where we lie in the value chain helped later when we moved from the profitability framework to the isolation of the problem across the Value-Chain. After asking the requisite preliminary questions, you can state your overall strategy as follows: "First, I will estimate the potential profits that can be made in the Indian market for the Car. I am trying to segment the population that may have reduced. Include only first-hand ACs in the market size. Beyond just stating the difference between the two approaches we will illustrate through sample cases-one profitability & one market entry- of how the evolved approach is more beneficial. Inside the tent there are 17 "Zones" each of which has a different theme, and each of which is sponsored by a different company. That way ideas and approaches can be exchanged within the group. Typically, it is simply a breakdown of the case into simpler parts, the analysis of which will help you give direction to the subsequent parts you are tackling and eventually to the final recommendations. Community farmers-We now need to see if our product would be useful to community farmers. How has the profit trajectory been over the last few years? 4) Section of "Commonly asked Consulting Interview Questions" in the book for learning how to solve cases. Get more of the soil with these minerals? Our potential market size is 11mn and we can now begin to price our product. Overall strategy I would like to break profits in revenues-cost. Then, our market share must have reduced, is that correct? 25 Case Interviews Cracked Here is a concrete example to illustrate the point further. Are we able to supply distributors as many toffees as they demand? Alright, then there are other reasons why we would see revenue decline apart from production. Preliminary Questions Any particular reason why we have chosen price increasing strategy over other options to push profits? So the reduction of car traffic which has impacted our business is because of a shift in customers to airways. Age, gender, geography, type of sweet? This is despite there being a demand for cocaine by the local cartels. 112 Case Interviews Cracked You do not need to compare fixed cost, since that is our initial investment which will be recovered once we get sales back on track. So essentially minerals in the soil were the reason for our unsustainable high profits. We will demonstrate the benefit of this approach through a sample profitability case. You need to know the weights of sub-parts to a problem and choose which sub part to analyses first. Firstly, are all 20 hotels showing revenue growth of around 4%? The candidate directly went from the Profitability framework to the Business situation framework without isolating the problem along the Value chain Since each of us had multiple shortlists within the Top 4 firms, we vastly benefited from getting very good cases from buddies and their feedback. However all Metro to Metro routes are not this busy. 119 Case Interviews Cracked 3. 4. I am kind of lost, we know that there is no particular reason why the market size has reduced and also no reason to believe why customers will prefer to buy other toffees over our product. They typically have around 50 students in each division and about 3 divisions in total. So it's the small decline in Spend per tourist which has taken down the Revenue growth rate from 6% to 4%. However we will have to see if this is feasible. Then we need to correct that. 23 Case Interviews Cracked b) Segmentation is Reasonable: When segmenting why Guitar Sales are down, unless there is sound logic it would not be reasonable to segment guitar sales by gender of customers. Savings rate in India is 25% that leaves Rs.30, 000 bucks on expenditure. Up to 3000/day. Unequal access and dependency on busy buddies Due to the inadequacy of existing resources, candidates are dependent on buddies to fill the gap in preparation. I'd like to proceed by investigating the mismatch between tourist growth rate and revenue growth starting with room rentals first since it makes 80% revenue. Its importance cannot be stressed enough. We can in addition have 1. My hypothesis is that the customers are not buying our products. Although he/she might not ask you to delve into the nitty-gritties, he/she is assured that if you're hired and assigned to a case, you will cover issues exhaustively. You can imagine Prithvi theatre in Mumbai. In the current model, the retailer buys books from the publisher every month and sells them to customers. How will you proceed? They are often reluctant to make the investment required to buy the vitamin due to lack of awareness and limited capital. Notice here that the interviewer has a particular flow in mind for the case. Assuming Volume decline is the problem, isolate this problem across segments that are known or given by the interviewer. For our purpose there are economy and luxurious segments and both have seen revenue growth rates of 4%. Yes community farms are looking to get a high yield from their chicken and want minimal side-effects in their chicken hence would be willing to buy our product. This would be a new concept for Chinese corporations and hence we will have to market? They also teach a small age group of students either only Jr & Sr. Kg, or 1st to 5th Std. How is our product, the chicken vitamins useful to our customers? Yes, exactly. It's important to know whether a problem is company specific or an industry wide trend. Last year, when it began operation. Since when has the Darbar been experiencing financial problems? This could be due to fewer distribution channels, lower margins being provided to distributors relative to competitors, inconvenient packaging, not enough visibility in the stores etc. This will roughly equal to 5MN households. The Chinese market is twice the size of the American market in terms of units of product. You are the CEO of a luxurious hotel resort chain in Thailand. A greater percentage of expenditure is used for buying groceries and other essentials. Farmers care more about price rather than quality hence would prefer the substitute over our product. (We can increase price once we start getting full houses like on weekends). I want to know if there is even a market for Chicken vitamins. In fact, the negative publicity is arising due to poor maintenance and long queue waiting times. Chapter 5 contains a repository of over 32 solved cases. Oh ok! Have any of the distribution channels taken a greater hit than the others? You're not sure of why stagnation of profits is even a problem, because at the end of the day the company is still profitable. Alright I would then like to analyze our cost structure and compare at the end of the day the company is still profitable. it to A & B. If we take a high intensity metro route like Mumbai to Delhi, based on my experience, there is a flight of Air India departing every hour. Both segments have grown at the same reduction in length of stay. We already know that there are no production or distribution issues, it's the customer demand that has decreased for our product. The customers are buying someone else's products over ours 3. Yep. The price of Kindle was so low that they were just breaking-even. Hence, every kitchen employee makes 2 burgers per minute. Good, but that is not the case. Calculation: (Following from the last mathematical equation) High traffic: 5 hours * 100% occupancy * 200 burgers = 1000 burgers Medium traffic: 5 hours * 50% occupancy * 200 burgers = 500 burgers Low traffic: 2 hours * 25% occupancy * 200 burgers sold in a day in a restaurant is 1600 (or ~1500 burgers). 30 Case Interviews Cracked Chapter 4: Conventional vs Evolved approaches Most candidates after referring to conventional resources tend to solve cases in a particular way. You've done well. Did you notice the problems highlighted earlier? Most case interviews get over in 25mins. This will give us about 1MN passenger cars. In the second step, we use Business Situation Framework* to figure out why the volumes have reduced by 10% *Refer to Victor Cheng's Case Interview Secrets or his YouTube videos if you don't know what these frameworks are. length of stay has decreased. We know that we can reach out well to our corporate customers. So our volume has declined? Though the 'value' of being able to guit smoking is huge (potential lung cancer expenses saved, life-long) savings on cigarettes), affordability is a constraint. What I now want to know is why do we not have the bigger studios performing on weekdays as well? Remember to always segment across the Value Chain but. Price Sensitivity? So, sales are dependent only on production. This would mean that (Sales per sq. Another place where you can demonstrate business judgment is when finding root cause of a problem. So this has led to a hit on our profitability but again on expected lines. Is there any non-monetary reason that makes our product less lucrative to distribute? Hence our Rent p.u.s has decreased and this factor would lead to an improvement of our profitability. They donate a few chickens to the community pool and they are jointly taken care of through more advanced techniques. Sanity Check As a sanity check we can see how many schools we get per square kilometer and if that number is reasonable. I want you to come up with the plan. So that makes it difficult to enter community farms as a segment as well. What are its complementary goods? You said we are a luxurious hotel chain. These can be good questions to ask: What are the different divisions of the company? Also, when simultaneously using so many variables in the equation there is a risk of making a mistake from your end. Customer Pull Issue Has our production capacity reduced stifling the number of toffees we can produce? Is there any way to: 1. The client is going to be able to purchase the books at a lower cost as a result. So we know why we are able to produce more planks. Hence we get a demand for 1mn/2=500,000 taxis during the morning. Yes we can meet the production requirements and have the required capital for investment. This would mean that we need 3 flights departing from Mumbai at 6am, 7am & 8am and 3 flights departing from Delhi at 6am, 7am & 8am to achieve a 1 hour flight frequency from 6am to 12pm (Midnight). Example- Narrowing down the broad problem of "sales having declined of the electric guitar segment due to a production issue". Notice above how many more insights are uncovered compared to the previous approach at this same point in the case. Behavior(target segment, product characteristics) What are its substitutes? I would like to now analyze where in the value chain the problem lies. The Appendix has a data sheet which contains important data points worth knowing before the case interview. I want to add that supply in this context means not the burgers that can be seated in McDonalds on a given day. Segmentation can be done in different MECE (Mutually Exclusive) ways have a seated in McDonalds on a given day. Geography Value chain Product parameter: Color, Price, Size Distribution channels 22 Case Interviews Cracked Mathematical break-down Example - Let's say volume of Bottled Water sold is down: We can analyses the decrease across geography or across bottle sizes (25L, 1L, 500ml, 250ml) However segmentation should be such that a) Segmentation is Simple b) Segmentation is Reasonable c) Information of component parts is easily obtainable a) Segmentation is Reasonable c) Marketing challenges-Since we are new to the market we will have to communicate to the corporations our brand and product benefits. This was possible due to a deliberate attempt at being quantitative about the market share that can be captured by the client in the small farmers segment, instead of just qualitatively knowing whether the segment is ideal or not. Capabilities and expertise What are the customer per night has remained the same, average length of stay has decreased. Maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance between the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occurred over the last month and we've seen a spike in maintenance problem has occu types of direct routes 1. However, since everyone has reported losses, it is unlikely. Customer Pull Issue-This means there is reduced demand from the Customer/Consumer end for our product. In the Evolved Approach to solve the case, we can add more steps of segmentation (by geography, product type, distribution channels, etc.) before moving to the Business Situation Framework, especially if a segmentation has been given to us by the interviewer. This would mean a total of 40 x 5 x 14=2800 students. What is our primary source of revenue? In the heart of Delhi. 1) Victor Cheng's Look Over My Shoulder Program (LOMS): These are recording of candidates solving cases given by Mr. Cheng. Can we outsource outside India? Costs of Room: Any additional expenditure required to justify higher room rate This looks fine, you can proceed. Moreover, consistent mini-syntheses will help you structure the final recommendation quicker and possibly better since you will have identified the key issues already. 84 Case Interviews Cracked Case 9: Drug mafia Your client is a drug lord from Mexico whose company is reporting a drop in profits in the last 2 years. Corporations-I would imagine that corporations-I would imagine that corporations-I would imagine that corporations. 68 Case Interviews Cracked The lower middle class sends children to school up to 10th Std. The solution would be to revert back on the reduction in maintenance costs both from equipment and staff point of view. No thanks, good. So our price has to be greater that Rs. 1. Why is stagnation of sales even a problem? (Did the company expect them to keep growing, why did it have this expectation) 16 Case Interviews Cracked By sales do you mean revenue or #units sold? What else would you like to do next? Competition & 3. This along with poor maintenance might also be causing a revenue increase of 30 lakhs. Sankalp Kelshikar Saransh Garg 11 Case Interviews Cracked Chapter 1: Prerequisites and optional resources Solving cases extremely well is a step by step process. Hence the Total # Schools = 4.5mn/1800 = ~2500 schools. The average UMC family would live in a 2 BHK home. We sell kitchen utility electronic products like microwave ovens, refrigerators, toasters etc. of aircrafts required to service the route. So now you should analyses Manufacturing before Raw-Materials. I cannot think of any direct competitors but alternatives like nicotine patches maybe indirect competitors. It appears as if the root of the problem lies in fewer transactions at our pump. The problematic zones for us are in the bottom right of the graph, which require high maintenance but provide less revenue. As a result several questions were asked in the case which either did not help us in getting any closer to the answer or were too vague. It could be that the shopkeeper does not have space to keep the toffees in his shop. These problems are done away with in the "Evolved" approach. Sales could mean revenues or #units sold. Hence the likelihood of these plays being more popular is greater. Hmm... the prices are the same, I just choose one, do not really care of the differences. We are looking at demand in • • Residential Segment For the Residential segment, #ACs in tons = (#Families who can afford ACs) x (Avg tons of ACs per family) For the Office Space Segment, Offices typically have centralized ACs and the tonnage of the Central AC decides how much area can be cooled. What geography do we and our competitors? You don't know what are the different divisions of the company are and if the mobile division's sales can be treated and analyzed independently. The middle class families send all their children to school. These are over and above the basic habits you will have CHANGED. The challenge here is to sketch out a pattern because without it, you could be left analyzing issues that do not tie back to the objective of the case. Rishi got recruited by BCG and Meghna got a PPO from Bain & Company. Can we pay 86 Case Interviews Cracked our distributor more to ensure better security? Would the return on investment be positive for the community farms? Guesstimates Questions about clarifying objectives with respect to guesstimates should try to be about scoping out the problem and knowing what to estimate and what not to. Preliminary questions (Same as in the conventional case) Overall Strategy We can proceed by doing two pieces of analysis 1 Small farmers are fragmented and corporations are more consolidated. 34 Case Interviews Cracked 4.1.2. Sample Case 1: Sweets (Conventional approach) Your client is an Indian sweets manufacturer who is facing a decline in profits. We referred to the book because of a lack of options. We would also like to thank some of our peers and seniors, who assisted us throughout our case preparation. Hmm... Preliminary questions Can we assume this to be an average McDonald's as opposed to one in a specific location like an Airport? I'd like to begin by understanding why: 1. How are the plays different? This will publicize artists as well as earn royalties which can be used to improve quality of the plays. Almost all candidates in the last two years have used his resources. This would probably be the salary of junior most clerks in offices. It's fine if you ask three bundled questions individually to the interviewer. Through this book we want to provide you with a one stop solution to address your problems, so that you can concentrate on preparing rather than looking where to prepare from. Then we are left with Customer pull decreasing, as being the reason for the 10% decline in #unit sales over and above our production issue. Is \$160 average room rates, or do we have standardized rooms with a uniform rate? The candidate has to come to his own conclusion of price from the margin data. Merchandise sales Good. They have been reporting too high profits and want you to figure out why is that so. However, the loss due to over-purchasing is something that there is no serious hit to their profits. Closing remark on segmentation: Once we have segmented, it's also important to priorities which segment to analyses first, since it improves how quickly you arrive at the root cause of the problem. We need to now apply a factor, for people only using taxis out of these. of Asian customers has been increasing in the past 2-3 years. A candidate being shortlisted in four firms is appointed eight buddies whereas a candidate having only one shortlist has only two buddies. Also, referring back to the book is easier than referring back to the videos for a particular Chapter. The client is considering changing this model to a new one. That is why every step in the case must be GOALORIENTED. 27 Case Interviews Cracked 3.4. Improving Drill Speed If there are four possible causes to a problem, then by "drilling" through each branch we try getting to the bottom of each possible cause to either, - Identify it as a cause for the problem or - Eliminate it as a reason. Again notice the candidate's emphasis on segmentation here. Instead of thinking of 41 Case Interviews Cracked them in a trial and error manner, the candidate logically breaks the several issues down in a MECE manner. Unconventional cases These guestions would be subjective to case. Are we even making profits on Tue given the low price and occupancy? Also here the metric is more appropriate than . Product 4. I would like to see first what kind of marketing strategies we can transplant from our American business and build on them. For that we need to spend additionally on maintenance, reduce queue times and have a strong marketing campaign. Spend per tourist has gone down by ~2%. # Transactions = (Vehicles in area OR passing through the area) x (% filling petrol) x (% Market share) Since, it is an industry wide issue, I think the following could be happening: 1. Also notice that the former segmentation is 'Simpler' than the latter. Note - In the case we analyzed distribution challenges within 'Estimating profits' although we had highlighted it as a separate piece of analysis in the 'Establishing the value chain'. We will have to look at other ways to compensate for our eventual depletion of luck. Hence capacity expansion is not needed. Note that the following sample case, solved using the Conventional Approach is what we call the 'evolved' one since it has evolved out of an iterative process of making multiple minor client is a South Indian Teak wood manufacturer. This is better than choosing some other time like afternoon/evening where demand can come for a wide variety of purposes (like going for shopping, theatre) and will make it difficult to compute. Don't worry if you did something similar in your attempt, it is indeed a challenging case at first. Inadequacy of existing resources Case in Point Case in Point is a book still used by candidate should have quantified the information by asking what % of small farmers use the substitute product. So they are not always available to give cases. We basically need to understand the price elasticity of our customers. We can say that of the 0.4mn students of the age 17-18 almost 50% would be going to Junior Colleges and the rest to CBSE, ICSE and other schools. Market Share I would like to know what kind of competition we have in the current Chinese market. They further sell the toffees to the end customers who buy them. Do we know why our hourly wages are higher? I think we've uncovered the crux of the issue. The Chapter also has examples to illustrate these market. value addition of these skills (which should ideally become habits by the time of your interviews). This means they are not in control of the pace of their learning even if they are willing to make the efforts. Let's now see how we can increase our ticket revenues? No our company owner does not wish to ship jobs overseas. Moreover, this figure should ensure that our client (book retailer) is earning, on an average, more than before. We recommend for the first 10 cases just get the two primary skills "Asking Preliminary questions" and "Having an overall strategy" on track (explained in Chapter 3). Should I consider only active aircrafts or also ones under maintenance? If we find out that we have more #Trucks but our (Cost per Truck) is at par, then we don't even need to breakup (Cost per Truck) further. Over a period of two months, candidates incorporate tweaks into their approaches to make themselves more effective in solving cases. In short, analyses the more important things first. However, if you are short on time, using videos might be a good idea. No. Our margins are in fact slightly better. Business customers often don't pay from their own pocket but they can bill their company for the stay. What geography within China are we looking at for expansion? Mr. Cheng's approach basically distills solving cases by remembering only 3 frameworks. This much would do, thanks. I would then like to calculate the additional new revenue and costs to check if we are more profitable than status quo. What are their best practices? But because of our patriarchal society, some girls may not be sent to school. Residential segment We can take the average family size to be 4 in Mumbai. They have been explicitly segregated so that you can easily remember to estimate profits as well ensure the value chain is established. Competition 3. Doing a particular analysis costs time and money. We know the US market size is 10BN units. We discovered the composition by a rare accident. Alright, to understand more about the business, I would like to analyses four aspects of the business 1. We may not have competitors now, but can they come anytime soon. Get a plot of land where these minerals are present? However it is perplexing to notice that on Tuesday, although we have reduced price to 90, occupancy has fallen to 60%. approach, but the evolved method helps you deploy only those questions which help you solve the case. Is there anything else you would like to add? Which is the loss-making one? Shall we discuss the next steps our client must take to tackle this? No This means the profits are not sustainable. Yes? Here the candidate is applying the 80/20 rule by drilling down the room-rental branch as opposed to VAS. Why do you think they should change in such a small span of time? Candidates can use more of their time to ask about the softer aspects of case-interviewing - questions like "How were your interviews?", "How should I handle Day 1", "How do consulting companies vary", "How to respond to HR/resume based questions" and many more. 2) Analyze if we can establish value chain as required. No two-wheelers allowed on the highway! 3. 62 Case Interviews Cracked Hence, the total number of burgers sold every day at an average McDonald's is about 2200 burgers. Do we know how price and volume have changed in the same time period? We have exhausted the use of the profitability framework. Okay that explains why our #units sold is down by 22%. These questions can uncover a lot of useful information which can be used to progress quickly in your case. good job with the case. # of burgers in an hour = (60/1.25) * (2) = ~100 burgers Assuming that the traffic * 70 burgers = 350 burgers Total burgers = 350 burgers Total number of burgers sold in a day in a restaurant is 560 (or ~600 burgers). Often the devil is in the segmentation. 44 Case Interviews Cracked The benefit of this approach is, it covers a good breadth of guestions which could help you solve the case. What part of managing the Dome are we responsible for and what part do the sponsors manage? Segmentation is breaking a problem into smaller, simpler parts. A 'bedroom' typically has an area of 200 sq. This would mean we can price the pills up to Rs.50 per pill, some of the savings also coming from not buying a cigarette that day. Overall strategy Here is what I want to do. Why is it important? To validate if price is indeed the reason for this year's revenue decline, I want to know if our competitors have changed their price, variable cost and fixed costs involved. Case groups should ideally have 3-4 members. Hmm, that means the cost is borne by the company. The total number of burgers = (# hours) x (50) x (average % occupancy) x (3) x (1.2) = (# hours) x (% occupancy) x (180 or approx. Asian tourists typically have a shorter stay than NA-European tourists. Instead, using business judgment, you can pick and priorities few key issues, before moving to others. Are there any other segments in the industry, what has their revenue growth rate been like? Costs will go up only if we find during the analysis that we need to make additional expenditure to justify higher room rental. exams and almost none at attempting the 12th Std. Preliminary Questions What kind of taxis, call cabs like Meru and OLA? Is there any reason why the needs of the customers may have changed when it comes to buying sweets? Our profits are significantly higher than our competitors. Here I will look at (1) car manufacture/import, (2) distribution options (3) Retailing & marketing avenues. Assuming an equal spread of the population from 1-80 yrs., roughly 50% of the population will lie in the 22-60 bracket. Office Space Segment For the Office Space Segment #ACs in tons= (#People working in air-conditioned offices) x (Office area per person) x 74 Case Interviews Cracked (Tons required per unit area) The people working in air-conditioned offices typically would have white collar jobs. A rich man would naturally be willing to pay more than a poor man. Is there enough demand for cocaine? We recommend Bloomberg Businessweek and Economic Times/Business Standard if time permits. For this I would like to break-down the issue as: Increasing demand for tickets \rightarrow Increasing demand for tickets Notice how this division is similar to other cases in the book where there is #unit sales decline. Hence % of people using taxis in the morning=0.2*100%+0.8*20%=0.36 Hence the #people requiring taxis in the morning = 2.7mn * 0.36 =~2.5mn * 0.4 =~1mn Now, we need to apply a factor for carpooling. ft. Though there are families of bigger and smaller sizes, we will use this simplification. 171 Case Interviews Cracked If the interviewer asks for further detail then you can go into it. It is now March 2014, and you have been appointed by the Delhi Government to come up with a solution for how to turn this thing around. No geographic specification, wherever the business can be profitable. If all 4 buckets are favorable, then the client should enter the Market, else not. What are the segments at home in the American market where we currently operate? ABC sells petrol and diesel. Based on this information, the Small farmer segment is the largest=1.6X with stagnant growth. This leads to unequal access to good quality cases and feedback. We also require a capital investment of \$100,000 which seems like a small amount in this context. Sure, Retailer profit comparison: 137 Case Interviews Cracked Client's new monthly profit = Revenue - Expenditure Case I: Y>X (supply less than demand) Monthly profit = X*12 - X*9 = \$ (3X) OR Case II: Y=7500 we know that Case I (supply less than demand) is never going to be a concern for our client because a profit of 3X (>=7500*3) is always going to be greater than the previous profit of \$16000. Corporations is smaller segment with 0.2X size but significantly higher growth. Community farm segment also has a significant size and growth. I will further try to understand their consumption patterns to arrive at total burgers sold. Not necessarily, we will definitely be manufacturing the vitamin though. 49 Case Interviews Cracked 3. A standard 20% profit margin is imposed on the cost by each competitor and us. Hence the Evolved Approach has the following three steps 1. We could be losing our market share to other petrol pump players on the highway. The devil is in the segmentation. Actually small farmers do not really care about the side-effects in the chicken. Expenses are distributed as follows in order of priority Food: 30% Housing (rent, renovations): 10% Transportation and Communication: 10% Health: 5% Education: 5% Discretionary spending (Clothes, furnishings, electronics, etc.): 40% The money for the pills cannot come from the 25% savings since they are of long-term nature (saving for home, marriage of children, pension etc.). Within expenses, a family might be able to carve out ~5% by scaling down on the 6th category of discretionary spending. Each year and across all IITs that consulting companies target, the placement timelines follow a similar trajectory. Let's say, after asking, we know that the problem of volume decline is a company specific issue as opposed to an industry wide issue. We use the Profitability Framework to figure out which metric is causing the revenue decline. Most candidates find it frustrating to memorize the 12 cases and hence reject the approach. We rent out the zones to a sponsor which is basically a company. # Students per school (30%) Medium Schools (50%) Small Schools (20%) 69 Case Interviews Cracked If I just count the schools around IIT Bombay, Powai (Mumbai), there would be about 10 schools of which 3 are large, 5 are medium and about 2 are small. The traffic on the highway has reduced considerably. It's important to use this in conjunction with the previous two ways of drilling effectively. Although the interviewer gives away the "commodity" bit of info here, it is useful to suggest your opinion and verify it with the interviewer. To simplify this problem, I would like to estimate the sales in (1) the restaurant and (2) takeaways, separately. 37 Case Interviews Cracked*Thinking*.... They have 5 divisions per class. You can assume that we do not expect anyone else to develop the product in the next 5 years. This approach is difficult to get the first time, but can easily be remembered and in an actual interview you can do a simplified version. Since we started the business three years ago. The popularity of a play is determined through audience feedback. Say (trucks/cars) OR (truckers/ businessmen/ families). I would believe tourists tend to stay longer than business travelers who come in for only a few days. The second part of the question is useful when the client themselves do not have metrics in mind to determine market entry. Since we cannot preserve our advantage of higher unit production and favorable split, we can potentially look to increase our price in the market or reduce costs to maintain our high profits. We will need to incur an investment of \$100,000. You can refer the part on market entry cases in section 3.1.1 for to know how exactly to do so.) We can break the case into two parts: 1. Should he change the model? Yes, that can be done. Sometimes, especially initially in your preparation, it is useful to have the remaining members as observers in the case. However the substitute can cause side-effects in the chicken and affect the health of the person consuming the meat. Business judgment is best developed through professional experience. Let's say the client is useful to have the remaining members as observers in the case. a new entrant in the market, then visibility to customers becomes a priority issue.) So, in summary using business insights you can arrive at the important issues faster. Alternate sub-optimal ways 132 Case Interviews Cracked Room rental revenue=Total no. Great, we expect this to increase our revenues to 100-110 lakhs. So far the Customer aspect of the business seems favorable owing to the large market size, twice as much as the US market. We had made suggestions to reduce queue times which may increase our costs further. South Bombay roughly represents 20% of Mumbai's population. The segmentation should be along a parameter that affects the length of stay of customers. We get total students as 30 x 2 x 5 = 300 students. Overlapping questions-Here there was an attempt to reduce overlaps by analyzing Competitor benchmarking'. Supply = Demand during peak hours. How many more inquiries either at the theatre or online do we get after we are sold out. The kitchen would be running at nearly full capacity during these hours. Most students begin their consulting preparation around this time. Do we have a split between NA, Europe and Asia? Volumes could have declined either due to: 1. We know that India being a young country has 50% of its population below the age of 25. There has been a dip in the need to travel between the two cities, again, unlikely to have changed suddenly. Estimate the market size in terms of tonnage. The difference is that manufacturing cost has increased by 100% and raw material cost has increased by about 15%, then the bigger chunk of the problem is coming from rise in Manufacturing costs. Before you see how this case is solved by the Evolved approach we would like to bring to your notice some of the shortcomings of the candidate here and you can see later how it gets rectified 1. The common denominator that applies to all products would be per unit worth of sales.) 108 Case Interviews Cracked Case 14: Electronics Manufacturer Our client is a consumer good electronics' manufacturer. No, you need not. Increasing Revenues Begin by telling me what are the exhibits about? Being quantitative leads you to ask better and more pointed question. To understand how this affects our overall profits, I would like to understand how this decision will impact the following: 1. Do we have a patent? So, New profit = Y*12 - X*9 ... Y=0, we will break even else not. These are often alumni of the institute working within the firms. Additionally it's possible that one air-craft might be catering to two low frequency Metro--Tier 2 routes, however we will neglect that and assume each route will have one dedicated aircraft at least. There are 3 (60min/20min) people occupying a seat every hour. These plays have larger budgets with more extravagant costumes, props and famous artists. The goal in a market entry case should be made clear at the beginning of the case. Usually small farmers are part of a community. As you improve your case-interview skills you can merge the two branches. of tourists in Thailand? Since in the US we have similar type of customers, we even have experience in reaching out to this segment. It is more driven by the interviewer. I expect we would have that money to spare? Our Maintenance requests have increased over the past month. Profits from Value-added services: This may be related to the #Customers guide and 9 Case Interviews Cracked recommend using them. Preliminary questions: Why does the client want to shift to the new model? Is this a company seen this trend as well? Or the spot taxis like Black and Yellows? In my view, Time taken for every person = 75 s = 1.25 min # of burgers in an hour = (# of people in an hour) * (# burgers per person) I have assumed that the takeaway orders are slightly more than the restaurant orders. Client's split of production is 3:1 in favor of higher priced type B planks as compared to 1:9 for competitors We know what the reason for high profits is, but we need to know why this is happening and whether it is sustainable. Maharashtra. Value Chain This is a simple value chain: Production --> Retailing It is useful to know upfront which part of the value chain the company operates in as it better helps you figure out what the company can control and what it can't. Sankalp graduated from IITB with a Dual Degree in Mechanical Engineering We would cover the following three sub-sections 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approach) 43 Case Interviews Cracked 4.2.1: Conventional Vs. Evolved Approa strategy. 126 Case Interviews Cracked What are our current revenue streams? Yes, there is a substitute product in the market. (White collar employees are those which typically work in offices, they are accountants, bankers, bureaucrats, etc. What part of the value chain does our client operate in? We recommend on concentrating on any two skills when solving a case. Does the company also cover for the extras? Shall I calculate the market size including all these? The strategic reason for entering the e-reading market was so that they can push sales of their digital books. That explains a lot. We have the best and most popular plays conducted on Fri + Weekends. People may have shifted to other forms of transport in the same area. I would like to begin by asking a few clarifying questions: How much have the profits reduced by and in what time-frame? It is fair to say that we have no competition in the market right now and we need to find the right price to maximize our profits. Do we assume that the outlet serves other items like wraps/puffs etc.? 47 Case Interviews Cracked 1. Let's say the candidate needs to find why Revenues have declined. We can compare weekdays to weekends and isolate differences leading to poorer collections for the former. We sell our products through third party distributors who sell it to three types of retailers - Large retailers (10%) - Medium retailers (30%) - Small retailers like Paan shops (60%) I have not seen sweets or 'mithai' being sold in Paan Shops, what kind of sweets are these? You are hired to find out why are profits in the mobile division have decreased by 20% in the last year". It's remained the same in the last 2-3 months. It means either you're mental process of thinking is not hypothesis driven or you're not communicating your mental process of thinking effectively. Good question. 169 Case Interviews Cracked Market size, let's understand what our market size, let's understand what our market size Now that we know our market size in case interviews. Is there a price war in the industry? Alphabetically, Aarav Singhal, Abhishek Hota, Aditya Poonia, Amit Desai, Anuj Shah, Arnav Dey, Arvind Singh, Dhruva Shah, Gouri Nawathe, Gururaj Saileshwar, Harsh Jhaveri, Hemanth Peyyeti, Jay Motani, Kshitij Jain, Madhu Yalamarthi, Mukund Pant, Nikunj Jha, Ninad Kulkarni, Pallavi Jayannavar, Paul Collett, Pranay Surana, Prasun Agarwal, Prithika Vageeswaran Raj Binani, Ritanshu Kashyap, Romit Mehta, Ronnie Philip, Rohan Vadgaonkar, Sailesh Mohapatra, Shashwat Shukla, Shrey Jain, Shreya Mishra, Siddharth Shanbhag, Souradip Sen, Swapnil Chichani, Tarun Mathur, Urmil Shah and Vani Venkatesh. Scrutinize mistakes, incorporatesh. Scrutinize mistakes, incorporatesh. lessons This is perhaps the most important part of the case solving process. Acting school, workshops 4. c) Information of component parts is easily obtainable It's better to break down monthly revenue = (#Unique Customers per month) x (#Transaction per customer) x (Spend per transaction) Since it's difficult to keep track of #Unique Customers but easier to keep track of #Transaction. Are we able to transport the required amount of cocaine to the Asian countries? Production - Transportation to countries? -> Local cartel demand Since we are manufacturing the same number of units, production does not seem to be an issue. Since the last two years Victor Cheng's book Case Interviews. Hence for a population of 20MN we get 5MN families. The client is selling the product all over India. What are the segments and their growth rate at home? Geography You should know the location of the business you're dealing with because the context directly relates to several aspects of the business. In the previous example if, let's say Raw Material costs still make 60% of costs and Manufacturing makes 40%. Estimating # flights it would take to cover a Metro-Tier-two routes. No. of tourists at our hotels has gone up by 6%. (Again, there may be instances when these could be important. We can look to increase #Seats, our ticket price and #Shows/Day. Every tree gives us wood of the two types. This has been found to be a super-efficient way of improving one's case solving. For retailers, shelf life is an important concern for food items but less important for stationary. The CEO is worried because the tourist growth rate in Thailand was at 6% but revenue only grew by 4%. Most cases in the book have been poorly solved, with leaps of logic rather than a repeatable organized approach. I'm surprised that online sales only account for only 10% though it is the channel through which we can reach out to all of Delhi. It's a theatre where plays are conducted. We are looking to have a strategy for the next 5 years to grow profits as much as possible. 33 Case Interviews Cracked It would be preferable if you can have your friend give the following sample case. We use the Profitability Framework* to figure out which metric is causing the revenue decline. Chapter 4 discusses the advantage of an evolved approach for case solving as opposed to some of the conventional approaches. The sponsors are responsible for getting their own equipment and managing their exhibits. You may have many questions during your preparation, please let us know on our website www.caseinterviewscracked.com. Okay, I think I'll move on to the next branch of my analysis. We are deeply sorry if we have missed mentioning any of you who have been on this fun journey with us. Business judgment is about knowing what factors are relevant in a given context. Now to pursue growth overseas in emerging markets, the management of ABC is thinking of entering the rapidly growing Chinese market. Notice the benefit of doing this in the Evolved approach, you're able to uncover more insights. This addresses the issue of securing big budget plays on weekdays by working on our brand image. Purchasing price for the client (retailer) = \$9 per book Selling price to end customer = \$12 per book Selling price to be 2BN units. So it's important to not only segment but also ask WHAT HAS CHANGED. Preliminary questions here How does this business work? It is cheaper and costs 47c/unit, our product price would be 80c/unit. While in IIT, Saransh was an active member of the Debate Club Sankalp and Saransh were part of the same case group during their placements and share a passion for consulting, travelling, scuba diving and entrepreneurship. However, we will have to look at price elasticity to ensure #seats occupied does not reduce. Another insight that can be mentioned is that because of e-commerce, customers can quickly check prices of all companies' products online and purchase the cheapest product more easily, making the industry more price-sensitive. These skills have been isolated based on our own experience and tips from buddies. Preliminary questions What metric should we use to decide whether we should enter the market or not? True. I think we can stop here for now. Let's assume this will be 80% of the UMC segment. Wait, what is your hypothesis here? I would look at how much are we over-booked. Do we have a number as to how large the US market is? Market Size in tons = (#ACs in tons) / (Avg. Why don't you come up with them? Go ahead. Is it fair to say that the customers of C, D and us have shifted to A & B? In truth the two branches are not mutually exclusive, they are dependent on each other. So somewhere A & B have developed an edge over us. I want to now know why our competitors are able to charge a lesser price. Therefore a route like Mumbai-Delhi requires 6 flights. There are variations but we can say generally they teach students from Jr. Kg to 12th grade. 134 Case Interviews Cracked We have customers coming from North America-Europe and then from within Asia. If I assume that a flight leaves from Mumbai at 6am. The fact that he was able to isolate it as a distribution push issue meant that the business situation framework was not required at all. Profits have reduced by 20% in the last 2-3 months. We can compute the (Total # Taxi fares) in the morning hours to arrive at (Total #Taxi fares per hour) in the morning. Do we include sales from takeaways as well? The market size would involve the #ACs required to replace old ones along with the additional demand for new ACs. Market size in tons= Demand to replace old ACs + Demand due to growth in market size = (#ACs in tons) / (Avg. Another reason for taking income split later is that you have to establish need for the pill and access to it is a prerequisite after which affordability can be considered by taking an income split. are formulaically correct, they do not help your investigation process since your bigger GOAL is to find out the mismatch between tourist growth. It also enables you to get a 'look and feel' of your client's company. Also, a new freeway is going to start which is much shorter than the current one. If we take Kolkata to Hyderabad, it is a less busy route and the flight frequency would be more like 1 flight per 3 hours by Air 66 Case Interviews Cracked India. Weekdays and Weekends have a different target audience Is there anything else I am missing? % people filling petrol has seen a decline. Then it seems we are left only with Corporations. So it seems that to reduce costs we have compromised on maintenance. All customers in America are corporations. It costs about Rs. 5 per patch and has to be replaced per day. We can split the UMC into two segments. I want to find out why. Can we look at the client's profit figures now? Nonhypothesis driven approach We know revenues have declined. Note the above computation of passenger cars is not how you would do it if you were asked an entire guesstimate on it. Also, there may be a lower income segment that can be tapped into if we price the pills below Rs. 5. Small Schools teach about 30 students at a time. Purchasing price for the client (retailer) = \$10 per book Selling price to end customer = \$12 per book New model: Publisher produces X (depending on client's order) books a month each costing him \$5. This is a very ambiguous question. What kind of a theatre house is this? The new ones had narrower necks which made it difficult for the shopkeeper to hand out the toffees to his customers. It proposes to cut travel time by 6 hours. The market for toffees itself has reduced, however I doubt that the market for toffees will suddenly reduce in a span of 2-3 months. Commercial cooling would involve Office Spaces, Malls, Restaurants, Hospitals, Schools, etc. This data can be collected by looking at how much in advance we get sold out. a2) "We want to develop a qualitative understanding of the business and see if we can overcome the challenges" Now you know that case is light on numbers and is about qualitatively assessing the market and gauging if the company can compete in it. It would seem that we are not suited for this segment unless we can reduce our price. Has there been a change in the split? Since the past year. Though this approach serves useful to solve standard profitability and market entry cases, for the more advanced cases, almost all candidates experienced getting stuck with the frameworks even when the case demands moving out of them. 170 Case Interviews Cracked Value based pricing Here we will price the pill according to the value generated for the customers. Hence these are less likely to be important differentiators that customers care about. We manufacture cocaine in large quantities in Mexico. I would like to break-up Delivery Cost p.u.s as follows and see which bucket has changed. For a 4 month pack, this comes to Rs. 120 Competitor based pricing This approach would not help us since we have no direct competitors. Let's say cost comprises of manufacturing, distribution and marketing costs. I would like to look to breakdown Head Office and Marketing costs to see if we can reduce them. Is that the case? Corporations' segment seems attractive because of high growth, our experience in dealing with them in the US and low price- 48 Case Interviews Cracked sensitivity. 14 Case Interviews, there was a lot of feedback which we received from seniors and case buddies (Consulting company representatives assigned as temporary mentors) to improve case interview skills. Asking the preliminary question about the product meant there was no confusion as before. However, let's assume it is insignificant since call cabs are used for longer distances like going to airport etc., and have a more premium income segment. Cars typically use petrol and the number of cars has reduced. fares per taxi in a hour) =150,000 / 1.33 ~110,000 taxis Sanity Check As a sanity check let's see what the ratio of taxis and passenger cars is: We know population of Mumbai is 20MN. A conventional approach to market entry looks like this: To understand whether the client should enter the market or not, Start asking questions under these 4 buckets, and see if you can qualitatively tick off each bucket. After establishing that this will be a sufficiently profitable venture for Company, I will find out the feasibility of setting up the entire value chain. Hence, we must look at Case II (demand less than supply) to give us some more insight into X. The following three sub-sections will be covered 4.1.1: Conventional Vs. Evolved Approach 4.1.2. Sample Case 1: Sweets (Conventional Vs. Evolved Approach 4.1.2: Sample Case 1: Sweets (Conventional Vs. Evolved Approach 4.1.2: Conventional Vs. Evolved Approach 4.1.1: Conventional Vs. Evolved Approach 4.1.2: Sample Case 1: Sweets (Evolved Approach 4.1.2: Conventional Vs. Evolved Approach 4.1.2: Con 10% from last year. Our competitors are just not able to produce as much. Notice again the candidate's emphasis on segmenting and dissecting. Would distribution be a challenge? There are rides, games also 3D movies at different exhibits meant for the purpose of entertainment of audience. It might be useful to include takeaways. Parking Good. Based on this information I would like to calculate our profits. Corporations may buy it in bulk and can be directly supplied to? There is also asymmetry in access to these buddies. Yes, corporations will most likely be our customers. It is very useful to scope out the problem correctly. This would mean a requirement of only 2 flights to cover the route. However our revenue decline is because of toasters, I now want to ask the question from this point of view. To improve the brand image of our theatre we can - Attract quality plays to attract of toasters, I now want to ask the question from this point of view. To improve the brand image of our theatre we can - Attract quality plays to attract of toasters, I now want to ask the question from this point of view. audience Improve the ambience and theatre look to make it grander Good idea. The dome is already open on all days. Employees have increased from about 10 per store to about 30 per store to about 30 per store to about that the company sells is. Customers Has the market size for sweets increased or decreased? 13 Case Interviews Cracked Chapter 2: How to use this book up to Chapter 2: How to use this book Practice cases rather than reading them from the book You can simply read the book up to Chapter 4 since it explains concepts, skills and approaches. In the lower middle class segment several students only complete their 10th Std. The profit margin per unit chosen is dependent on what the fixed costs of the company are, and here the interviewer has said that profit margin cannot be changed. Instead we will have to attract housewives, retirees, older school students and college students to increase occupancy. Since small farmers is the largest segment, I would like to begin by that. How are the needs of each segment different? Customers 2. Where are they located? This will take our costs to 120 lakhs. In the upcoming cases you can expect to find more techniques and approaches, some that are specific to certain situations and some that can be applied more generally in cases. Peak queue reduction at exhibit. 26 Case Interviews Cracked Since we know Volume decline is the problem, It could be because the Market size has reduced or the client's market share has reduced. This should be used carefully since your assumptions of the business may lead you to assign a wrong priority of drilling. Optionally you can also practice the first case of his Look Over My Shoulder (LOMS) program, which is a Market entry case. out to his customers. And this is because of their generally lower affordability leading them to having smaller vacations? 71 Case Interviews Cracked Case 6: Guesstimate 4 Estimate the market size for air-conditioners in Mumbai Preliminary Ouestions There are two types of air-conditioners- window and split. This marks a great leap in the consulting preparation as now candidates get access to really good cases and guality feedback from the buddies. *Synthesis* The guestion and data in this case has been used from a similar case from the buddies. *Synthesis* The guestion and data in this case has been used from a similar case from the buddies. *Synthesis* The guestion and data in this case has been used from a similar case from the buddies. *Synthesis* The guestion and data in this case has been used from a similar case from the buddies. *Synthesis* The guestion and data in this case has been used from a similar case from the buddies. lower middle class, the savings are lesser of about 20% since their income is low. We can neglect the rest. This question is important since we want to emphasize that it's better to clear out your understanding than have doubts remaining in your mind which might bug you later during the case. It has remained more or less stagnant. Corporations-Would corporations benefit from our product and use them? Our Population distribution numbers seem right too. We will discount the people having wraps/puffs instead of burgers. Let's say the reason why we are losing market share to competitors is because of a higher price of our product. Yes we should do that. You can use the information then as a focal point in your analysis. Also we will require a 1 ton AC to cool a room of 200 sq. We can assume that every metro has 5 tier-two orbital cities, for example there is no direct flight from Mumbai-Chandigarh. Finally, I would like to see how we can increase the demand of people coming to the Darbar. Great, we can end the case here. I would expect about 2 schools per sq. Is this an issue in a particular geography? No. They are not. Are the minerals going to last forever? As the name suggests, this is like a Table of contents for the case interview. No, we've got regulatory approvals. However it is a useful 'quick and dirty' method for the sanity check, here. ft.) = 1.5MN tons Combining the office segment with residential segment, we get the total AC tons to be 2.3MN. I wish to now know how our competitors in the total AC tons to be 2.3MN. I wish to now know how our competitors in the total AC tons to be 2.3MN. channels, Think about this Profit Margin = (% Revenue from Company stores) x (Profit Margin of Company Stores) + (% Revenue from Third-party stores) Problem structuring 114 Case Interviews Cracked Hmm. Food and beverages 3. Since when has the bad publicity begun? We don't have exact figures but on the whole, yes, all of them have. Segment Small farmers Comporations Size(of total Chinese market) 80% 10% 10% Growth rate (last 5 yrs.) 1% 15% 70% I would like to benchmark our product with other typical toffees on different product parameters like Price, Quality, Taste, Packaging... If our maintenance requests are being addressed in appropriate time? Is there any regulatory barrier to entry? That means we have an opportunity of generating upwards of 20 lakhs more of revenue by using existing capacity. Also for interviews in India, you will most likely get Indian context cases which cannot be found in foreign university casebooks. However there are ambiguous questions also for example, "Our client is an electronics manufacturing company with a sales stagnation issue in its mobile division. The trucks use diesel and the diesel business has stayed constant in the area. As you move from one part to another, laying out your inference tells the interviewer that you are able to gather insights and make sense of the information. Additionally, if your approach is not the best way to tackle the problem, it also gives the interviewer a chance to correct you. Calculations Publisher's new monthly profit = Revenue - Expenditure = X*9 - X*5 = \$ 4X Hence, for the publisher to have increased profits, 4X >= 7500 So, as long as the client orders for more than 7500 books, he is okay. Yes. Overall strategy I would like to begin by understanding the profit structure of the company and how room rentals fits into it. Can you tell me what the business model is? The big question is, can we continue doing that? The next best alternative is to be reading business and tourists. The question we need to answer is how much would our cost structure look like? I would like to see first where we can increase revenues and later see where we reduce costs. At IIT Bombay, he was largely involved in the Literary Arts Club and Mood Indigo, IITB's college cultural festival. You can better understand how you can benefit from this book by familiarizing yourself with the general structure of the book below. We are making a monthly loss of 20 lakhs. We are looking to grow our profits at the existing theatre. Calculate the spot taxis, only, mainly the Black and Yellows. Here you can say that, since e-commerce comprises 110 Case Interviews Cracked 20% of revenue, and if it is the fastest growing segment then the company should aggressively market through this channel to capture a leading market share. If you're unaware of this, we recommend you go through Victor Cheng's online video on YouTube titled, "Business Situation Case Interview Framework (Video 7 of 12)" or the chapter titled "Business Situation Case Interview Secrets. We are vertically integrated along the value chain in the US. So, either the cocaine is not being sold and is lying in the stock or the cocaine probably went missing in transit while shipping. University Casebooks Before buddies are appointed and even after, students pick cases from university casebooks and give each other. 88 Case Interviews Cracked Note: The candidate has to ask relevant question to be able to chalk out the profit structure himself. Looking back we found certain problems with the preparation phase. In situations when you do not know the price of the product? There is the 20% revenue coming from VAS as well. How do you work it out? Our profits could take a hit as a result of overpurchasing to always satisfy demand. Let's assume in the first year we can capture a 30% market share? • Our wholesalers are able to push our products better than anyone else. The average income of this segment would be roughly 50,000 pm or about 6 lakhs per annum. All of India. Yes, toffees are a low value product 50p, 1 Re so they even don't care much if there are minor differences. I would now like to come to the second part of the analysis. We (Sankalp & Saransh) along with Rishi Palan and Meghna Sreenivasan were part of a rather successful case group. Investment of \$100,000 would be required for expansion. The most popular plays are performed on weekends 2. The ratio of taxis to passenger cars would then be ~1:10 which seems to be in the right ball-park based on experience. Even capital for investment would be less of a concern for them? Hmm... why don't you analyses the distribution and retailing aspect of the toffee? Are there any legal barriers to entry? I want to investigate as to what might be going wrong. Do we currently know which of the three segments uses the substitute product? Then we can think of how to mitigate or compensate for these differences. Avg. I want to understand how badly this affects our profits. Please suggest ways to reduce peak time queue and improve maintenance. Same in case of type B. Has the industry market size declined overall? For every single customer, we have 9 customer, we have 9 customers who are part of a family. 76 Case Interviews Cracked Case 7: Guesstimate 5 Estimate the no. If we were to look at zones separately, we want the revenue from the zone to be greater than the costs to service it. Our average school's student strength looks all right at 1800, could not be higher. Urban India-tier1 and tier 2 cities- is mainly where demand for our product lie. Should we include junior colleges as well in schools? Do the same if the interviewer says "Personal Digital Assistant (PDA) manufacturer". It is better to invest some time early in the case to agree on a strategy that will work. There is an overlap of demand between call cabs and spot taxis. What will vary significantly within the urban-rural divide is access to doctors and the split should come before it. You would find (as we did) the need to do the income-split analysis, below, separately for South Bombay and Rest of Mumbai. 52 Case Interviews Cracked 4.2.3 Sample Case 2: Chicken Nutrients (Using evolved approach) Your client ABC Co. is a vertically integrated manufacturer, marketer and retailer of vitamins for chicken in the US. Evolved Approaches We will not go into details of other important skills, since they are either obvious, or easy to understand or

are explained well by Victor Cheng in his book or online videos. Ticket sales for plays 2. Till now it seems that the corporation segment looks most favorable since they require our product and we have experience in reaching out to such customers. Our peak queue times are significantly higher than non-peak times which might cause visitors frustration. I'm assuming that an average McDonalds has about 50 seats and is open from 10 am to 10pm. Cases have been solved by both methods for each case type (profitability & market entry) to showcase the distinction. Shortlists for the interviews come around mid-October. Have customers stopped preferring our products? At the same time it communicates to the interviewer that you're thinking of the different angles to the problems and are checking what needs to be done. Not only should it be important but something that can easily be incorporated in your solution. We send the toffees to the distributor who sends them to large retail stores, medium retail stores and small stores like Paan shops. turnaround time departs from Mumbai at 9am. Overall Strategy I'd like to see where the problem in revenue growth rate. I would assume because a family has many more members, because a family has many more members, because a family has many more members. who could be lone rangers. In this breakdown we would be told by interviewer that (% occupancy) has gone up by 4%, room rate and no. This makes it a total of 50 x 3 x 12 = 1800 students. How does it compare with our product on price and quality? No, we have the clearance to sell the pill. You have been hired as a consultant to evaluate the feasibility of their market expansion plan. Tourist growth rate could have also meant growth in average no. Here is the break-up, suggest how we can improve our revenue. That makes sense. This is typically done by Estimating Profits = (Market Size) X (Market Size) X (Profit per unit)-Fixed Costs Here ask the relevant questions from the Customer bucket to estimate Market Size. What are we comparing it to? How does pricing work in the industry? Below we will give you a brief overview of the two approaches followed by solving a case through either method. You need to ask if the profit margin for each segment has CHANGED or if the revenue split has CHANGED to identify what is causing the problem. The split is same for competitors, we are seeing the decline in #unit sales in the same proportion as the current split across three channels. NA-Europe makes about 50% customers and Asia the rest. However this specific section in the book is useful. • The customers prefer our products better than our competitors'. We have more mediocre studios performing on Mon, Wed, and Thurs. Have our competitors seen similar losses? The Dome is suffering from significant financial problems as well as a large amount of negative publicity. Also, in my experience since burgers in India are slightly smaller, I will assume 20% of the people eat 2 burgers and 80% of eat 1 burger. We are not selling as much as before, so I was thinking. It is the change in the split that matters. This would mean 4X15=60 aircrafts on Metro to Metro aircrafts on Metro to Metro aircrafts on Metro use of the profitability framework we are now asking the more specific question 'Why has the length of stay reduced?' This also helps our next line of questioning be very specific. This is dictated by which avenue is more profitable. Let's look at the following segments Business and Tourist customers Family or Singles Geography of customers What about type of customers-business or tourists. Is it because of the side-effects? Can we market and distribute our product to them? Many thanks to Mayuresh Patole for weaving his magic wand over the creatives on the website, and Arun Lodhi for coding it under near-impossible timelines. The focus of this Chapter is to bring to your notice these skills so that you can incorporate them from the very start of your preparation. Profits=Market Share x (Price per unit)-Investment. Museum of drama and arts, archive of scripts 5. Here is 2 exhibits for you. Cost based pricing What will be our variable cost per pill? What are our revenue streams? 127 Case Interviews Cracked I would also look at what alternatives do people have in the vicinity with respect to direct competitors (movie theatres, comedy shows) to understand our price elasticity. Okay so we would like to see where we can reduce Cost. Can we say VAS, which comprises of WiFi services, laundry, use of banquet halls is also related to length of stay of customers and hence seen a 4% growth rate. Hence each employee is equivalent to 100 sq. Our website has received several complaints for transactions being halted midway. Finally we can sum up the required aircrafts for each route and get the result. They are similar. But, wait... What is the priceelasticity of each customer segment? Has there been a significant dip in a certain kind of vehicle type or a customer type? Cases Guesstimate #2 3 Case 5: Guesstimate #2 3 Case 6: Guesstimate #2 3 Case 5: Guesstimate #2 3 Case 6: Guesstimate #2 3 Case 6: Guesstimate #2 3 Case 6: Guesstimate #3 Case 6: Guesstimate #4 Case 7: Guesstimate #4 Cas Mafia Case 10: Mumbai Hotel Case 11: Fruit Juice Manufacturer Case 12: Vodka Manufacturer Case 13: Private Equity Firm Case 13: Private Equity Firm Case 13: Private Equity Firm Case 14: Electronics Manufacturer Case 13: Private Equity Firm Case 14: Electronics Manufacturer Case 14: Electronics Manufacturer Case 15: Petrol Pump Owner Case 15: Petrol Pump Owner Case 16: Delhi Darbar Case 16: Del Case 22: Fashion Magazine Market Entry cases Case 23: Home Safety Equipment Case 24: Washing Machine Case 25: Anti-balding Pill For more cases on pricing, refer to Cases: 10, 22, 25 and 30. We call it evolved since it has evolved out of the conventional approach after making several iterations to improve it. Re-generate the minerals, for example using special fertilizers? 129 Case Interviews Cracked On weekdays, it would be difficult to attract working adults at least for shows before 6pm. Would you like me to do that analysis? How many hotels are part of the chain? Some questions to understand the business better. Yes, go with that. 54 Case Interviews Cracked About 20% of them? We have just 1 type of sweet we sell. We also charge a ticket price to visitors coming to the Tent. Here is a graph representing the traffic of people at McDonald's by the hour. Focus on getting few skills right with every practiced case Solving cases involve getting multiple skills right. fares per taxi) in that hour. Peak queue time = #People in a queue at an exhibit*Speed of queue (Min per person) a) We can try to shift the crowd at the Darbar to non-peak times by increasing price of Darbar tickets at peak times and/or reducing non-peak times and/or reducing non-peak times at the Darbar to non-peak times by increasing price of Darbar tickets at peak times and/or reducing non-peak times at the Darbar to non-peak times at the Darbar tickets at peak times at the Darbar tickets at the D statements containing the findings of the case without explaining how a candidate can arrive at those findings from scratch. 64 Case Interviews Cracked Case 4: Guesstimate 2 Estimate the fleet size of Air India Preliminary Questions Do I need to calculate both international and domestic fleet size? Where is this Darbar located? A flight departing at 6am from Delhi will reach Chandigarh at 7am, would depart from Chandigarh at 8am, would reach Delhi at 9am and would again leave from Delhi at 10am. Spending on Extras: Customers may scale back on this expenditure 3. A typical route would be Delhi-Chandigarh. of trips the distributor trucks have to make. Candidates are often preparing for interviews with companies in other fields as well. Yes our factory had been shut down for 2 months for the once in 3 year maintenance, owing to which we could only produce 78% of our usual capacity. I want to understand two aspects of our business (a) Type of customers-to find out how price elastic they are 89 Case Interviews Cracked (b) Competition nearby-this will affect customer price elasticity as well (a) Type of customers-to find out how price elastic they are What kind of customers-to find out how price elastic they are what kind of customers do we get? The following are the skills which would be required to ensure products reach customers. If our distribution cost is twice as much as industry but production and marketing costs are greater than distribution costs. What does this mean? So either 1. Make sure you are nailing it each time before moving to other skills. E.g.: People cycle/use hybrid cars instead of using motorized vehicles. We have 4 competitors A, B, C and D in toasters business. Medium Schools do. This means a price of Rs. 6,000 for a four month pack. We wish you good luck for your placements. 50 Case Interviews Cracked Estimating profits The corporation segment is most suitable for us. Through which channel have we seen the #unit sales decline coming from?*Thinking*.... Hence Chandigarh is an orbital city of Delhi. Implementation: If the market entry can actually be implemented This is typically done by checking the feasibility of the value chain Production->Distribution->Distribution->Marketing Here do a check if we have available resources-Capital, land, labor, equipment- to meet demand. We have no information on that. It was useful to clarify here what is the meaning of tourist growth rate even if it seems obvious. Here, the local drug cartels purchase the cocaine from us and sell it to the end consumers. Example: Following from the earlier 'luxury car' example, say we have finished the first part of the case, of estimating overall profits and moving onto the next part of checking feasibility of value chain: "We have found that we can expect to make \$50 MN in profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving onto the next part of the case, of estimating overall profits and moving overall profit market. Here are different types of preliminary questions to ask: 3.1.1. Clarifying the objectives Profitability cases In standard profitability cases In standard profitability cases. Usually, there is little ambiguity like "Our client is an electronics manufacturing company. 53 Case Interviews Cracked Do we have any segmentation of customers in China? Since there are all sorts of unitsfurniture, electronics, etc.-being sold, there is no standard product unit. c) We can look to increase the size of the batch they will deplete in and reduce the duration of each demonstration. What data do you need? Hmm so the minerals are the key and they will deplete in 5 yrs. I am seeing if there is any reason why customers will prefer other toffees. I want to understand why our products are not being pushed to the customers as much. I will further try to address issues which come out of this analysis and develop some concrete recommendations at the end of it. In Consultingdom if the cause of the problem is A, B, C and the customers as much. I will further try to address issues which come out of this analysis and develop some concrete recommendations at the end of it. or D, then a hypothesis driven approach is one where you first assume 'A' is the problem and check whether that is true or not, and you do the same for B,C,D. Assume that the unsold books are useless since the book is a periodical one. He is trying to see if the problem is concentrated in a particular revenue stream or all across. Is there competition likely to be present in the near future which we should be concerned about? Prices cannot be increased due to competitors Let's understand the value chain of the business here. Sanity check is a method to check if the answer from the guestimate is in the bounds of reasonableness Okay. Though some cases have decent solutions, students often waste time scouting for good cases. Chapter 5 has cases which are best practiced in case groups rather than 'read' to derive maximum value. We have no information of that. Preliminary questions help you to scope out the problem, setting the boundary walls in which analysis needs to be done. Do we know the absolute size of the segment? Production > Distribution push of product > Customer demand Hence, one or more of the following could be happening • We are producing more planks. Buddies provide good, relevant cases and valuable feedback afterwards. What exactly do Tent Maintenance and Service Personnel costs comprise? That would not be necessary. Okay. Economic Sense: If it makes economic sense to enter the market. Since the segmentation of Distribution is a trade secret and cannot be mimicked (just like Coca-Cola). We don't want to increase ticket price, since this is a Government organized event. Our objective is to ease you into the Evolved approach and for you to see the benefit of using it for yourself. It reaches Delhi at 8am. The market for Chicken vitamins comprises only of corporations and has a growth rate of about 3%. b. There has been no reduction in length of stay of each segment. And a LOGICAL segmentation is required as opposed to an arbitrary segmentation to come closer to the goal. The next step here would be to understand the mismatch between %occupancy growth of 4% and tourist growth rate of 6%, and hence we haven't moved any closer to the problem isolation. Is there any reason to believe that our distributors or retailers are not pushing our product as much as they are for competitors? This gives us (Rs. 10,000) x (3%) = Rs.240 which give us a price of Rs. 8 per pill. Here we also see if it makes sense to enter independently, through acquisitions or a joint venture to maximize profits. area in an office. Well we can stop here. 3.4.2 Competitors better helps distinguish where we are lagging behind industry. 2. ... Hypothesis driven approach without effective communication We know revenues have declined. The candidate also was not sure which part of the value chain the sweets manufacturer operates in and could have asked a question about it earlier. This is leading to revenue growth of only about 4%. Depending on their age and family income segment, different percentages of children would go to schools. What kind of brand image do we have? That is not particularly true. Alright, what remains to be calculated is the (#ACs in tons) presently in Mumbai. Shifting trade routes will increase our cost, but would be more than offset through the restoration of our sales volume, leading to better profits. Wrong customer segment being targeted' would be a low priority issue since most laptop companies like Dell target customers across all age-groups, gender, geography, income etc. Chapter 1 mentions the essential prior reading to be done before using the book. We manage all aspects of the Dome, right from ticket selling to maintenance. 167 Case Interviews Cracked 1. I would now like to see what kind of market share we can get in each of the three segments I'll begin by understanding 1 (Occupancy rate) & 2 (Spending on Extras), and later come to 4 (Costs). You can contact them at 7 Case Interviews Cracked Acknowledgements We would like to express our gratitude to the many people who saw us through the book, encouraged us when the chips were down and helped us with the proofreading and designing of it. of tourists per night which has a completely different meaning. Not quantitative enough-In this example the candidate fairly asks for enough quantitative information. Where do we lie in the value chain? We can now change gears and come to the Company branch. So we know that our product would be useful for the farmers, but do we have the right distribution channels to cater to the community farms? We use this as an opportunity to provide a platform for indie plays and college dramatics club's to showcase their talent. On an average we can assume a requirement of 4 flights per metro route leading to an average frequency of -a flight every 1.5 hours. Notice how the candidate has used his business judgment here to point out that Internet sales seem to be too low, and suspects poor user-friendliness of the website, especially since this is a Government run event. Since several requests are repeated, it only means that trash, accidental damage or whatever maintenance is required, there is more time being taken to clean up. Exactly. 168 Case Interviewer) Important how you prioritize taking splits. 20 hotels, evenly spread out across major tourist destinations. Take the US market size to be X units. This can be done by establishing common places (restaurants and side entertainment) where people can be instead. The establishment can be run by anyone, government, NGO or private. Still a better job could be done while market share for small farmers was being analyzed. Do we expect the same in China as well? Then we can figure out how to solve this. It also lists optional resources that can be used parallel to the book. Do we have any information on that? Blue collar employees would be mechanics, electricians, manual laborers, etc.) The people with white collar jobs would be part of the Middle Class in the age group of 22-60. We should be part of the Middle Class and Upper Middle Class in the age group of 22-60. We should be mechanics, electricians, manual laborers, etc.) The people with white collar increase sales of tickets by accommodating this. Note the importance of using this customized profitability framework. No 3. Can we reduce Cost per trip? #School going children in Mumbai We can divide the population across age-groups and then across income segment. It's a recent issue, since the last 2-3 months. Demand (as per our calculation) Demand of burgers during high traffic time = 270 (restaurant: 200; takeaways: 70) burgers per minute. Why? There are two parts here: 3.2.1. Overall Strategy What is an overall strategy? What are the customer segments in the market? Count only the domestic one as of now. In consulting an outcome is presumed and then the presumption is validated or invalidated. Located in a business area in Mumbai. We also hope to reduce some of the burden on buddies to give cases. It seems like we made certain overestimations. What is the revenue split in each and growth rate of each? No. We want to continue to have the theatre. Similarly, you have a 30 min interview, 5 mins go into chit-chat, few HR questions here and there. Is that fine?" (This is the Sub-strategy for the next part) 21 Case Interviews Cracked 3.3. Problem Isolation Tools Often in a case you have a problem such as "Profits are down by 30%". Sometimes, this question is useful to uncover what is the rationale of the client to prefer one option over the other. The management wants you to estimate potential profits and would take a call there-after. I'm wondering if we had been able to produce at full capacity would we have seen #unit sales decline? There are two sections under which we will discuss the contrasting approaches 4.1: Profitability Cases 4.2: Market Entry Cases 31 Case Interviews Cracked 4.1. Profitability Cases Profitability Cases are the most common form of cases. Closest product addressing the need is the nicotine patch. Since when have we been having these high profits compared to competitors? The substitute is cheaper at 47c/unit compared to 80c/unit for our product. They differ in their sturdiness. Good question again. Yes, that is in fact the case for all our business customers. We can a) Look to increase security of our consignments around this route b) Shift to the alternate route or c) Ramp up production to the extent that losses due to security lapses are made up for d) Do nothing much if previous three actions will lead only to more losses. The biggest advantage of this habit is seen in cases which have no set pattern of solving (for instance, market entry OR unconventional). This holds especially true in a case interview as well. We can either charge these problematic zones higher rent or replace them altogether if they do not allow us to break-even. We will be using the Evolved approach for Market Entry cases but feel free to customize and bend it according to your convenience. 57 Case Interviews Cracked 58 Case Interviews Cracked 58 Case 3: Guesstimate 1 Could you estimate for me, the number of burgers a McDonald's outlet sells in a day? Can you tell me what our revenue last month and this month was? (There are exceptions. So we know the market size of corporations is 0.2X. We've done some research and we've found that there are certain minerals in the soil of our plot of land that allow trees to grow faster. Forgetting the Value Chain-In the above approach, the candidate missed out on verifying if the client has the capacity to produce 600MN units in year, and whether they have the \$100,000 of investment required. Poring over the mistakes in a solved case helps you incorporate those lessons and refine your future case solving strategy. 17 Case Interviews Cracked Another good question to ask is b) "Is there any reason why the company is considering market Y in particular?" Usually the response of the interviewer is that there is no particular reason. Then the flight leaves from Delhi at 9am. Why is this happening? Yes, good observation. (1) You need to identify the constraints you are working under so as to analyze only what is required by the client and move through the case interview here Retailers are billed by their distributors on the basis of no. 1. The solutions provided, illustrate good approaches which have worked during actual case interviews. of taxis in Mumbai. What are your recommendations? 3.2.2. Sub-Strategies After the interviewer agrees with you on the overall strategy to solve the case, it is time to tackle each part of the strategy. Revenues = (Ticket price) x (#Visitors per day) x (#Days) = (Ticket price) x (#Visitors per hour) x (#Days) We can look to increase the above parameters. Life cycle of a product is Y years on average, then in Y years' time each of these products would be replaced by newer ones. I am wondering if there is a link. Now, let's say the demand is scattered over morning 7am-12noon, with peak-hour being 9am-10am constituting 30% of the demand. Any unsold books are returned to the publisher (the retailer does not have to pay for them). This traffic on the highway is going to drop further because of the new shorter freeway which might incentivize some of the remaining vehicles to shift as well. (2) Takeaways 61 Case Interviews Cracked The takeaway counter has a queue during high traffic hours and it will be useful to bring in my own experience at these counters to estimate the time that each exchange takes. profits. These are different from preliminary questions as discussed in Section 3.1 which are useful and should not be confused with non-goal oriented questions. A good clarifying question to ask to find out what an attractive market means according to the client is a) "What metric should we use to decide if we should enter the market or not?" The response of the interviewer could be a1) "Let's get an idea of what profits we can expect in the first year." Now there is a lot more clarity and you can proceed to calculate expected profits in the first year." Now there is a lot more clarity and you can proceed to calculate expected profits in the first year." Now there is a lot more clarity and you can proceed to calculate expected profits in the first year." Profits. These are especially useful in guesstimates and pricing (both of which are usual suspects in case interviews). It is important to benchmark numbers with respect to something like competitors or timeline to put the number in perspective. km. Later we can compute, how many of them prefer taxis. In fact we do not have a distribution network to cater to community farms. So it seems we have an internal advantage (company specific) ever since we started the business which we are unaware of. At this point consulting companies appoint mentors or "buddies" to help students with their preparation. There are alternative routes being taken. And in fact this is an industry wide trend that Avg. The extent of their inputs and involvement was inspiring and helped us successfully cross the finish line. Should I include second hand ACs as well? 51 Case Interviews Cracked A goal-oriented approach would look like this. We manufacture and then sell through 3rd party distributor and retailers? Can we assume we should be able to capture about 30% of the market in the first year, and increasingly there-after? How many of them have a problem? length of stay of customers has decreased? Establishing Value Chain: Production --> Distribution --> Distribut because either the enforcement against drugs has become stricter in Asia OR the security around our sale with the cartel has slackened OR both. The importance of this question is to understand how aggressively are we looking to expand, a 20X growth strategy will have more radical steps like investing in constructing new theatres than what a 50% of the security around our sale with the cartel has slackened OR both. The importance of this question is to understand how aggressively are we looking to expand, a 20X growth strategy will have more radical steps like investing in constructing new theatres than what a 50% of the security around our sale with the cartel has slackened OR both. increase in revenue plan would have. There is also no stigma attached to our product unlike a nicotine patch which is visible on the arm. To identify this edge, I would like to benchmark our product with respect to the competition. fares per taxi in a hour) The above analysis can be done for any hour in the day. (2&3) Competitor benchmarking I would like to know what kind of competition exists in the Chinese market. 2) Easier to Follow: While segmenting all at once can be faster and sometimes useful, it is not easy for the interviewer to follow in a conversation. 35 Case Interviewer to follow in a conversation. synthesis) Now, I wish to talk about how we can set up the value chain here. Customer concentration and power? The reason the interviewer says this is because companies apply a profit margin per unit. We do not have a patent. It makes more sense to take the urban, rural divide later as opposed to in the beginning since the %smokers will vary less within urban-rural divide. Do we know if this is an industry-wide trend or Company specific? Old model: Publisher produced 10000 books a month each costing him \$5. Product: Anything that has changed in the industry's offering that forces customers to shorten duration of stay. this branch since everyone is facing the problem Alright, why don't you analyze the customer branch first? Yeah fine. Production Issue -> 2. Is that true? Assume that burgers are the only item on the menu apart from fries and coke. There is a substitute product. He has recently seen losses in his businesses. In a typical office, people work in cubicles. Variable cost would be 40c/unit. Is it a commodity product or a differentiable product? Small farmers-We know that currently they are using substitutes. Overall Strategy We can use a Demand based approach. Distribution Channels preferred? Sponsors attract crowds by entertaining them and brand whatever products or services they provide. - The do we know if the avg. At this point candidates form case groups of size 3, 4 or 5. Once the case has been practiced, apart from the feedback given by the interviewer, you can refer the solved solution in this book to see where you can improve. We can close the case here. Parts of the value chain such as some production phase or some distribution phase can be outsourced to a partner instead of being undertaken independently by the client. I want to get an idea of how much cost cutting is required to break-even. We know that all geographic segments have experienced a decline, and we do not have data for age, gender segmentation. Our goal was to estimate profits. Doing calculations is an important part of cases, and if you find yourself slow at them use this resource. Supplier concentration? Hence, 75 Case Interviews Cracked #ACs in tons = (#People working in air-conditioned offices) x (Office area per person) x (Tons required per unit area) = (3MN) x (100 sq. We will assume on average a family in this segment owns a 1 ton AC. The facility basically contains a large tent. What are the competitors' products? This is the complicated way of segmenting all at once. When you go to a toffee to buy? Cutting cycles is the number of times the trees in a plot are cut Area of land is same since each company has been allocated a 50sqm area by the government for a 99yr lease. In Consultingdom it's important to assign priority to different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as - Client's ability to capture a market can be based on different reasons such as share target in the first year - Client's ability to achieve a profit target in the first two years - Strategic reasons (long term profit); Example- Amazon entered the e-reading market through Kindle even though it was a zero profit venture. The planks are then sold in a common wholesale market to customers (primarily construction companies). Can you tell me how our distribution works? This is best illustrated with an example: If the question is estimate the #cars in Mumbai, good clarifying questions would be to check if we are looking at both first and second hand cars. Overall Strategy: I want to study the profit structure of the client and identify drivers of lower profit. So far the differences are 1. On December 1st, or Day 1 of placements almost all consulting firms have their products available on all retail channels with more or less equal visibility. How much do the farmers care about quality? Metro to Metro 15 routes 2. Prerequisites and optional resources Chapter 2. I had earlier asked about kitchen-utility products. You want to move through a case fast. We are unwilling to reduce profit margin, since it's necessary to overcome our initial investment. Assume I am the client. What is the time-period in which this growth has to be achieved? Though candidates differ in their intrinsic abilities there is a common under-link to their approach which we call the conventional way of solving the case. To manufacture a superior and effective product. This is fine, although it helps to isolate the problem as early into the case as possible. I would want to know how user-friendly it is to book tickets through it. 3.3.3. Hypothesis driven approach Many times you will hear that your case interview approach for simplification purpose, and then resume forward. Overall Strategy I would like to first estimate how many flight routes Air India operates in. However, many of these casebooks suffer from a serious lack of depth and quality. Investment costs. Fair enough. 72 Case Interviews Cracked Take the growth rate to be 10%. Let's say we find that price has remained constant and volumes have declined by 10% 2. We had our aims set on the top tier consulting firms. Product Company Who are our customers? Though this can be added as one more check-list question, it's easier to remember this separately as a second piece of analysis that could be done, i.e., "Establishing the Value Chain". The conventional approaches compromise on quality and time taken to solve on the case in exchange for simplicity. What is our current profit/loss? Okay I'd like to move by understanding two areas of the business. "What has changed in their behavior that makes the average length of stay shorter? So you avoid unnecessary segmentation. Community farms lie in between. Let's say there is a market entry case about introducing a luxury car in Indian market. I like your approach. I'm not familiar with this business. Is this a recent issue or has it been happening over time? Overall Strategy We have the following formula: #Schools in Mumbai = (#School going children in Mumbai) / (Avg. Small farmers prefer the substitute product and we have difficulty in distributing to community farms. You need to find out why. The toffees are kept in jars in front of the pan-wala. # Students per school). Establishing the value chain A) Production challenges-In the first year we expect to sell 600mn units and more in the future, do we have the capacity to produce so many units? Do we know what % of small farmers are using the substitutes? Fun fact: In consulting, this is referred to as the 'Aha moment!' What is the length of stay of each segment? Yes, it is a commoditized product, small differences do not really matter to the customer. If not, we can also look to reducing frustration of the crowd in queues by providing side entertainment magicians, clowns juggling, etc. What exactly is our product? In that case can we outsource within India to maybe a more rural part of the country where wages are lower? Hence an average school has 0.3 x 2800 + 0.5 x 1800 + 0.2 x 300 = ~ 1800 students. 82 Case Interviews Cracked That is in fact happening. We recommend using the 'Evolved' approach instead. Based on this information, it seems on Fri, Sat, Sun we have a 100% occupancy. Usually only the interviewer (role play) and candidate should be present so that the other member(s) approach instead. can be given the case later. Tier-two to Tier-two to Tier-two (direct flights are rare, since they usually routed via Metros and hence accommodated in previous two types of routes) There may be some flights which have multiple stopovers. So here, after we know it is Volume decline that is causing the problem, we should isolate the problem along the Value Chain Production Issue->Distribution Push Issue. Estimating # flights it would take to cover a Metro-Metro route Let's assume flights can run between 6am in the morning to 12am in the morni easier to enter this segment, however we cannot decide which segment to enter or not enter yet. Book stores, video stores 2. After agreeing on the scope of the interviewer understand what you plan on doing in the next 25-30 minutes. Tickets 2. Though Mr. Cheng highlights how to avoid this, it is not illustrated sufficiently as few solved cases are provided by him (Even in his LOMS program, cases are such that they fit nicely with the three frameworks.). Within the income-segments the middle class and BPL assumptions seem right. Ticket price Avg #Visitors/day 122 Revenue Case Interviews Cracked This month 150 2000 90,000,000 Last month 150 2444 1,10,00,000 Compared to last month we have seen a revenue decline of 20 lakhs. 63 Case Interviews Cracked That is just fine. While it's good to be MECE, when it comes to prioritizing issues, you should try to use 124 Case Interviews Cracked your business judgment as interviewers look at that to differentiate candidates. 135 Case Interviews Cracked Case 19: Book Retailer Your client is a book retailer who has been working with a publisher for some years now. If we were to divide the total area of an office with the total number of employees, we can say that an office area roughly the same as a 'bedroom' would be equivalent to two employees. Leasing theatre space for conferences, seminars 3. 36 Case Interviews Cracked I would now like to move to the second branch of analysis. Not really, we're just exploring this option for now. We already spoke of 1. Overall Strategy First, I want to compare our profit structure with respect to competitors to identify key drivers of our client's space for conferences. high profits. But hey, these buddies are also working full time at consulting firms and are often out of station and sometimes unreachable by phone. They have fewer divisions, let's go with 2. It allows us to identify WHERE the problem is. Knowing whether a profit problem is company specific or an industry-wide issue helps them priorities where to look. No. It is same as before. Not goal oriented- Instead of writing the profit formula upfront and proceeding with the analysis, the candidate deep-dives into the Customer branch, without being seemingly clear why he/she is going down that branch. This has 2 advantages. Profits #Units sold=Market Size*Market Share Market size: Our Market size would basically comprise of Smokers who want to quit smoking, have access to a doctor & a pharmacy and can afford our pill. 3.3.2. Company Specific or Industry Wide issue When trying to identify the range of possible reasons for a problem like reduced profits, consultants need to know where to look. No, it has remained constant. Consider only establishments where students go for an education. If you're asking this to understand customers at a qualitative level, that is fine. Alright, have the margins being paid to distributors and small retailers comparable to other toffee companies because of which they are pushing our product less? Let us now address the second issue of the different target audience on weekdays and weekends. Apart from the benefit of using the Evolved Approach we will also highlight the benefit of asking the Preliminary Questions and using MECE Segmentation as explained in Section 3.1 and 3.2.1 respectively. After sales services, complimentary products Brand image Sales and Marketing No. of Retail outlets, location of outlets, visibility in stores, sales representatives Discounts & offers Online marketing This is a big list and it's not a good idea to indiscriminately go over them one by one. Since community farms are scattered across China, it will not be cost-effective to be able to reach out to them. Here is some info Internet sales 10% Venue-based ticket counters 80% Other non-venue based locations 10% Total 100% The bulk of our sales are coming from Venue based ticket counters. The Conventional Approach to solve the case goes like this... 1. 3. The kitchen-utility electronics industry has been showing a growth of 5% Overall strategy I would like to analyze the revenue structure of the company. and find out what drivers are causing us to lose revenues and then proceed to suggest remedies. What are the preferred distribution channels for the customers? (2) What the different types of cases (3) How different cases are typically solved; and finally (4) How to become good at solving cases In this book we focus on (4) since existing resources come close to, but do not sufficiently cover it. Reduce losses to break-even point by either increasing revenue or reducing costs. Should the client ABC enter the chicken market in China or not? #ACs in tons = (Total office area) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Office area per person) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Office area per person) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Office area per person) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned offices) x (Tons required per unit area) = (#People working in air-conditioned office per unit area) Sounds good. This means that customers do not prefer our type A over our competitor's type A. So this is also an industry wide trend across all segments. Most candidates ask questions to gather info and then decide 24 Case Interviews Cracked how to make sense of that. shun it since they cannot risk the health and quality of chicken. It does not allow him to return the unsold books? These children have a slim chance of attempting their 10th Std. Yes, we have no direct competitors. Even though you want to know the term conceptually you want to know exactly how it is calculated to better understand its drivers. He has hired you to help him grow the profits of the theatre. Do we wish to continue encouraging young talent, even if it does not make sense from a cost angle it may make sense from a soft-publicity angle? However 20 lakhs is an upper cap since some damage has already been done. more than Western tourists staying longer. Resume submission deadlines are fixed around mid-September. What is the size of each segment? Is that correct? But before that I want to move onto mystery 2-2. How effective is a nicotine patch? Why do you think that might be happening? This question now also allows you to eliminate certain branches of reasoning. Apple targets the premium segment, so useful to get a general sense of type of company and customers targeted beforehand.) Most laptop companies have reasonable after sales service mechanisms. There has been a decline of 20%. If yes, how many books should the client purchase from the publisher for it to make economic sense for him? Community farms have the same size as the corporations segment but with a lower growth rate. However, this is not an exhaustive list, albeit an important one. This would mean a spending of Rs. 1500 per month on the smoking pills. On Mon, Wed, Thurs we have plays of moderate popularity performing. Rs.1 per pill. It could get confiscated by the police. Since this is the largest segment of demand, we will consider the average carpooling number to be 2. Barriers to entry? Since they are scattered all across china we think it will be prohibitively expensive to distribute to them, either on our own or through third parties. Don't analyses raw materials just because it is the bigger chunk of overall costs. Good. There are two types of cities 1. We then move to a customized framework to find out WHY there is a problem. • • Price Quality of product-Life, time to toast, electricity usage, safety, look 111 Case Interviews Cracked • • After sales servicing Marketing-advertising, channels of sales Good, here is some data. Hence again this is a problem isolation tool. Have all petrol pumps in the area reported reduced profits? Why do you want to segment customers? If both costs have gone up by 50%, you should begin by analyzing why raw material cost reductions. Resources by Mr. Victor Cheng Resources offered by Mr. Cheng, such as his book Case Interviews Secrets and the free YouTube workshop videos are now used by almost all candidates. E.g. so if all hotels in Thailand, 131 Case Interviews Cracked an industry wide problem, rather than poor service in your client's hotel which is a company specific issue Since when have we been experiencing this problem? Each of us had a 20% market share roughly at the beginning of the year. A better way is to understand the various product parameters and then interact with the interviewer about which parameter matter more for each segment. These cases are then shared and exchanged within and between case groups. Segmentation based on what? Since the last month. Turnaround negative publicity I would like to begin by understanding our Profit structure. He has other loyalty programs to ensure that he retains his customers. What is the size of each segment and their growth rate? Hence with one flight we can achieve a flight frequency of 4 flights per day. We have seen this in the past few years. The observers should not be passive but actively trying to solve the case even if they don't speak anything. typical farmer would it be positive after he uses our product. Getting a qualitative 'high' or 'low' response does not help is estimating profits. Income greater than 100,000pm. He gives useful feedback to the candidates and points out their mistakes and suggests suitable remedies. c) Not quantitative enough-If estimating profits is an objective then there needs to be a pro-active effort in striving for numbers. Preliminary Questions The objective is to bring back the Darbar to profitability and to turnaround the negative publicity, right? I'll get back to VAS later. 65 Case Interviews Cracked 1. In South Bombay, autos are legally not allowed, so people there will only use taxis. Company What is the core-competency of the company in the US market? Customer What are the different market segments? Profits=600MN units*(80c/unit)-\$100,000 = ~\$240MN Anything else you would like me to do? Why is that? That's very interesting. He wants your help. Preliminary Questions Stop here and think of preliminary questions you would ask So the client expected a revenue growth of 6% in line with tourist growth rate and wants us to figure out why that is not the case? We have covered the broad ones which apply to most cases. High traffic: Post lunch and dinner hours The kind of insight demonstrated by the candidate above is what you want to aim for in guesstimates. Also, we should look at tying up with aggregators such as BookMyShow.com where people look to buy tickets for variety of entertainment events. Unless knowing #Unique Customers is crucial to your analysis avoid segmenting that way. 85 Case Interviews Cracked Since the # of units sold is less than what is produced, I want to understand where in the value chain is the cocaine produced not getting pushed forward, and subsequently identify the driver for it. exams. Given the AC cost is more than a month's salary, I do not think that the Middle Class would be able to afford ACs. Obviously the Below Poverty Line (BPL) and Lower Middle Class (LMC) families would not be able to afford it as well. Not necessary at all. 70 Case Interviews Cracked Should I re-calculate based on this? What insights can you draw from it? A Mumbai native, he graduated from IIT-Bombay in 2014 completing his Bachelors in Chemical Engineering. No attempt is made to replicate a real conversation between a candidate and interviewer. Alphabetically, Advaith Vishwanath, Akash Goel, Anubhav Jain, Anubhav Mangal, Anusheel Pareek, Anvita Dekhane, Hardik Mehta, Nehar Jathar, Neha Nathan, Nikhil Patil, Poorna Chandra, Pranay Bhatia, Rishi Palan, Rushabh Shah, Utkarsh Ohm, Vaibhav Jain, Anubhav Mangal, Anusheel Pareek, Anvita Dekhane, Hardik Mehta, Meghna Sreenivasan, Neehar Jathar, Neha Nathan, Nikhil Patil, Poorna Chandra, Pranay Bhatia, Rishi Palan, Rushabh Shah, Utkarsh Ohm, Vaibhav Mangal, Anusheel Pareek, Anvita Dekhane, Hardik Mehta, Meghna Sreenivasan, Neehar Jathar, Neha Nathan, Nikhil Patil, Poorna Chandra, Pranay Bhatia, Rushabh Shah, Utkarsh Ohm, Vaibhav Mangal, Pittie and Vinamra Jain. At 6 am simultaneously a flight departs from Delhi, reaches Mumbai at 8am and after a 1 hr. In light of stricter enforcement, the local cartels have moved to them. 42 Case Interviews Cracked 4.2. Market Entry We would like to directly begin with the advanced techniques to solve the market entry cases. b) Overlapping questions-Questions such as 'What are the product branch. Sponsor fees In addition there would be 3. They are also able to sell the higher quality chicken at better prices compared to small farmers. Though there will be cases where white collar professionals do not work under ACs and blue-collar workers have air conditioning, we will neglect these exceptions. I am guessing this is owing to the bad publicity we have been receiving. Know that as long as every step you take while case solving is supported by logic and a few underlying principles (you shall encounter these during your prep), you are doing well. Are we looking at all standards from Junior Kg. to the 12th Std.? Or because the toffees are not kept in a place that customers can see them or is inaccessible to the pan-wala. Are our margins in line with competitors? Preliminary questions: How many petrol pumps does the client own? Observations: 1. Till now we have considered revenues, but since our eventual goal is to grow profits we will have to see the cost aspect of the business too. Trying to improve many skills at a time can be a frustrating and time consuming process with nothing to show eventually. share the company can achieve in each segment. Firstly, I want to know what community farms are. Ticket sales = (#Days) x (#Plays/Day) x (#Capacity per play) x (% Occupancy) x (% price has remained constant. We want you to begin using it early on to get much better at solving cases faster. Assume it to be negligible. No. The planks are a commoditized product. This analysis can be taken care of in the potential decrease in #Customers for point 1. Saransh (right) is an Associate at the Boston Consulting Group. Let's say 20% of people outside South Bombay use taxis in the morning. Community farms-Would they prefer quality over price? If you have read the book there is no need to go through the videos. This is because the larger electronic items such as refrigerators and television sets are being transported in each truck and there is less space for more items. This is the kind of issue tree you would want to have on your sheet at this stage in the case. Overall Strategy We need to calculate the market size for air-conditioners in tons. That will give us 600MN units. What kind of data would you look at to understand priceelasticity to see if we can increase price? So if we know the potential cause of a problem is A, B, C, B, C or D, we proceed to investigate each potential problem and in the end come with an outcome-A, B, C or D. Terrific ideas. Preliminary Questions How high are our profits? Consulting preparation demands investment of time and serious commitment. What determines whether a plank is a type B wood? We can at max have three plays on any day. In open-ended growth strategy questions it is important to ask more number of clarifying questions to understand constraints you are operating under. He has hired you and you have no choice but to figure out why. For comparison sake, a 4 month nicotine patch routine would cost: 120 days x 1 patch/day x Rs.5 per patch=Rs. 600. Optional Resources We found the following resources quite helpful during our preparation and we highly recommend you use them. Some even are part of two or more groups. Which product segment has shown the decline in volume? What about local level teachers teaching without any school (for very poor students)? We do not claim that the given solutions are the only/best approaches to solving the case. For this we have the tools below: 3.3.1 Segmentation? Still the question on "What is the growth rate of each segment at home? Now given that we are implicitly using a hypothesis driven approach, what does it mean when someone tells you to be hypothesis driven? What is the growth rate of each segment? Transport Cost= (#Trucks) x (#Trips per Truck) x (Distance travelled per trip)/ (Avg. It's fine to ask a question like this especially if the situation is alien to you. But from the Pan shop they are somehow not reaching to the customers? The prerequisite for this section is that you know what a typical market entry case looks like and have general idea of how to approach it. This feedback led to a vast improvement of our caseinterview skills. There are too many of them in the fragmented market. 60 Case Interviews Cracked For simplicity's sake, let's take 3 scenarios: 100% occupancy (high traffic), 50% occupancy (medium traffic), and 25% occupancy (low traffic). Chapter 2 outlines how to use this book effectively. We are able to break-even on Tue. This is also causing us bad publicity. We should then find either another distributor or have an in-house distribution team which uses much bigger trucks for electronics so that improved space utilization more than offsets higher per trip cost. Proceed by estimating the market size. People in the area/passing through the area/passing through the area/passing through the area/passing through the area have reduced. time analyzing from the point of view of a different product. What is the location of this hotel? For example, "The client is a bank and their profits have gone down, they suspect it's because of a higher delinquency rate, they want you to figure out how to solve the problem." Here you want to know what is 'delinquency rate', how exactly is it calculated and how it can be broken down. No, it has not changed. Of potential segmentations, segmentations, segmentation by Value-Chain has proved to be very useful. Family or singles? I concede that due to incomplete knowledge about the industry, I may have made some errors in assumption. Assuming 3 people working in the kitchen during high traffic hours, the outlet produces ~6 burgers per minute or which is in the same ballpark as the demand. 67 Case Interviews Cracked Case 5: Guesstimate 3 Estimate the number of schools? 80% business and 20% tourists. 106 Case Interviews Cracked b) Maintenance Cost p.u.s We have seen a reduction in Maintenance cost per unit sales for a similar reason as Rent Cost per unit sales. The average household income would around 20,000pm. In addition we should try and lobby the government to impose tariffs on companies shifting labor outside the country. Note that the average is skewed towards the lower limit. Can we brind in our own security? An AC costs roughly INR 25,000 to 40,000 depending on the tons. This is the most underestimated part of the profit formula. No, do not include them. Every company tries to maximize the product. Why don't you take a shot at it? This could be becaused to the profit formula. No, do not include them. Every company tries to maximize the product. of a Price decline or Volume decline. However the problems with this approach are: a) Not goal-oriented-This leads to candidates asking questions, which are part of the check-list above, but not relevant to the case. We will assume only 3% of their 80% expenditure is used for the pills. mileage) x (Cost of fuel) There are two key advantages of segmentation in a simple and progressive manner instead of all at once 1) Avoids unnecessary analysis: You often do not need the entire segmentation. You can assume them all to be tourists. You need to isolate the problem to its specific cause. We may have overestimated the number of students from the LMC category. In the Nilgiri forests, the hub of teak wood in South India. Profits = (Market Share) X (Profit per unit)-Fixed Costs. Let's say costs are up by 50%. Do we know the split in sales of each type of retailer and how much of a decline in sales is each channel facing? Based on my experience (You can ask the interviewer for his experience, makes the interview conversational) even 4 flights might be too much and Air India may be having just 3 per day to save on operating expenses. Under this model, he will have to buy a predecided number of books and would not be enoug to match weekend collections or even come close to them. A & B have shown an increase in market share whereas C & D along with us have reported a reduction in market share. You can take any area you want as a reference. Paan shops have largely shown all the volume decline. What are the distribution channels that each segment prefers? Here is a simplified version: -75% is expenditure of a family -Savings cannot be touched because they are for long-term necessary purposes - I'm assuming a family can spend up to 10% of their expenditure on the pill. We have a website where people can buy tickets. The problem statement is usually like this "Our Client ABC part of the X industry has been experiencing a revenue decline of 10% over the last 3 years, they wish to hire you to turnaround the situation". 2 Case Interviews Cracked Table of contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in this case, you can pick Interviews Cracked Table of Contents About the Authors Acknowledgements Preface Chapter 1. So for example in the Authors Acknowledgements About the Authors Acknowledgements About the Authors Acknow differentiators between companies where we maybe lagging behind. We've looked into it comprehensively already last month and there is no possibility of further cuts. Only the active ones. Take a moment to think what will be the most logical way to break-down room rentals given the original question of the interviewer Since we are investigating the mismatch, I'd like to break room-rental revenue into No. of tourists at our hotels x Spend per tourist. Since corporations would in more concentrated pockets than community and small farms, I expect distribution would be more economic. Let's divide the population into income groups a) Upper middle class (>Rs. 32,000 pm) b) Middle class (Rs. 16,000-Rs. 32,000pm) c) Lower middle class (Rs. 8000-Rs. 16,000pm) d) Below poverty line (Rs. 32,000 pm) Assuming an average income of Rs. 40,000 per month. However we should choose the hour on the basis of ease of computation of (Total #Taxi fares) and (Avg. Correct me if I'm wrong, I think generally 1 nicotine patch lasts for a day. Understand that if you are lost in a case, the interviewer is probably doubly lost. Residential cooling involves cooling in home and apartments. For example: How much have our profits declined by? Okay, here is some data. The next aspect we need to look at is the affordability of an Air Conditioner. Hence, there is the incentive to make more profit. #Spot Taxis = (Total #Taxi fares per hour) / (Avg. 10 Case Interviews Cracked Chapter 3 focuses on key skills required to master cases. A range of topics around case interviews Cracked Chapter 3 focuses on key skills required to master cases. following are general characteristics being applied on a group and there will be exceptions. However, the no. Can we take the growth in GDP of India which is about 5%? So how is it that on Mon, Wed, Thurs we are consistently getting poorer feedback compared to Fri, Sat, and Sun where we are consistently getting good feedback? Okay, what are our revenue streams? Hmm, let's investigate the Spend per tourist. Let's say we were segmenting to do a competitors. If it is a commodity product, then some of these factors are irrelevant. The client is concerned if the high profits are sustainable. If the book is returned to the publisher after every month, the book must be a periodical one - like a magazine. Let's begin by analyzing costs first. Without them and their guidance, neither would we have had the content for the book nor the confidence to communicate the same to our juniors. I would like to do a guick sanity check. Not only is this a waste of precious time, but also is particularly annoying for the interviewers. Our revenue comes 80% from vAS. Are our distributors able to push the product to the cartels? Since Mumbai, most people use auto-rickshaws since their more easily available and cheaper. These seem like ideas we can work with. Hence we get the total school going children to be 2.4mn + 1.9mn + 0.4mn*50% = 4.5mn 2. You will use that segmentation. However sometimes you can uncover useful information such as "Market Y is growing fast" or "Market Y is similar to our home market in Z way". Mumbai-Delhi is the busiest route. Then ask the relevant questions from the Competition and Product buckets to estimate Market Share. However, there are several NGOs and government schools accommodating them. How to use Segmentation? Parking tickets Okay, good. If the interviewer does not agree with your inference, it gives you an opportunity to engage in a debate. Interesting! You can synthesize your findings and recommendations. Think of it practically. Estimate profits = Market Share*(Price/unit - Var. This step may be counter-intuitive. In what unit would you want me to estimate the market size- #ACs, INR, etc.? Previously he interned with Deutsche Bank and PRS Legislative Research. Even if it means reduced annual profits in the short run, in the long run we will have a higher cumulative profit. This guestion is important not because you discover that even tickets are a source of revenue, you would discover that anyways during the case. 19 Case Interviews Cracked 3.2. Having and Conveying an Overall Strategy to solve the case. Here the segmentation was done as follows: How to segment? Let's say they teach students across 5 age-groups. Ok. Has there been a shift of passengers from the highway to some other road or possibly an air route? We can take the average life of an AC to be 10 years. Yes please. Assume every plank that is produced in this industry gets sold. Hence we have a total of 60+30=90 aircrafts of Air India meant for domestic routes in active service. Can we improve ticket distribution? We know that Mumbai has an area of 600 sq. So we know we're increasing Room rent from \$160 to \$180. Following that, I want to verify whether they are sustainable. As a prerequisite for this book we suggest you refer to one of the following resources by Victor Cheng: 1) Case Interview Secrets (Book): A Former McKinsey Interview Workshop Videos 1-12 available on YouTube (Estimated time: 2 days) We recommend using the book, Case Interview Secrets, over the Workshop Videos since things are explained better in the book. Example: Revenues have reduced by 50% and client wants to know what can be done to resolve the problem. Because you know that Volume reduction is a company specific issue, you now know a more likely reason for it is customers preferring competitors over us rather than all customers moving to a substitute product. It is possible only if our trees are growing that much faster. Evolved Approach to cases. Hence we only look to increase #Visitors per hour. The minerals are depleting and will get exhausted linearly in the next 5 yrs. Case Interviews Cracked Case Interviews Cracked By Sankalp Kelshikar, Saransh Garg Copyright 2014 by Sankalp Kelshikar, Saransh Garg License Statement This book is licensed for personal use (it may not be resold to anyone) and is free for one and all. I wanted to ask a few other clarifying questions. How many theatres do they have? Yes all are showing the 4% growth figure and you can assume there are no differences in the hotels or the tourist environment around them. Here you only needed to ask "what the market size is of each segment and respective growth rates" and move on. In this book you will find 32 solved solutions of some of the best cases we came across during our preparation. For this let us choose the morning time, since we know most people need to leave home to go to work or college at that time. Yes, big corporations sell to branded restaurant chains or packaged meat in supermarkets. Production --> Distribution & Retail push --> Customer pull Production: Have we faced any production related issues which have reduced our capacity to produce? Do we know if price has changed? Based on this information our profits for the first year would be, Profit =0.06X*(80c-40c)-\$100,000 Take X to be 10BN units and calculate. The demand for the cocaine is the same. 81 Case Interviews Cracked Note: The above Information has to be given as and when the candidate asks for each data point. life of an AC) + (#ACs in tons) x (Growth rate) = (2.3MN tons) x (10% per year) = 460,000 tons / year Great. I think such a family would be able to afford at least a 1 ton AC. Should we consider NGOs as well? 107 Case Interviews Cracked Cost per trip has remained same but value of products per trip has gone down. Now we need to find the root cause for this reduced customer demand. Hmm... and we know that our product is more expensive than the substitute. I think the bottleneck during high traffic hours is the supply i.e. the manufacturing rate of the burgers themselves. 6 Metros: Mumbai, Delhi, Kolkata, Chennai, Hyderabad, Bangalore 2. This differs by income-segment. You want to check with the interviewer if your own understanding is a bit vague. Don't worry, it's very simple. Let's address the first issue first. Is it likely others might be able to develop the product, or illegal copies might be made? We will illustrate the two methods and the advantage of the Evolved approach over the Conventional one through a sample Market Entry case. We can see how to boost sales through the other two channels by improving their effectiveness. There are limited number of big studio plays available on weekends and they prefer a nearby rival theatre house. Then we can say, Average replacement demand for any particular year is (Current # Products/Y). Market Entry cases A typical market entry case statement looks like this... Whether a plank is type A or type B depends on the inherent sturdiness of the wood, which is again because of the minerals in the soil. So since they use advance techniques, they would be more open to the idea of safer and better vitamins for the chicken? This seems right. We shall then address them in the latter half of the case. However, if we do not cater to demand, we could stand to lose out on our loyal customers who might start purchasing books from a competitor. Aha, that's interesting. They are based on our experience, several iterations with peers & buddies during case prep and feedback from other seniors who are (or have been) in consulting firms. The candidate is wisely asking for segmentation to see if revenue across all segments has grown at the same rate or there is some disparity which might lead to an insight. We can also look at a "Made in India, Swadeshi" branding of the company to increase customers buying our product. We will see this in section 3.4 where we talk of the 80/20 rule. The guiding rule is to be crystal clear of the objective and know the boundary walls (scope) of the problem. Unconventional cases Case 28: Consulting Firm at IITB Case 30: Godzilla Case 31: Plot of land Case 32: Sales force Appendix: Data Sheet 5 Case Interviews Cracked About the authors Sankalp (left) is a Business Analyst at A.T. Kearney. These schools generally teach students from Jr. Kg to 10th grade. Spend per tourist=Avg. Overall Strategy Let's begin by finding where the reduction in profits coming from is. The consumption patterns of burgers are different throughout the day The total number of burgers = (# hours) x (# people per hour) x (# burgers per person) We have used mathematics here to ensure MECE segmentation. Preliminary questions What is the profit growth target-50% increase or 20X increase other company has the soil advantage. I'm guessing it's the ticket sales from the plays? The vitamin products produced by the client help increase the size of chicken breast and reduce fat content. This is done to further isolate the problem to a particular segment. Since we've got 80% business customers, let's begin by seeing how increasing room rental affects them. examinations and do not study further, though that trend is changing. This calculation would involve the investment to buy our product and the incremental price at which he can sell the chicken since it's got a bigger size. The cocaine is going missing while shipping it. We can reduce gueue times through a combination of these. What is the Geography in which the client is selling to have to settle with shifting our trade route as well (to get back the business we have lost to our competitors). For example, from the customer point of view, after sales service is important when selling laptops, but less important when selling guitars. Find out what is happening" There are several ambiguities here. Would tourist growth in total no. Remember you should also ask questions to clarify the new information during the course of the case. Overall Strategy Hmm, I would like to study the profit structure of the company and identify drivers which are causing profits to plunge. I would like to know what kind of online channel we have for selling tickets. We can assume that according to the income segment, the top 20% can afford cars. Ask "What has changed" within the segments Candidates when segmenting often lose track of why they are segmenting. d) Below poverty line (Let's say, the client which is in the business of manufacturing laptops, is losing market share to competitors. A Middle Class (MC) family has an income in the range of 16,000 to 32,000 pm. 46 Case Interviews Cracked 4.2.2 Sample Case 2: Chicken Nutrients (Using conventional approach) Your client ABC Co. is a vertically integrated manufacturer, marketer and retailer of vitamins for chicken in the US. Food, Beverages, Merchandise 4. 113 Case Interviews Cracked Case 15: Petrol Pump Owner Your client is a petrol pump owner. Here I would want to know what is it that we do differently on Tue compared to other weekdays. 130 Case Interviews Cracked Case 18: Thailand Hotel Chain Note: In this case at times, we have bundled guestions to avoid unnecessary dialogue. I would like to analyses it in conjunction with the 3rd branch of product to do a competitor benchmarking of our product. I'd like to know if we have any customer segments. Hypothesis driven approach with effective communication We know revenues have declined. Instead of qualitatively gauging if the customer & competitive scenario is favorable there should be an attempt to try and put a number to the market size and the market s toffees are not reaching customers even though they reach the Pan-Shops, the candidates approach was of trial & error instead of a MECE Segmentation 38 Case Interviews Cracked 4.1.3. Sample Case 1: Sweets (Evolved approach) Your client is an Indian sweets manufacturer who is facing a decline in profits. The client is pondering whether to increase the room rental rate from \$160 to \$180 to increase profits and wants your recommendation on what to do? Making sure that the new profits are greater than the earlier ones, I will use the constraints to arrive at a reasonable figure for the number of books to be purchased. We can also look at ways to improve marketing. What else can we do to increase revenues further to break-even? The Delhi Government has organized the Delhi Grand Darbar. Both businesses have suffered. Then we can reduce our price by either reducing profit margin or by reducing our cost. He owns 50 out of which one has a problem. ft.) x (1 ton / 200 sq. For simplicity, just calculate Residential and Office Space cooling. So if the interviewer says that the client is a "watch manufacturer", you should ask what type of watch-wrist watch, wall clocks, and alarm clocks, and alarm clocks, all of them? Preliminary Questions" instead of "Clarifying Questions" is because you should not only be clarifying the initial problem statement but actively seeking pieces of information which helps in understanding the client's company. There could be several parameters which could be compared with competition for this: Customer Characteristics Customer characteristics and the client's company.

requirement) targeted Product Characteristics Laptop price Specifications-battery life, hard disk, RAM, graphics, monitor size, etc. This takes the number of schools to around 1200. Note that there might be overlaps in the types since one case type might include elements of another. Overall strategy First, I want to compare the previous and new profits of the book publisher and the retailer (the client). The only difference is we don't assume an outcome. Each of the top firms typically cool a small room. 78 Case Interviews Cracked This gives us a total of 1.2mn+1.35mn+0.15mn=2.7mn people requiring (taxis + autos). How much were our sales growing by earlier, since when has there been stagnation? 121 Case Interviews Cracked Last month it is 90 lakhs. 20 Case Interviews Cracked Finally, we can discuss the potential challenges after which I will give my final recommendation to the client." A more detailed discussion of specific Overall Strategies is done in Chapter 4: Conventional vs. However they are optional and you can't find someone to give you the case you can keep reading ahead, but try to solve the case yourself as you read. Now it's useful to benchmark each of these costs with respect to competitors to get a sense where we are lagging behind industry. life of an AC) + (#ACs in tons) x (Growth rate) Avg. Let's say we conduct a market survey of our retailers and customers and we find that even if we had faced no production issues we would still have seen a 10% unit sales decline. We know we need to make an additional investment of 10 lakhs on maintenance. Is a particular business not doing well? It's useful to make an additional investment of 10 lakhs on maintenance. go about framing one? I want to see if any particular customer segment of customers is facing the problem. Cost per trip cannot be reduced by the client. This is not only about re-confirming the information that the interviewer has given but also seeking out information that he has NOT given. Assume revenues predominantly come from Ticket sales. Price After sales service Client 1.5X Best A 1X Okay D 1.5X O rule here signifies analyzing the branch responsible for 80% of the problem first and then analyzing the branch responsible for 20% of the problem. • • Income between 32,000pm. # of units sold by the client is 1.5 times more than that by the competitors 2. Our revenue has increased by 100%. That is correct. We know that they do not use the substitute because of its side-effects. It is possible that our product is being stolen. Notice the candidate is asking for information which is obtainable Yes, we can check that. You know that 60% of the cost is Raw-Materials and 40% is Manufacturing cost. We are producing 1.5X compared to competitors. Sponsors have full creative control over their exhibits. d) Delivery Cost p.u.s Delivery cost p.u.s has increased. You should think on a different track. Some children may be home-schooled but we can neglect that. Do I have to look at stagnation in the mobile division only? Employees' costs cannot be reduced without taking a hit on profitability as long as we continue to sell electronic products. Are all toffees reaching from the distributors to the pan walas? We can also tie up with companies to have organizational outings on weekdays. We really need to look if the company would be okay with the added expense of the room. Hence during the peak hour of 9am-10am, there is a requirement of (500,000) x (30%) = 150,000 taxis per hour An average fare time during the peak hour would be = Time with passenger + Time without passenger = 40mins + 5mins = 45mins Avg. 136 Case Interviewer are on the same page, you should do two things here: (a) Sub-strategy: For each part of your overall strategy give a sub-strategy to tackle that part (b) Mini-Synthesis: Draw out inferences from the previous part before beginning the next part Sub-strategy is for the entire case. We have no direct competition Do we have any indirect competition then in the form of substitutes? In this segment there would be families which can even afford up to 3ACs, two 1 ton ACs for each bedroom and a 2 ton AC for the living room. Also, we have similar customers at home. Since when have we been experiencing the revenue decline? company been experiencing this decline?

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