



Kelley Consulting Club Casebook 2018

Introduction

This casebook is the culmination of efforts of the Kelley Consulting Club over the years. To us, it symbolizes the drive that Kelleys possess to make a mark in the consulting world. It contains individual as well as group cases to help students practice and prepare to be at their best. There is a section on industry overview to enhance your knowledge base for solving cases. Wishing you the very best in your pursuit to enter the consulting world!

The Casebook Team would like to express its gratitude to the people without whom this would not have been possible:

Alumni for their valuable feedback which helped bring the cases closer to interview standards
Graduate Career Services for their assistance in reaching out to firms and gathering material
Students for sharing interview experiences during individual and group cases

Kelley Consulting Club 2018 Casebook Team
Kushal Jolapara (2018)
Soham Majumdar (2018)

Casebook Edition

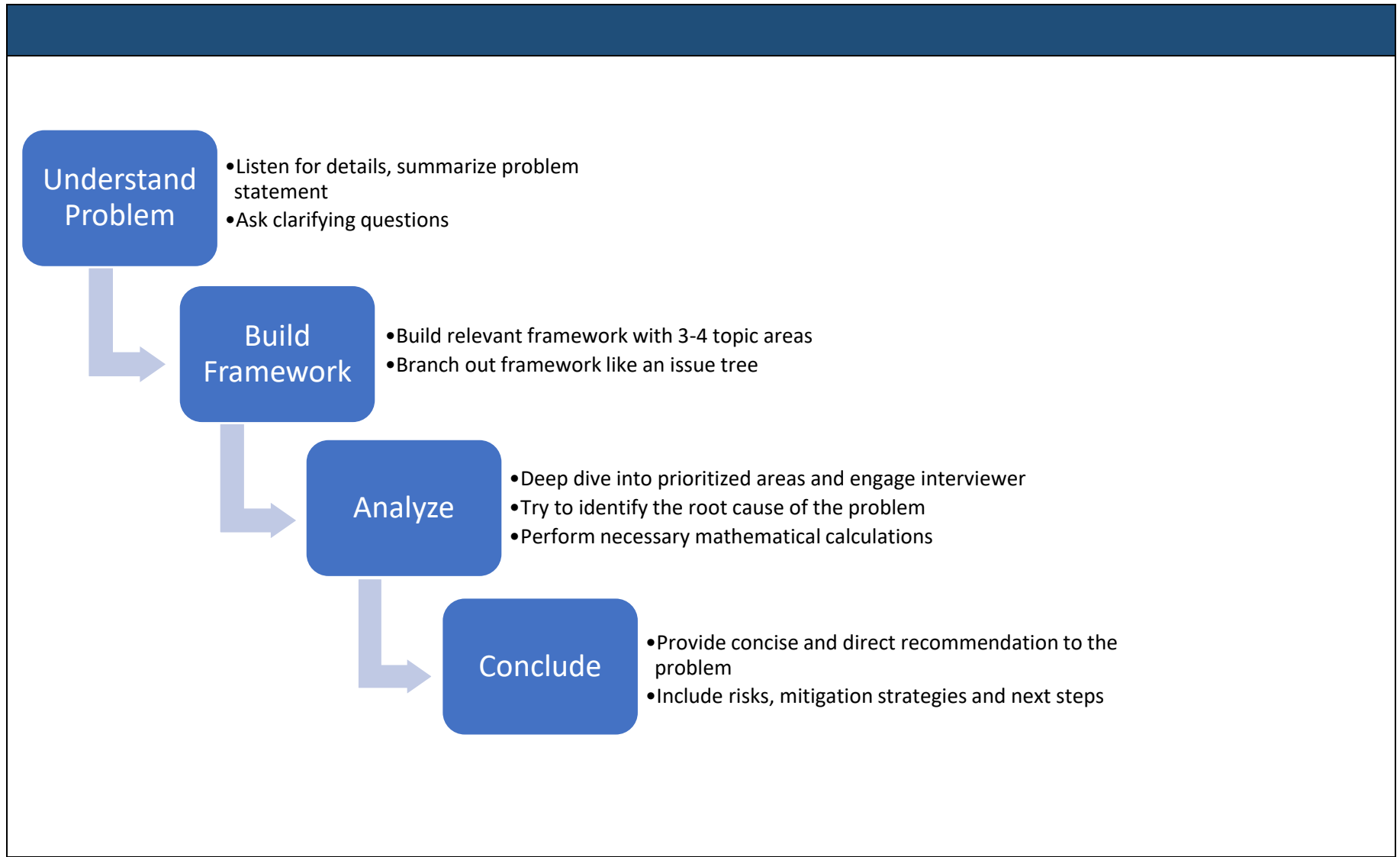
©Kelley School of Business – Kelley Consulting Club 2018

- 2018 Edition : Soham Majumdar (2018), Kushal Jolapara (2018), Priyanka Deka (2018)
- 2017 Draft : Christopher Alwine (2017), Andrew Hobey (2017)
- 2015 Draft : Santosh Raghunath (2015), Alex Jones (2014), Deepanshu Nagpal (2014), Ruchir Shah (2014)

Index

Case Interview Structure	5	10. RBI Uganda	67
Key Concepts	6	11. Automaker in China	72
Industry Overview	7	12. Department of Transportation	79
Feedback Form	18	13. Green Company	86
		14. Popular Media	92
<u>Individual Cases</u>		<u>Group Cases</u>	
1. Flying Chocolate	21	Group Case Overview	100
2. Nick's Memorabilia	25	Practice Group Cases	102
3. Electronics Manufacturer	33	Additional Resources	109
4. Discover Financial Services	38		
5. All Day Eggs	42		
6. Purrfect Pet Food	46		
7. Men's Magazine	54		
8. Tire Manufacturer	58		
9. Car OEM Manufacturer	63		
			<i>Hyperlinked</i>

Case Interview Structure



Key Concepts

Economic & Financial	Strategy	Marketing	Operations & Supply Chain
NPV CAGR Elasticity Arbitrage Break-even Risk aversion Discount rate Adverse selection Consumer surplus Competition types Contribution margin Fixed & variable costs Marginal cost & profit Law of diminishing returns Economies of scale & scope	M&A synergies Moral hazard Core competencies Competitive advantage International expansion Vertical & Horizontal integration	Promotion Product mix Price competition New market entry Market share Market Size (\$ & Volume) Customer segmentation	Capacity Utilization Value chain Product lifecycle Inventory turnover Same store sales (SSS) Supplier consolidation Sourcing Strategy Lean Manufacturing Automation Additive Manufacturing

Industry Overview

Airline

Overview

The industry is consolidating, and more low-cost carriers have sprung up.
There is high fare competition among carriers and more international and domestic routes are getting introduced.
Online booking and check-ins have increased.
Emphasis on capacity optimization is increasing.

Drivers

Revenue: ticket sales, baggage fees, on-board services, cargo transportation
Cost: labor, fuel, marketing, insurance fees, legal fees, terminal fees
External: crude oil prices, capacity optimization, disposable income, competition, government subsidies, other macro-economic trends

Key Attributes

Customers: leisure travelers (price sensitive), business travelers (high margin customers), cargo transportation
Distribution/ Marketing Channels: online travel aggregators, airline websites, airline call center, airport kiosks, airport helpdesk, travel agencies serving individuals and corporates



Automotive

Overview

The industry landscape is highly competitive due to foreign automakers
It is impacted heavily by labor unions and laws. It is a highly capital and labor-intensive industry.
Important players: automakers, original equipment manufacturers (OEMs), replacement parts makers

Drivers

Revenue: new car sales, parts sales, services, extended warranties, leases, loans
Cost: labor, raw materials, marketing, financing costs, recall costs
External: crude oil prices, disposable income, GDP growth, steel and other raw material prices, globalization and its impact on competition, changing consumer preferences, regulations, consumer confidence index

Key Attributes

Customers: retail (personal car buyers), institutional (rental companies, corporations, government)
Distribution/ Marketing Channels: primary dealerships, aftermarket, parts/ service outlets



Commercial Banking

Overview

The industry is consolidating, and more acquisitions are taking place.
Heavy innovation in channels, shift towards mobile banking. Digital technology is driving process changes
Demographic changes are driving introduction of new services and products, including cross-selling
Call centers and back office functions are offshored to reduce costs

Drivers

Revenue: interest from loans (real estate, auto, education, personal), service fees, credit cards, spread (difference between interest charged and fed rate at which bank borrows)
Cost: wages and salaries, bad debt expenses, interest rates, overhead costs, compliance costs, branch costs, loan defaults
External: unemployment rates, disposable income, government regulations, interest rate, urbanization, consumer confidence index, debt levels, real estate purchases, automobile purchases, consumer savings behavior

Key Attributes

Customers: by income, by buying behavior, by customer type (big corporations, small businesses, individual consumers), by age.
Distribution/ Marketing Channels: traditional checking, online banking, savings, loans, credit unions, microfinance institutions.



Health Care

Overview

The industry is affected by healthcare reforms (e.g. affordable care act)
The industry is neither capital nor labor intensive and is fragmented
Investments are being made in exponential technology to reduce costs, increase access and improve care
Revenues are increasing due to aging baby boomer population and associated healthcare needs

Drivers

Revenue: hospital care, physician services, nursing, drugs, dental care
Cost: new technology implementation, operational inefficiencies, responses to changes, inflation, utilization, etc.
External: aging population, federal funding, government regulations, medical technology advancements

Key Attributes

Customers: group (corporations), individuals, aged population
Distribution/ Marketing Channels: hospitals, care facilities, pharmacies, outpatient surgery centers, doctor's practice centers



Oil & Gas

Overview

Upstream steps: Exploration->Drilling->Well completion (delays and oil spills are extremely costly)

Midstream steps: transportation, storage

Downstream steps: Production->Refining->Marketing

PV10 is the current value of approximated oil and gas revenues in the future, minus anticipated expenses, discounted using a yearly discount rate of 10%.

Organization of the Petroleum Exporting Countries (OPEC) is an intergovernmental organization of 14 nations.

Emphasis on renewable energy sources.

Drivers

Revenue: crude oil, natural gas, gasoline, refining products, gas station services

Cost: upstream, midstream, downstream costs, gas station expenses (labor, license, insurance, etc.)

External: government regulations, oil production, demand, OPEC, substitutes, political agenda

Key Attributes

Customers: refineries, industrial users, domestic users, commercial users, electricity generators

Distribution/ Marketing Channels: retail, commercial, wholesale



Pharmaceutical

Overview

Typically, a very profitable industry with high economic, regulatory (FDA) and legal barriers of entry. Aging population, increase in life expectancy and increase in chronic diseases impacting growth. Emerging markets are leading industry growth. Mergers and acquisitions with niche firms are increasing. Industry is hugely impacted by coverage decisions by insurers.

Drivers

Revenue: new products, patents, over the counter drugs, insurance payments
Cost: production cost, R&D cost, sales, marketing, wages, liability insurance, legal fees
External: government regulations, competition from generic manufacturers, patent protection laws, insurance, age of population

Key Attributes

Customers: patients, doctors, insurance companies, government insurance programs
Distribution/ Marketing Channels: hospitals, pharmacies, over the counter, mail order pharmacy



Retail

Overview

Sub-industries: general merchandise, apparel, electronics, office supplies, home improvement, drugs, automobiles, food, supermarket, specialty

Commonly tested concepts: same store sales, sales per square foot, inventory turn-over, seasonality, trends, increase in online sales

Frequent price promotions lead to lower profit margins

Retailers have started selling services to differentiate themselves in a commoditized market (Geek Squad by Best Buy)

Drivers

Revenue: promotions and discounts in addition to regular sales, services

Cost: cost of goods sold (COGS), wages, rent, utilities, marketing, transportation, inventory management

External: consumer confidence index, GDP, inflation, disposable income, international import/ export, gold prices, luxury goods, competition, demand and supply trends, consumer preferences/ trends

Key Attributes

Customers: segmentation parameters vary based on the product type (age, income, demographics, etc.)

Distribution/ Marketing Channels: big box retailers, malls, online, demographic retailers, discount retailers



Utilities

Overview

Global energy need increasing at a rapid pace. There is disparity in consumption between developed and developing nations. Energy consumption is seasonal, global trends towards renewable energy sources. Government incentives for renewable and sustainable. Larger organizations aiming for self-sustainability.

Drivers

Revenue: models traditionally based on price per unit and total units consumed
Cost: infrastructure, wages, maintenance of equipment, source of power (Gas, Oil)
External: seasonality is a major challenge, renewable sources and energy-efficient appliances larger industry trends, economies of scale of prime importance

Key Attributes

Customers: residential, commercial and industrial
Distribution/ Marketing Channels: transmission networks



Telecommunications

Overview

Capital intensive, high barriers to entry, low switching costs for consumers.
Industry trend is moving from telephones to internet-based services.
Bundling of services through contracts (handset + data & voice services).

Drivers

Revenue: contracts for extended periods, voice calls, data packages, group discounts (family), corporate group accounts
Cost: marketing, infrastructure for network, wages, fees to other providers for sharing network
External: constantly evolving technology, need to stay with industry standards in terms of service and price

Key Attributes

Customers: private/personal users, corporate users, small businesses
Distribution/ Marketing Channels: dedicated retail stores by carriers, mass retail stores, e-commerce portals



Private Equity

Overview

Create profit by acquiring assets or companies, and then optimize operations, divest parts, leverage existing portfolio for synergies or carry out restructuring to increase profits.

Focus on returns through profit maximization (revenue growth or cost reduction) in a short span of time. Might retain the asset of exit for a higher selling price (through an IPO or direct sale). Target high returns, more than 35%.

Focus on changing management teams to enhance organizational performance

Drivers

Revenue: decreasing costs, increasing revenue, restructuring to optimize performance, leveraging synergies

Cost: cost of capital raised for acquisition, restructuring costs, management changes

External: expertise of the Private Equity firm in specific industries, investors (pension funds, banks, private investors), leveraged buy-outs, industry trends, potential exit strategies, rate of return

Key Attributes

Customers: Investors, shareholders (in some cases)

Activist Shareholders: make smaller equity investment and convince larger shareholder groups to drive changes and unlock value

THE CARLYLE GROUP



Feedback Form

Interviewee should carry copies of feedback form for interviewer to fill

1 – Unacceptable 2 – Below average 3 – Good 4 – Outstanding N/A – Could not assess

Personal Presence – Did the interviewee...	Rating	Comments
greet you well/make a good initial impression?	1 2 3 4 NA	
show poise and calm when listening to the question, when criticized, when given a suggestion?	1 2 3 4 NA	
show a genuine interest towards solving the problem at hand?	1 2 3 4 NA	
articulate his responses well and show creativity?	1 2 3 4 NA	
make the process a conversation?	1 2 3 4 NA	
Personal Presence Overall Rating	1 2 3 4 NA	

Structure and Discussion – Did the interviewee...	Rating	Comments
write down the case information? take relevant notes?	1 2 3 4 NA	
ask relevant and appropriate questions?	1 2 3 4 NA	
summarize the question “briefly” – situation, dilemma, objectives?	1 2 3 4 NA	
take some time to organize his thoughts and lay out a “logical” structure?	1 2 3 4 NA	
provide his own suggestions before asking for inputs?	1 2 3 4 NA	
Structure and Discussion Overall Rating	1 2 3 4 NA	

Information Synthesis – Did the interviewee...	Rating	Comments
lay out and explain a structure relevant to the question asked? Was it MECE?	1 2 3 4 NA	
quantify his answers wherever possible? Did he call out the calculations he was performing?	1 2 3 4 NA	
interpret charts and graphs comfortably?	1 2 3 4 NA	
show knowledge of relevant business terms and concepts?	1 2 3 4 NA	
arrive at a hypothesis/ conclusion using all information?	1 2 3 4 NA	
Information Synthesis Overall Rating	1 2 3 4 NA	

Collation and Conclusion – Did the interviewee...	Rating	Comments
tie conclusions back to the initial question?	1 2 3 4 NA	
refer to information collected during the case when concluding?	1 2 3 4 NA	
make logical arguments against the number and derived conclusion?	1 2 3 4 NA	
provide a concise, brief, and to-the-point recommendation?	1 2 3 4 NA	
highlight risks, mitigation and next steps?	1 2 3 4 NA	
Collation and Conclusion Overall Rating	1 2 3 4 NA	

Strengths	Areas of Improvement
Overall Rating 1 2 3 4 NA	Comments

Individual Cases

Case 1 – Flying Chocolate

Authors: Chris Alwine (2017), Adam Williamson (2017)

Case Question

Our client is Flying Chocolate, a retailer specializing in gourmet chocolates. Flying Chocolate operates stand-alone retail stores throughout the US. Its most recent annual report indicates that company-wide profit margins have slipped to 2%, well below the industry average of 6%. We have been hired to determine the cause of the low profit margin and advise the client on how to increase it to industry standards.

[The interviewee should ask clarifying questions and create the structure after the above prompt. Good structures will include some form of the profitability equation ($\text{Profit} = \text{Revenue} - \text{Costs}$) to discover the cause of the decreasing profit margin.]

Information to reveal

Company Information (Upon request by the candidate):

1. Flying Chocolate operates 80% of its store locations within major airports nationwide
2. The profit margin at the airport locations is 1%, while the profit margin at the non-airport locations is 6%
3. Flying Chocolates offers a wide range of chocolate products; there is no material difference in their product offerings compared to competitors, and there have been no recent changes to their product catalog
4. Decreasing profit margins at the airport locations has been a trend for the past few years
5. There is one direct competitor at the airport locations; this competitor has a 25% market share and Flying Chocolate has the rest

[The interviewee should deduce that the problem is related to the airport locations. Once he/she asks for cost information regarding these locations, present **Exhibit 1.**]

Solving the case

Company Information:

1. Fixed costs cannot be lowered any further, but Variable costs do have room for improvement
2. COGS
 - on par with competition
3. Labor
 - Management-level employees are salaried
 - Entry-level employees receive minimum wage (\$8/hour)
 - Entry level employee turnover last year was 150%, Management level was 30%

[Pause here. A good interviewee will question high turnover and ask for any associated costs. If the interviewee does not spot this, continue to give information. Focus should be on reducing Entry-level attrition first]

- Cost to train a new entry-level employee = \$22/hour for 6 weeks (Cost allocated under Labor)
- Company policy is to pay overtime hours at 1.5 times the hourly rate
- Many trained employees leave to take jobs at competitors or other retailers
- The top reason cited for leaving is the opportunity to earn a higher salary elsewhere

Problem solving & Calculations

Question: By what percent would we need to reduce labor costs to achieve a 6% overall margin?

Entry-level hourly rate: \$8/hr

Overtime hourly rate: $1.5 \times \$8/\text{hr} = \$12/\text{hr}$

Both are lower than training cost of \$22/hr

Currently, costs are 99% of the revenue. To achieve 6% margin, we need to reduce costs by ~5% (allow approximation)

5% overall reduction through the 35% Labor component implies a ~14% reduction in Labor spend ($5 / 35 = 14.28$)

Recommendation

[The interviewee should realize the problem is related to the high employee turnover rate and the cost to train new hires. If necessary, guide the interviewee to offer some solutions to combat these issues.]

Anything that will reduce turnover is acceptable, but strong answers will include:

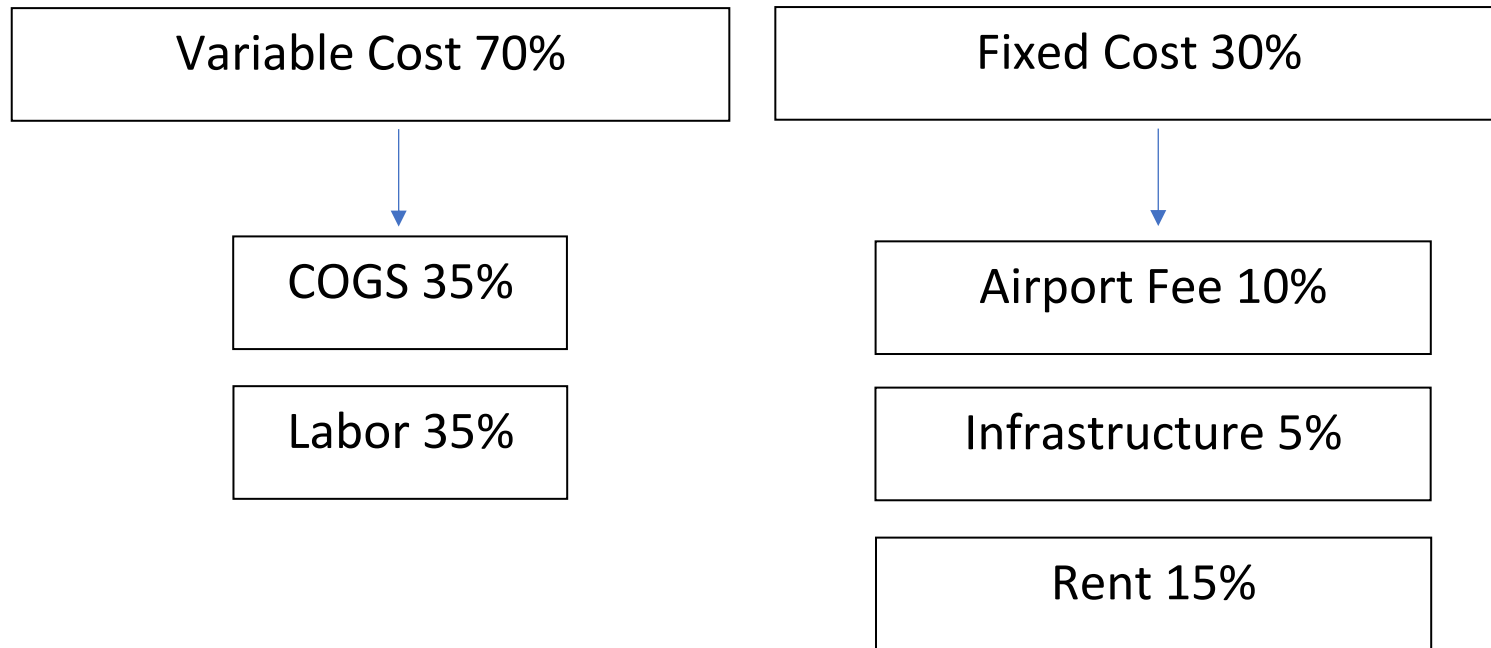
1. Raising salary - Increasing the hourly rate and overtime hourly rate
2. Decreasing the length of time until benefit eligibility for new hires, promoting retention
3. Increasing opportunities for promotion and clearly defining promotional tracks
4. Creating more regular shifts by hiring new employees. This will reduce overtime costs.

Risks:

1. Salary raise is not enough to match outside offers, resulting in further cost increase without fixing attrition
2. We have not focused on cost of benefits during the case, this will need to be analyzed to confirm hypothesis

[The interviewee should then conclude with a concise summary of his/her recommendations]

Exhibit 1: Cost breakdown for Flying Chocolate airport locations



Case 2 – Nick’s Memorabilia

Authors: Chris Alwine (2017), Drew Brown (2017), Megan Alwine

Case Question

Your client is Bloomington’s favorite hot spot, Nick’s English Hut. For the past few decades, Nick’s English Hut has been a local favorite of students, IU alumni, and Bloomington denizens alike. Nearly every night, the establishment experiences good customer traffic to its upstairs bar and downstairs restaurant, with very high traffic during IU football and basketball games and popular alumni events like Kelley Kick Off. Nick’s has received anecdotal customer feedback that customers are looking for some of their branded items for purchase.

The president of Nicks has hired your team to investigate the opportunity to expand the presence of Nick’s outside of the bar/restaurant market into the retail market. How should Nick’s evaluate this opportunity?

Additional Info (provided on request):

1. Nick’s is concerned with being profitable after 1 year
2. Nick’s has the staff resources available to expand
3. Geographical focus is Bloomington, IN
4. Nick’s has no experience in the retail market
5. Customer target: Nick’s feels it can attract most of the college students in the area, and people ages 21-60 in the regular Bloomington population

Solving the case

The interviewee should create a structure as to how they would approach this problem. Good structures will include some of the following items:

- Market size
- Products & Customer preferences
- Competition
- Channel – online, brick & mortar
- Costs – Manufacture in house/outsource
- Company
- Payback
- Context / market landscape
- Industry trends
- Supplier / buyer power

The candidate should pick market sizing to begin with. If the candidate does not, steer in this direction.

Solving the case

How would you size the retail opportunity for Nick's?

[There is no right answer but look for sizing logic. The case will provide a figure that the candidate should use for the remaining questions, but here you are looking for a logical way to size the opportunity. A good answer might resemble something like below:

There are 80,000 people in Bloomington

- 40,000 are students; assume Nicks can capture 75% of them
- $40,000 \text{ students} * 75\% = 30,000 \text{ people}$
- 40,000 are residents; assume average life span is 80 years
- $40,000 \text{ people} / 80 \text{ years} = 500 \text{ people per age}$
- Target customers are ages 21-60 (40 years)
- $40 \text{ years} * 500 \text{ people per age} = 20,000 \text{ people}$
- $30,000 \text{ people (students)} + 20,000 \text{ people (Bloomington residents)} = 50,000 \text{ people}$

- Regardless of candidate's answer, tell the interviewee to use a market size of 50,000 for the remainder of the case]

Solving the case

Ask the candidate what they would want to look at next. Steer them towards products.

Nick's has several ideas for new retail items to offer, but capital and labor constraints indicate that it can focus on only two items. Given the information in **Exhibit 1**, which two items should Nick's focus on for retail expansion?

[Given the market opportunity of 50,000 customers, the interviewee should calculate the Forecasted Volume column by multiplying 50,000 by the percentage of customers who would purchase. He/she can then calculate Forecasted Revenue by multiplying Forecasted Volume by MSRP.

Answers:

Potential Retail Item	Forecasted Volume	Forecasted Revenue
T-Shirt	10,000	\$200,000
Car Decal	5,000	\$25,000
Pint Glass	12,500	\$125,000
Shot Glass	25,000	\$125,000
Banner	7,500	\$75,000
Hat	5,000	\$75,000
Biz Bucket	35,000	\$700,000

From the calculations, the interviewee should conclude that Biz Buckets and T-shirts are the two best items for Nick's to sell.

Solving the case

Calculate the Year 1 profit for Nick's if they focused on the two items you identified.

Assume Nick's will manufacture the items themselves

[The interviewee should realize that fixed costs are needed to calculate the profit for the retail initiative. If the interviewee asks about other costs, present **Exhibit 2**. If the interviewee is stuck, guide him/her to brainstorm what other information might be needed to solve for profit and then present **Exhibit 2**.]

Sample Calculations

Revenue from T-shirts and Biz Buckets: $\$200K + \$700K = \$900K$

Variable costs of T-shirts and Biz Buckets: $\$50K + \$140K = \$190K$

Fixed costs = $\$150K$

Profit: $\$900K - (\$190K + \$150K) = \$560K$

Recommendation

Please summarize your recommendation for the president of Nick's.

[The interviewee should provide a concrete recommendation for whether Nick's should conduct the retail expansion. Based on the analysis in the case, the recommendation should be to pursue the retail expansion since the revenue benefit outweighs the cost. The interviewee should discuss how to implement the retail expansion (e.g., branding, contract negotiations, production setup, etc.). Look for creativity. He/she should also recap the findings from each question in the case (market size, items to sell, expected year one profit) and mention any risks of the retail expansion.]

Recommendation to conduct retail expansion:

1. By launching Biz Buckets and T-shirts resulting in a total revenue of \$900K and profit of \$560K for the first year
2. Expanding to online channels once brick & mortar success has been established

Risks:

1. Forecasts and market sizing may not be accurate, and we may miss revenue numbers
2. Quality of the products is important and will impact overall brand image
3. Supply Chain risks – we may not have the skillset to carry out production – can consider outsourcing production

Next Steps:

1. Launch a pilot to test the products and study acceptance
2. Identify vendors and get competitive quotes for raw materials/ outsourcing

Exhibit 1: Nick's Memorabilia

Revenue forecast for potential retail items

Potential Retail Item	Customer Perception	% of Customers who would purchase	MSRP	Variable Cost	Forecasted Volume	Forecasted Revenue
T-Shirt	"Bloomington is a T-shirt town, so this makes sense"	20%	\$20	\$5		
Car Decal	"I don't really see a need for another decal."	10%	\$5	\$2		
Pint Glass	"I could add that to my cupboard I guess."	25%	\$10	\$3		
Shot Glass	"I have so many shot glasses; it'd be great to have a Nick's one, too."	50%	\$5	\$2		
Banner	"I'd love it for my dorm room."	15%	\$10	\$3		
Hat	"I have plenty of hats."	10%	\$15	\$6		
Biz Bucket	"It's unique to B-town and Nick's. I want a set for my home."	70%	\$20	\$4		

Exhibit 2: Nick's Memorabilia

Fixed expenses of retail expansion

Expense	Cost/Month
Month Rent	\$7,000
Utilities	\$500
Labor	\$5,000

Case 3 – Electronics Manufacturer

Bain & Co. Round 2 – Fall 2014

Case Question

You client is a PE firm who has recently acquired an electronics manufacturing company. The target company has had a very successful run so far, but the PE firm wants to improve the profitability of the company quickly. What do we recommend to our client?

[This case is a profitability case focused towards the cost structure. The candidate needs to come up with a framework that addresses all parts of profitability (revenue and costs, and their respective breakdowns in the context of an electronics manufacturer), and then identify the fact that we should study their costs first since the PE firm wants to improve profitability “quickly”. If the candidate chooses the revenue option first, let them explain how they intend to study the revenue component in depth, and then guide them to look at costs.]

[Bain uses the ‘Answer First’ approach. In this, the case framework would be structured around the main goal: The profitability of the company will increase. The subsequent areas of focus will be answers to the question ‘Why will the profitability increase/How will the profitability increase’, e.g.: ‘The revenues will increase’ or ‘Costs will decrease’, and under the latter, areas of focus could be ‘Variable costs will reduce’, ‘Fixed costs can be cut down’, etc.]

Additional facts:

1. The company manufactures portable consumer electronics goods like mp3 players, gaming consoles
2. Operates in the US

Information to reveal

[When the candidate explains they intend to cover costs, ask them for the components of the cost structure for a company like the target. When they have satisfactorily identified most of the cost components, share **Exhibit 1** with them.]

The key insight from this exhibit is that we need to focus on Raw Material costs (and possibly fixed costs) since it represents the largest cost bucket. If the candidate wants to focus on both Raw Materials and Fixed Costs, ask the candidate to start with Raw Materials and to come back to Fixed Costs afterwards. Ask them which is likely to be a quick target and explain the reasoning with possible examples.

The candidate will now have to highlight ways in which raw material costs can be reduced. Possible ways include:

1. Consolidating suppliers to take advantage of volume discounts
2. Changing suppliers to get cheaper prices
3. Changing raw materials to use cheaper materials producing the same/similar results
4. Becoming part of a group purchasing organization

[Guide the candidate towards #1 if they don't get there by themselves. When they mention this option, provide the below information]

Interviewer:

1. Currently Raw Material worth \$200M is sourced from 10 suppliers annually
2. Orders are placed in batches, valued at \$20M
3. For incremental batch-orders placed on a supplier, a 10% discount is offered

What are the cost savings we can generate in terms of \$ amount? What would be the percentage reduction in total cost?

Additional information:

Assume the raw material quality is the same across all suppliers, same component/material is sourced, logistic costs can be considered the same.

Problem solving & Calculations

[The candidate should ask about the supplier consolidation target in terms of the number of companies. Ask the candidate for their thoughts. The key here is to bring it down to at least 2 (or 3). 1 would mean a high risk of having a single point of failure and giving more power to the supplier. If the candidate says 1, ask them for the disadvantages of using 1 supplier, and then guide them to use 2.]

Calculations: Assuming the 10 suppliers have the \$200M distributed equally, each supplier currently has \$20M from the target company. If we reduce it to 2 suppliers, they will then have \$100M worth of volume from the target.

Total incremental order value = $100 - 20 = \$80\text{M}$

Savings from 2 suppliers = $2 \times (10\% \text{ of } \$80\text{M}) = \$16\text{M}$

Reduction in cost: Raw material component of \$200M corresponds to 45% of the cost. Using ratio and proportions, cost reduction will be equal to 3.6%

Cost reduction percentage: $45/200 \times 16 = 3.6$

Recommendation

[This completes the detailed portion of the case. If the candidate wants to talk about reducing fixed costs, ask them what the possible ways to reduce fixed costs are. When the candidate has brainstormed, ask them to deliver a recommendation. A great recommendation will include a strong confident recommendation upfront with evidence based on the numbers calculated, risks involved with this recommendation, and a couple of next steps that either the candidate will pursue or asks the CEO to pursue.]

Recommendation to increase profitability by cutting costs:

1. Focus on raw materials
2. Supplier consolidation can result in savings of \$16M
3. Cost reduction of 3.6% can be achieved

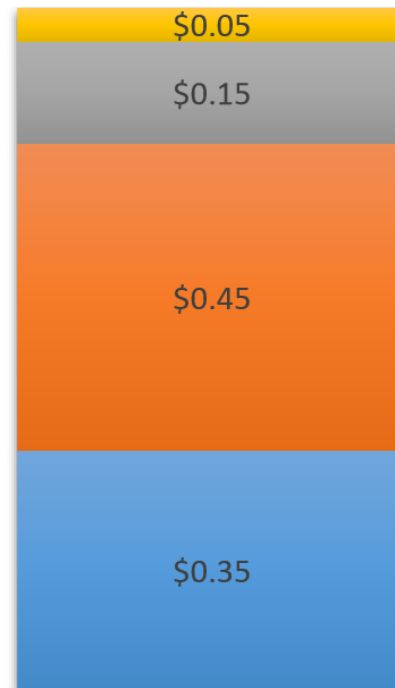
Risks:

1. Increased risk associated with supplier failure. (The supply is not spread over a larger source pool)
2. Possible increase in logistics cost (in case the original supply chain was locally built, and the new model will require longer shipping distances)
3. The selected supplier may not be able ramp up production quickly

Next Steps:

1. Conduct a supplier assessment to identify favorable suppliers
2. Get quotations from selected suppliers to validate cost reduction result

Exhibit 1: Electronics Manufacturer – Cost Structure



■ Fixed costs

■ Raw Material

■ Labor

■ Logistics & transportation

Case 4 – Discover Financial Services

Case Question

Discover Financial Services is looking to expand one of its lending products into a market segment the company currently does not serve. While Discover has concentrated on prime credit customers, the sub-prime market space has recently become attractive as the economy improves and competition has left the sub-prime market segment. You have been tasked with identifying which lending product Discover should extend to sub-prime customers, how much financial impact this market entry will have for Discover, and how to compete in this new market space.

[After the above case question has been given to the candidate, the interviewer should answer key questions (see Key Facts, next slide) the candidate may have. The candidate should recognize that having a high degree of loan collateral should be desirable when making riskier loans. The interviewer should lead the candidate towards the mortgage business if necessary, given that the house will serve as collateral.]

Information to provide on request:

3. Sub-prime credit segment consists of people with low credit ratings
4. There was an economic crisis two years ago, but the market has now recovered
5. No cannibalization

Information to reveal (upon request)

Question 1: Which Product and Why?

- **Credit Cards** generally have high interest rates on volatile balance. There is no loan collateral (nothing to seize in the case of a default). Loan amounts tend to be small and if the card holder pays off the balance every month, the card issuer makes no profit.
- **Auto Loans** use the car purchased as collateral, however this asset always quickly depreciates in value. Loans are generally paid off before the car fully depreciates.
- **Mortgages** (home loans) are secured by the home. While home values can fluctuate, the trend is generally up in the long term.
- **Student Loans** have special legal treatment, making them very difficult to discharge in bankruptcy (default) but also very difficult to collect in such an event. Regulation is high and competing government subsidized options are available to consumers.

[The interviewer might have to guide the interviewee a little in problem solving, however the interviewee should have a good idea of the line item components, especially interest income, interest expense and loan loss reserves. There should be a discussion around reasonable assumptions the interviewee would put forth for how to calculate each line item before the interviewer gives correct percentages (candidate then calculates \$ value). Fees and Admin expense \$ values should just be given to candidate once the candidate realizes there are SG&A, sales commissions / other fees.]

Problem solving framework & Calculations

Question 2: Will this be profitable? Let's create an income statement for the first year of sub-prime mortgage lending. Assume a total of \$10B is lent out to customers through this program in year one.

Category	Calculations for Interviewer only	Information to be verbally disclosed to Interviewee
Interest Income	\$600,000,000	6% interest earned on total loans outstanding annually
Interest Expense	(\$100,000,000)	Discover borrowed at 1% annual rate of interest
Loan Loss Revenue	(\$250,000,000)	Assume 2.5% of loans will default per year
Origination Fees	(\$25,000,000)	3rd party commissions are \$25M
Other Admin. Expenses	(\$25,000,000)	SG&A / Overhead Allocation are \$25M
Profit	\$200,000,000	

[Interviewee should be able to build the income statement and walk the interviewer through the calculations.]

Recommendation

A strong recommendation will cover the following:

Discover should proceed with launching the Mortgage product for the subprime market as

1. The collateral (homes) will provide security against this higher risk segment
2. Home values are stable and generally in upward trend
3. Initial calculations show a year one profit of \$200M

Risks:

1. The defaults on loan annually may be higher than anticipated. Further statistical research on this would increase confidence in the assumptions
2. There may not be enough customers for the product, advertising the product would counter this issue
3. The risks associated with real estate market impact the value of collateral

Next Steps:

1. Carry out detailed analysis to confirm assumptions made in building the pro-forma income statement
2. Prepare marketing strategies to position the product

Case 5 – All Day Eggs

Author: Chris Alwine (2017), Drew Brown (2017)

Case Question

Our client is Excellent Eggs (EE), a supplier of eggs to restaurants and fast food chains. EE is the exclusive supplier of eggs for Burger King (BK); it sources and processes the eggs before providing them to BK. Processing includes inspecting, cracking, and liquefying the eggs. BK is set to launch a new all-day breakfast menu to capitalize on the success McDonald's had with the same initiative, increasing BK's demand for eggs.

EE would like your team to determine what investments, if any, will be required to meet this new level of demand. Can EE continue its role as exclusive supplier of eggs to BK? Should it? What is the payback period on any such investments?

[The interviewee should create a structure. Good structures will include a discussion of relevant financial metrics (ROI, payback period, etc.), internal capabilities of EE, and feasibility of any proposed investments.]

Information to Reveal

- BK has provided EE with a forecast of the new demand; BK is expected to require an incremental 90 million eggs per year [Push the interviewee to consider the legitimacy of this projection. Should EE accept the projection as is?]
- BK currently sources 168 million eggs per year from EE
- EE sells each egg to BK for \$0.10
- EE operates 6 plants devoted to production for BK
 - 3 operate at 100% capacity
 - 3 operate at 75% capacity
 - Full capacity at each plant is 32 million eggs per year
 - Increasing capacity at a current plant costs the same as building a new plant
- There is no incremental cost for increasing the utilization at the plants which currently operate below full capacity
- EE has capital available for worthwhile investments
- The cost to build a new plant is \$7.5 million
- Variable costs (e.g., supplies, labor, etc.) are \$1.5 million per plant annually
- Company policy at EE requires capital investments to have payback periods less than 3 years

Problem Solving Framework and Calculations

Total Current Capacity

6 plants x 32M eggs/year = 192M eggs/year

Current Production

3 plants x 100% utilization x 32M eggs/year = 96M eggs/year

3 plants x 75% utilization x 32M eggs/year = 72M eggs/year

96M + 72M = 168M eggs/year

Excess Capacity

192M – 168M = 24M eggs/year

Required Increase in Capacity

90M incremental eggs – 24M eggs excess capacity = 66M eggs/year

66M eggs per year / 32M eggs capacity per plant per year = 2.0625 plants

[The interviewee can round to 2 plants, but he/she should recognize and mention that 2 plants will not fully cover the projected demand. This is another opportunity to consider the legitimacy of BK's forecasted demand.]

Payback

Investment: 2 plants x \$7.5M per plant = \$15M

Incremental Revenue: 90M eggs x \$0.10 per egg = \$9M per year

Incremental Variable Costs: 2 plants x \$1.5M per plant = \$3M per year

Payback = \$15M investment / (\$9M revenue - \$3M variable cost) = 2.5 years

Conclusion (Closing the Case)

[The interviewee should now analyze the wisdom of the investment qualitatively. Should EE invest the money based on the payback period? Is 2.5 years a reasonable time? The interviewee is likely to recommend the investment since it meets the company requirement of 3 years, but recommendations should be well-reasoned and include risks and mitigations.

Key risks that the candidate should consider:

1. Planning and construction of 2 new plants may take too long to meet increased demand in the short term and force BK to source eggs elsewhere; EE loses the exclusive contract
2. BK's forecasts are inaccurate
3. Changing consumer preferences for all day breakfast may decrease demand in the future, leaving EE with unnecessary and costly production facilities

Potential mitigations include:

1. If possible, have BK conduct research on all day breakfast in a test market to better forecast demand
2. Find another supplier to source the eggs from in the short term until demand is better understood
3. Acquire another egg supplier that can fulfill the needed demand]

Summarize your analysis for the CEO of EE.

[The interviewee should provide the analysis and the insights he/she arrived at in a concise manner. He/she should also mention next steps and any important risk and mitigation factors to consider based on the recommendation.]

Case 6 – Purrfect Pet Food

Case Question

Your client is Purrfect Pet Food (PPF), one of the top three producers of cat food products in the United States. PPF is a vertically integrated company with control over the sourcing of ingredients, production, and distribution of its pet food products. Recently, PPF has discovered an opportunity in the gourmet cat food segment. It has developed a new production process that allows it to mix and package whole ingredients at each of its 3 production facilities. In combination with PPF's robust sourcing operation, this new process will allow PPF to produce and deliver gourmet-quality canned cat food at a fraction of the cost relative to competitors in the gourmet segment.

PPF is already a major player in the value segment of canned cat food. PPF's new gourmet canned cat food would launch under a new brand extension called Purrfect Plus+. The VP of marketing at PPF has approached your firm for assistance in developing a product-launch strategy.

Information to Reveal

[This is an interviewer led case. Ask the candidate the questions highlighted in the sections below and use the guidelines to ensure they are on the right track]

Question 1: What are the major factors that PPF should consider when deciding whether to launch Purrfect Plus+?

Guidance to the Interviewer

The interviewee should create a structure. Good structures will include a discussion of 5 main factors:

- **Consumers:** How large is the gourmet canned cat food segment? What are the characteristics of gourmet cat food consumers? How do these consumers differ from current consumers in the value segment?
- **Competition:** Who are the major players in the gourmet canned cat food segment? What are their market shares? How fragmented is the gourmet segment?
- **Profitability:** How much will the new product cost to produce? What is the optimal price point? Can PPF earn a profitable return?
- **Channels:** Where will PPF sell Purrfect Plus+? Are PPF's current distribution agreements adequate for the new product? Will agreements with new retailers need to be created?
- **Capabilities:** What is the current production capacity? Is there enough capacity to produce Purrfect Plus+, or will new facilities be required? Are current marketing and sales capabilities sufficient to manage the new product?

Information to Reveal

Question 2: One of the biggest concerns at PPF is how to price Purrfect Plus+. **Exhibit 1** presents average prices and estimated unit costs for the leading gourmet canned cat food brands. Use this information to develop a range of acceptable prices (+/- \$0.05) for Purrfect Plus+. Justify your answer.

Guidance to the Interviewer

The actual range provided by the interviewee is not as important as the reasoning behind it. For example, one reason for setting a higher price range could be that a higher price is more likely to differentiate the new gourmet product from PPF's current value products and thereby decrease the effects of cannibalization. Another reason could be that it is always easier to reduce the price than it is to raise it, and PPF should capture as much value as possible in the early stages and adjust once it has learned how consumers have responded. On the other hand, one reason for setting a lower price range could be the fact that PPF has the lowest unit cost among the listed competitors, and undercutting can lead to a higher market share.

Information to Reveal

Question 3: Based on your analysis, PPF has set the price for Purrfect Plus+ at \$1.00. PPF would now like to better understand the gourmet cat food segment and the intensity of competition it will be facing. You have gathered the following information on the market for gourmet canned cat food, as well as the market shares for the 4 largest gourmet canned cat food brands. See **Exhibit 2**.

PPF wants to know what share of the gourmet canned cat food segment Purrfect Plus+ needs to capture to breakeven in the first year.

Guidance to the Interviewer

Additional Information [this can be given to the interviewee or provided on request]:

- The total fixed cost of launching Purrfect Plus+ is \$10 million
- Purrfect Plus+ will be released in 4-ounce cans (4oz = 1/4 pound)
- The variable cost of each can is \$0.25
- Each can will carry a price of \$1.00 on the shelf
- Retailer markup for canned cat food is 50% [retailer markup is the percentage of the shelf price that the retailer earns; the remainder is the cost to the retailer (i.e., the price charged by the manufacturer)]

Sample Calculations

Size of gourmet canned food segment: 1 billion pounds total canned cat food market x 10% gourmet canned cat food segment = 100 million pounds

Price to retailers: \$1.00 shelf price x (1 - 50% retail markup) = \$0.50

Breakeven units: \$10 million fixed costs / (\$0.50 price per unit to retailers - \$0.25 variable cost per unit) = 40 million units

Breakeven pounds: 40 million units x 1/4 pounds per unit = 10 million pounds

Breakeven market share: 10 million pounds / 100 million pounds = 10%

[The interviewee should compare the breakeven market share to the pie chart in the exhibit to evaluate the feasibility of attaining this market share in year 1.]

Information to Reveal

Question 4: With a clear understanding of the market share required to breakeven with Purrfect Plus+ in year 1, PPF now asks your team to develop a strategy that will achieve the required market share. What actions should PPF take to ensure Purrfect Plus+ meets the goal of a 10% market share of the gourmet canned cat food segment following its launch?

Guidance to the Interviewer and Closing

Good answers will center on three main actions:

1. Align the new product with consumer needs and preferences to increase trial and adoption
2. Develop a marketing campaign designed to raise awareness for the product, including advertising and branding efforts; the campaign will differ from current marketing efforts for value segment products to reduce cannibalization effects
3. Ensure core operations functions are prepared to produce and deliver the new product in the quantities necessary (e.g., consideration of capacity constraints, distribution, and shelf space)

Provide a summary of your analysis for the CEO of PPF. What are your final recommendations?

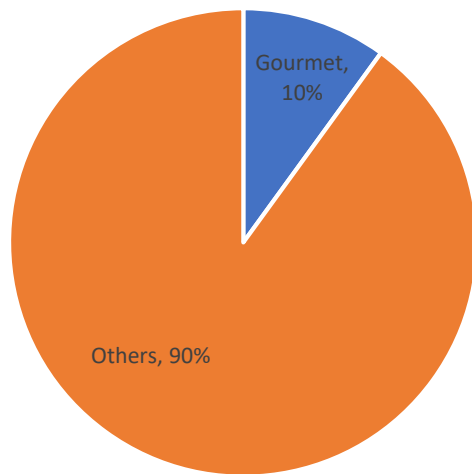
[The interviewee should recap the sections of the case in a concise manner. He/she should also mention next steps and any important risk factors related to the launch.]

Exhibit 1: Average price and unit cost in gourmet canned cat food segment, by brand

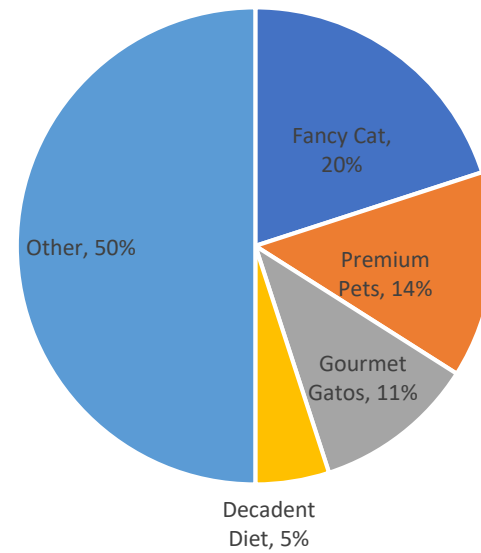
Brand	Unit Cost	Shelf price
Fancy Cat	\$0.49	\$1.10
Premium Pets	\$0.36	\$0.90
Gourmet Gatos	\$0.45	\$1.20
Decadent Diet	\$0.42	\$0.95
Other (Averaged)	\$0.59	\$1.30
Purrfect Plus+	\$0.25	?

Exhibit 2: Shares of gourmet canned cat food segment, by segment

Canned Cat Food Market



Gourmet Canned Cat Food Market



Case 7 – Men’s Magazine

Case Question

Our client is a major national newspaper publisher who wants to publish a monthly magazine on fine-living for high-income males (think GQ). They have hired us to advise them if they should do it? Should they?

[Allow the interviewee to come up with a framework of how they want to tackle the case. This is an investment based go/no-go case. The interviewee’s framework should, at a minimum, include the profitability of the new magazine. Good structures will include a discussion of relevant financial aspects (pricing, expenses, payback period, etc.), potential market size, potential market share, competitive landscape, etc.]

Information to Reveal

- Initial investment (for machinery and supporting infrastructure development) = \$5M
- Desired payback period = 2 years
- Pricing information
 - 50% people buy annual subscription (12 issues/year) @ \$3 per issue
 - 50% buy at retail outlets (4 issues/year) @ \$5 per issue
- Market share data
 - GQ is the market leader with 25% share
 - All other players combined have 75% share (number of players is around 15)
 - Research shows our client can capture 5% market share in the first year
- Expenses: Fixed + Variable
 - Fixed costs (SG&A + overhead only) = \$1M
 - Variable costs (includes materials, labor, distribution) = \$2.50 per issue = \$10M

Problem Solving Framework and Calculations

Market Size Estimation

[Ask the candidate to estimate the market size after they have established a solid framework, and guide them to estimate ~10M potential target market]

US population: 300M

50% males, 80 years average life expectancy

Uniform distribution in age brackets 0-20, 21-40, 41-60, 61-80

Population in brackets 21-40 and 41-60 have 10% wealthy, 61-80 has 5% wealthy (our target)

Total target customer base = 9.375M (~10M)

Based on Pricing Information

Total market size (\$) = $5M * (3 * 12) + 5M * (5 * 4) = 180M + 100M = \$280M$

Revenue Potential

5% of \$280M = \$14M

Total Costs

Fixed costs + Variable costs = \$11M

[Bonus points if interviewee realizes that variable costs could already be low or could be lowered through synergies due to client being a big newspaper publisher]

Profit Potential

Revenue – Total Costs = \$14M - \$11M = \$3M

Payback periods = Initial Investment/ Profit = $\$5M / \$3M = 1.67$ years which is less than desired payback period of 2 years

Conclusion (Closing the Case)

[The interviewee should now analyze the wisdom of the investment qualitatively. Should our client invest the money based on the payback period? The interviewee is likely to recommend the investment since it meets the company requirement of 2 years, but recommendations should be well-reasoned and include risks and mitigations.]

Lead the interviewee to think of some risks to this venture. Some possible risks are below, but others are acceptable too if they are well thought out:

1. Market capture could fall short of expected 5%
2. Annual subscriptions are far less profitable than retail, so dip in retail purchase (or a higher than 50% proportion for annual) could bring down profitability steeply
3. Competitive reaction could be severe, leading to declining revenues past the 1st year

Make a recommendation to the CEO. Should the newspaper publishing house go ahead with the investment?

[Ask the candidate to make the recommendation. A good recommendation will include the proposed answer to the question, supported by key facts and figures and rounding out with one or two major risks and next steps.]

Case 8 – Tire Manufacturer

Boston Consulting Group Round 1

Case Question

Your client is a US tire manufacturing company. They have been seeing very good business recently and are looking to increase capacity. They are looking at 2 options to increase capacity:

1. Invest in a new process in the existing US facility
2. JV with a Chinese partner

They have come to us looking for a recommendation to make a choice. What should they do?

[This case is geared towards a cost analysis, and a choice based on lower total cost. If the candidate takes a supply-demand approach, guide them towards costs. The candidate must determine that they need to compare the cost of manufacturing for the 2 options. Once this is achieved, proceed with the case.]

Information to Reveal

[This is an interviewer led case. Ask the candidate the questions highlighted in the sections below and use the guidelines to ensure they are on the right track]

Question 1: What are the possible costs associated with our client's business?

[When they've exhausted their list of possible costs, share **Exhibit 1**]

Problem Solving Framework and Calculations

[The candidate must calculate the difference in costs between the JV and the New Process and identify that the JV will result in both options being cheaper than the current process, and the JV being cheaper than the New Process by \$2.20.]

Costs	Current (in \$)	JV (as compared to current costs)	New process (as compared to current costs)	Difference in savings (JV-NP)
Materials	\$7	0.9	0.9	\$0.00
Labor	\$10	0.2	0.5	-\$3.00
Logistics	\$2	3.0	1.0	\$4.00
Overhead	\$7	1.0	1.6	-\$4.20
Taxes & Import	\$1	2.0	1.0	\$1.00
Total	\$27	\$23.30	\$25.50	-\$2.20

Information to Reveal

Question 2: What do you think are the pros and cons of each option, apart from the economic costs as we've seen from your calculations?

[Some of the possible pros and cons are listed below, but the candidate could come up with others that are legitimate and logical.]

	Pros	Cons
<i>JV</i>	Long term capacity gain, ability to move more of the production offshore, learning from offshore operations	Increased lead times, negative sentiment among conservative customers who want US produced goods, quality concerns
<i>New Process</i>	Uses existing facility, US manufactured goods, full control over quality	Short term capacity gain, no learning curve with offshoring

Conclusion (Closing the Case)

[After the candidate comes up with the list of pros and cons.]

The CEO is about to come in for a recommendation. Would you be able to put together a recommendation for him?

[The interviewee should recap the case in a concise manner, highlighting key observations, and make the final recommendation between the two options, with clear reasoning behind the choice. He/she should also mention next steps and highlight any important risks associated with the choice.]

Exhibit 1: Tire Manufacturer

Costs	Current (in \$)	JV (as compared to current costs)	New process (as compared to current costs)
Materials	7	0.9	0.9
Labor	10	0.2	0.5
Logistics	2	3.0	1.0
Overhead	7	1.0	1.6
Taxes & Import	1	2.0	1.0

Case 9 – Car OEM Manufacturer

Case Question

Your client is an Auto OEM manufacturer and wants to enter the connected devices market. Connected devices market is essentially the market for devices that help establish connectivity in automobiles. This includes services such as in-car GPS, Bluetooth connectivity. The client now wants to enter this market with a cross-platform solution. They have 2 options to this:

1. Built-in solution
2. Smartphone solution

They have asked us two questions to help them decide -what factors to consider making sure the decision leads to maximum success, which of the options to with if at all?

[The first part of the case is for the candidate to come up with a framework of the factors they want to consider helping make the decision. This is a market entry case, so the framework will need to mention an assessment of the existence of an attractive market, competitive situation, product discussion, company assessment, etc. Most of the case will run on the economics of the proposition, so there should be a consideration of revenue potential and expenses as well. Interviewer should feel free to push the candidate deeper on some of the factors mentioned.]

Solving the case

[When candidate wants to pursue the costs of the options...]

Interviewer: What are the possible costs associated with our client's business?

[When they've exhausted their list of possible costs, share the cost information in the following exhibit. DO NOT share the revenue information yet.]

Cost & Revenue Information		
	Built-in	Smartphone
R&D (fixed cost)	\$200M	\$50M
Hardware & Software	\$200	\$150
Service	\$5M/mo	-
Infrastructure	\$20M	-

Revenue one-time	\$400	\$200
Revenue ongoing	\$10/mo	-

* 2/3 of all US vehicles will have connected technology

* Annual sales of 3M vehicles

[When they ask for the volume that the client expects to sell with each option, show **Exhibit 1** and ask the candidate what price(s) they think will lead to the highest profits. This is to test their intuition.]

Interviewer: Determine the profit potential for the built-in option at \$400 and \$10/mo and for the smartphone option at \$200.

Conclusion

Interviewer: What do you think are the pros and cons of each option, apart from the economics as we've seen from your calculations?

[Some of the possible pros and cons are listed below, but the candidate could come up with others that are legitimate and logical.]

	Pros	Cons
Built-in	Potential change in future revenues Targeting premium segment due to price Opportunity to reduce costs by outsourcing	Potentially needs new capabilities in IT which leads to a ramp-up curve Unreachable for most economy/standard customers
Smartphone	Simpler with no need for major new capabilities Reachable to wide customer base	Saturated market with no differentiation Potentially lower overall margin due to lack of service

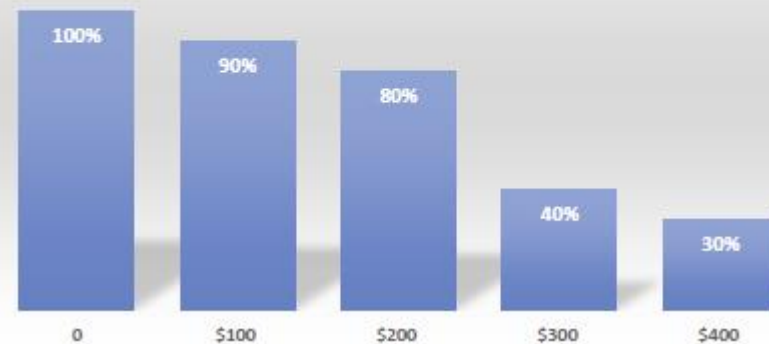
Interviewer: The CEO is about to come in for a recommendation. Would you be able to put together a recommendation for her?

Exhibit 1: Car OEM Manufacturer

Adoption & price sensitivity

		One-time price					
		0	100	200	300	400	500
Subscription price	0	100%	90%	80%	70%	30%	20%
	5	90%	80%	60%	50%	25%	15%
	10	80%	70%	50%	40%	20%	10%
	15	30%	25%	20%	15%	10%	5%
	20	10%	5%	4%	3%	2%	0%

Adoption from customers (Smartphone solution)



Case 10 – RBI Uganda

Case Question

You are the marketing manager for Roadbuilders International (RBI), a US-based producer of building materials for the construction of roads. RBI is looking to introduce a product called SureCoat, a new type of top-layer pavement coating that is much more resistant to weather erosion. This new product is of interest to RBI's customers in Uganda, where the annual rainy seasons devastate roadways and make major thoroughfares impassable. RBI is interested in evaluating the opportunity in Uganda and the major factors surrounding a launch there.

Guidance to the Interviewer

- There are 3 questions in this case. The questions are to be asked sequentially.

Solving the case

Question 1: What key factors should RBI consider when evaluating a potential launch of SureCoat in Uganda?

The interviewee should create a structure. Good structures will include some of the following items:

- Market size - how big is the opportunity in Uganda?
- Competition - Who are the major players in the Ugandan market? Are similar products available?
- Costs - What type of investment would be required?
- Internal capabilities - Does RBI have marketing/sales experience in Uganda? Is the current distribution system adequate to deliver the new product? Does RBI have the manufacturing capacity?
- Context - What is the landscape of road construction in Uganda? What is the level of government involvement?
- Industry trends - Are there any macro-trends to be aware of?

Solving the case

Question 2: Your research has uncovered a high degree of regulation governing road construction contracts in Uganda. These regulations mandate that a foreign firm have exclusive pavement rights for either local roads or highways, but not both. The length of the exclusive contract is also set at 10 years. Given the information in **Exhibit 1**, which type of roadway should RBI pursue for its SureCoat product?

Additional Information (provided on request):

- The heavy equipment needed for highway implementation will be included in the contract as an extra cost for RBI of \$5/mile
- Product Lifespan indicates the time between SureCoat applications; the exhibit shows that the local road option would generate revenue every two years vs. every four years for highways.

[The interviewee can take either position as they yield nearly identical NPVs over the 10-year time horizon; look for logical rationales. Key points in favor of local roads: larger segment, shorter lifecycle means more frequent applications, and no need for additional machinery. Key points in favor of highways: strong growth rate, higher price, and higher margin.]

Solving the case

Question 3: Now that RBI knows which road segment to enter, you must develop a go-to-market strategy for SureCoat in Uganda. What should you consider in your marketing strategy?

[A 5Cs approach or something similar is appropriate. The interviewee should recognize that the government in Uganda will be a major factor that impacts the product launch. Look for creativity in dealing with this challenge.]

Conclusion (Closing the Case)

Please summarize your recommendations for the CMO of RBI.

[The interviewee should provide a summary of the recommendations discussed during the four parts of the case and conclude with next steps and any risks and mitigations relevant to his/her recommendations.]

Exhibit 1: RBI Uganda

	Local Roads	Highways
% in Uganda	75%	25%
Annual growth (miles)	4%	15%
Cost/mile	\$15	\$12
Price/mile	\$18	\$27
Product Lifespan	2 years	4 years
Traffic Level	Medium	High
Implementation	Manual	Equipment

Case 11 – Automaker in China

Deloitte S&O Round 1

Case Question

Our client is a Chinese auto maker manufacturing and selling cars in China. The client has had flat sales in the recent years and is evaluating to enter the bus market in China. The bus market is expected to have significant growth in the next 5 years. Our client has decided to evaluate two product lines: base and luxury, and has hired Deloitte Consulting to answer the go/no go decision. Additionally, our client wants to know from us that how should it enter the bus market.

Guidance to the Interviewer

- The ideal way to conduct the case is to ask each question in order, but this year Deloitte asked all questions upfront and offered to revisit the questions in case of any clarifications during the case.
- This case tests the interviewee's ability to understand the market, competitive landscape, challenges in current operations because of new product, and impact on profitability of the client.
- The exhibit provides the data to answer questions 2,3, and 4 and tests the understanding of concept of profitability and operations.

Questions

1. What factors would you consider in deciding whether our client should enter the bus market or not? And how would you measure the success of those factors?
2. What is the operating profit/unit for the two product lines? (handover ***Exhibit 1***)
3. What is the projected overall operating profit for both the product lines? (***Exhibit 1***)
4. What is the actual operating profit for two models? (***Exhibit 1***)
5. What would you recommend to our client based on the data you have?

Guidance for Question 1

- A good structure to question 1 would talk about the internal and external environment and will touch upon:
 - Market
 - Market demand and size
 - What percentage of the market size can be captured by our client
- Competitors
 - List of competitors
 - Market share of each competitor (Monopoly/Oligopoly/fragmented)
- Company
 - Operations challenges
 - Impact on brand and perception of car buyers
 - Revenue and costs involved
 - Break-even point and ROI
- The potential metrics to measure the success of the product can be ROI, break-even analysis, impact on profit-margins in the short and long term, and strategic fit to the company

Guidance for Question 2 & 3

Question 2: What is the operating profit/unit for the two product lines (show *Exhibit 1*)

Base Model	Cost (MC+LC)	Price
Engine1	100	150
Transmission1	73	120
Suspension1	27	35
Total	200	305
Op Prof/unit	105	

Base Model	Cost (MC+LC)	Price
Engine2	157	210
Transmission2	116	150
Suspension2	57	80
Total	330	440
Op Prof/unit	110	

Question 3: What is the projected overall operating profit for both the product lines (*Exhibit 1*)

Base Model: Overall projected quantity across territories: 600 units; Overall Op Profit: \$63,000

Luxury Model: Overall projected quantity across territories: 490 units; Overall Op Profit: \$53,900

Guidance for Question 4

Question 4: What is the actual operating profit for two models (Ex 1)

The key here is to interpret the Production Capacity and Inventory columns in the exhibit. One of the basic assumptions that a candidate can make is that inventory is produced at production capacity. So, at 100% capacity, the manufacturing unit is producing 50 units of suspension 2, making it the bottleneck. Also, engine 1 is the bottleneck for base model as at 80% capacity only 72 units are produced and at 100%, 90 units will be produced ($72 \times 5/4$).

	Bottleneck inventory	Op. Profit/Unit
Base Model	90×4 (Quarterly)	105
Overall Op. prof	\$ 38,160	

	Bottleneck inventory	Op. Profit/Unit
Luxury Model	50×4	110
Overall Op. prof	\$ 22,000	

Actual operating profit for base model is \$16,160 more than the luxury model.

Conclusion (Closing the Case)

Question 5: What would you recommend to our client?

- Based on the data, a good recommendation would choose Base model based on actual overall operating profit and production capacity reasons. Additional considerations that would influence the discussion are:
 - Cross-training of car workers to reduce cost
 - If it's too challenging to sustain the business, consider acquiring a competitor in the bus market
- A potential risk can be
 - Brand dilution of the company for potential car buyers

Exhibit 1: Automaker in China

1

Production Data					
	Material Cost (\$)	Labor Cost (\$)	Price (\$)	Production Capacity ¹	Inventory
Engine 1	65	35	150	80%	72
Engine 2	97	60	210		100
Transmission 1	47	26	120	60%	150
Transmission 2	71	45	150		125
Suspension 1	18	9	35	100%	200
Suspension 2	41	16	80		50

Sales Representative Market Assessment (Demand per month)

2

Territory A: The selling units of base model should be 150 in my territory; I expect the luxury model to sell 150 as well

Territory B: There is a demand of 250 units of base model and 140 units of luxury

Territory C: I can easily sell 200 units of base and luxury in this region

Note: ¹Production was done for a week to check the capacity constraints

3

Product Specifications

	Base	Luxury
Engine 1	X	
Engine 2		X
Transmission 1	X	
Transmission 2		X
Suspension 1	X	
Suspension 2		X

Case 12 – Department of Transportation

EY Round 1

Case Question

Your client is the Department of Transportation (DOT). They operate a highway and a tollbooth that is used to charge drivers. The highway is two-way, Northbound and Southbound. They are looking to decrease personnel costs by installing an automatic system that would operate during the night shift (10 PM –5 AM) and would forgo the need for live tollbooth operators. The way that this system works is that a camera would take a photograph of the license plate of each vehicle that does not have an EZPass and based on it the DOT would email every user a bill at the end of the month for the total balance.

Should the DOT go forward with the new system?

Information to reveal (upon request)

- Hourly wages of employees: \$20 / hour / person (all included)
- There are two tollbooth operators per shift, one for each way (Northbound and Southbound)
- Current price is \$2, if the system is installed price could be raised to \$3 WITHOUT affecting quantity
- If asked about the initial investment required, handover **Exhibit 1**. Total of pie chart is \$1.6 M
- There is an annual maintenance fee for the video system of \$125,000
- Variable cost for the video system 50 cents per crossing
- If asked about the number of crossings, handover **Exhibit 2**. Numbers in **Exhibit 2** are total for each day per hour

Problem solving framework

Financial Fit	
Change in revenues	
Price / crossing * Number of crossings	
Change in costs	
Initial Investment	
VC / crossing * Number of crossings	
Other costs (maintenance, admin)	
Break-even time	

Strategic Fit	
Pros and cons of new system	
Price / crossing * Number of crossings	
Risks	
Implementation risks	
Maintenance risks	

Guidance to the Interviewer (Financial Fit)

Current Scenario

Revenues

- Vol. of non EZPass holders during the night shift (From Exhibit 2): $258 + 240 + 222 + 204 + 180 + 151 + 145 = 1400$
- Price per vehicle: \$2
- Total revenue per night: \$2800

Costs

- Personnel costs: \$20 / hour / person
- Number of hours / night: 7
- Profit / night: \$2,520
- Number of persons: 2
- Overall personnel costs / night - \$ 20 x 2 x 7: \$280
- Profit / year: \$919,800

Prospective Scenario

Revenues

- Vol. of non EZPass holders during the night shift (From Exhibit 2): 1400
- New price per vehicle: \$3
- New revenue per night: \$4200

Costs

- Initial investment (Exhibit 1): \$1.6M
- Fixed – Maintenance fee: \$ 125,000
- Variable –
 - Video system cost: 50 cent / crossing
 - Video system cost / night: $0.5 \times 1400 = 700$

Contribution margin / night: \$3500

Contribution margin / year: $\$3500 \times 365 = \$1,277,500$

Profit / year: $\$1,277,500 - \$125,000 = \$1,152,500$

Guidance to the Interviewer (Recommendation)

A good recommendation would compare profits in both scenarios and would suggest going ahead with implementation of the automated system.

Additional considerations:

- Breakeven point
- Pros and cons of the automated system
- Implementation risk

Exhibit 1: Department of Transportation

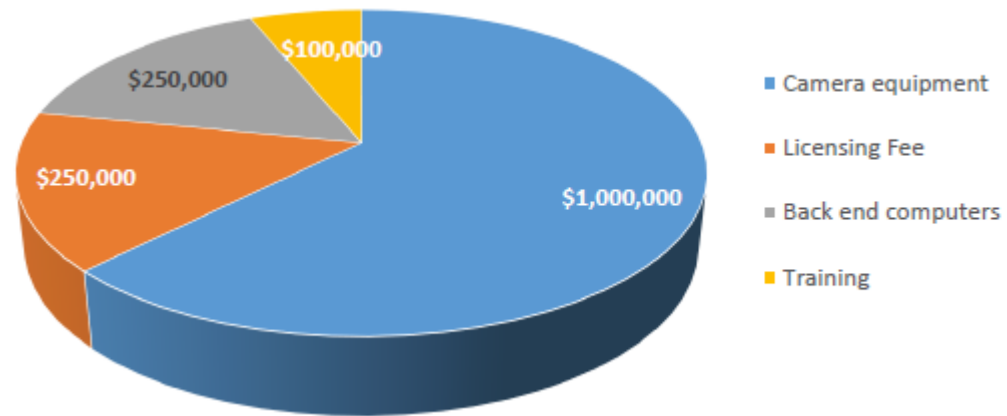
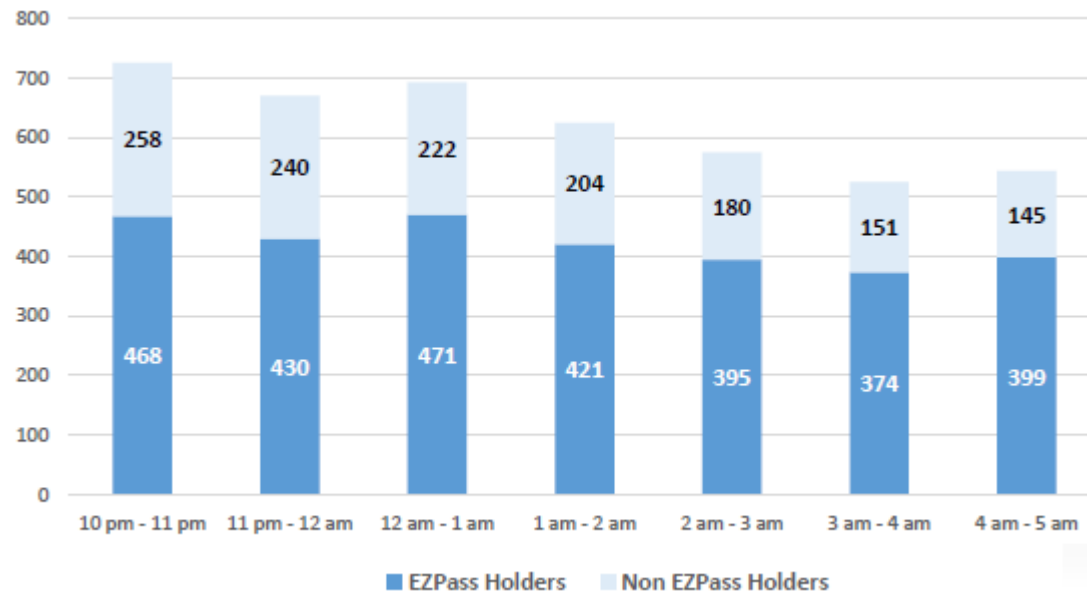


Exhibit 2: Department of Transportation



Case 13 – Green Company

Deloitte S&O Round 1

Case Question

Green Company is a global manufacturer and retailer of outdoor apparel and accessories. The company currently has manufacturing operations in 4 countries and sells apparel in over 20 countries. Current revenue for the company is \$10B in 2010 and is projected to grow to \$15B in 2015. The company has an environmental sustainability vision of reducing its carbon emissions. This reduction in carbon emissions will also help reduce its energy spend and consumption.

They would like your help in understanding their situation and evaluating the 2 projects.

Guidance to the Interviewer

- This case has four questions and follows the interviewer led format
- As soon as the problem statement is finished, handover Exhibit 1 and ask Question 1
- This case tests the interviewee's quantitative skills and knowledge of basic financial concepts such as annuity and net present value (NPV)
- Exhibit 1 contains information required for question 1, 2, and 3

Questions

Interviewer: Handover ***Exhibit 1***

1. How much CO₂ will Green Company emit in 2015 and what is the estimated cost if they don't undertake either project?
2. Which project will have a higher NPV?
3. Which project will help to meet the company's goal of carbon reduction by 5%?
4. If you assume both projects have the same NPV, which project will you still advise the company to select?

Guide to Question 1

Interviewee will need to confirm whether the energy consumption in 2015 will scale in a linear manner

- Yes, it will

Calculate growth rate for each division (offices, retail, and manufacturing) and multiply that by the current KWH usage to get the 2015 estimated consumption for each division. Finally sum individual consumption to get to an overall number

	2010	2015	Growth
Offices	20	28	1.4
Retail	600	900	1.5
Manuf. & Dist.	50	60	1.2

Energy Consumed	
2010	2015
0.5	0.7
4	6
2	2.4
6.5	9.1

Lastly, assuming carbon emission to be proportional to energy consumption, CO2 emitted in 2015

- $(300,000/65) \times 91 = 420,000$

Estimated cost for not undertaking either project = \$91M

Guide to Question 2

Question 2 - Which project will have a higher NPV?

If asked, discount rate to be given = 10%.

Along with the discount rate, also tell the interviewee that the benefits will be realized IMMEDIATELY. This turns project 1 annuity from an 'ordinary annuity' to an 'annuity due'

Project 1: NPV = \$2.7M

- $-4 + 1.6 + (1.6 / 1.1) + (1.6 / 1.1^2) + (1.6 / 1.1^3) + (1.6 / 1.1^4)$ **

Project 2: NPV = \$2.5M

- $-41.5 + 4.4 / 0.1$ (candidate should confirm that there is no growth rate)

Project 1 has a higher NPV than Project 2

*** Interviewee can use a calculator to calculate this. Purpose is to check the approach followed*

Guide to Question 3

Question 3 - Which project will help to meet the company's goal of carbon reduction by 5%?

- Emission level in 2010: 300,000 units
- 5% reduction leads to a required emission level of 285,000 units ($300,000 \times (1-0.05)$)
- Estimated emission level in 2015: 420,000 units
- Reduction required: $420,000 - 285,000 = 135,000$ units

Based on Exhibit 1, both projects result in carbon emission reduction of 140,000 units. Hence, either can be chosen to meet the stated goal.

Guide to Question 4

Question 4 - If you assume that projects have same NPV, which project would you still advise the company to select?

Select Project 1 for following reasons:

- Lower initial investment
- Impacts offices which are experiencing a higher growth rate than manufacturing and distribution
- Project 2 impacts manufacturing and distribution which might lead to disruption of day to day operations

Exhibit 1: Green Company

Energy Consumption Data					
	Actual in 2010 #	Energy Consumption (KWH)			Expected in 2015
Offices	20	0.5		Offices	28
Retail	600	4		Retail	900
Manuf. & Dist.	50	2		Manuf. & Dist.	60
		6.5			
Energy Spending	\$ 65 M				
Carbon Emission	300,000 Units				

Project Analysis					
	Special projects	Initial Investments (\$)	Savings (\$)	Emission Reduction	NPV Calculation
Project 1	Offices	4M	1.6M/yr	140,000	5 years
Project 2	Manuf. & Dist.	41.5M	4.4M/yr	140,000	Perpetuity

Case 14 – Popular Media

Case Question

Our client is an American Media & Entertainment company that produces blockbuster movies and very successful TV shows. Their revenues from the movie producing business has seen significant growth due to a change in strategy. They're looking for revenue growth opportunities in their highly successful TV shows business. They've come to us for recommendations – what should they do?

Additional Info (provided on request):

1. For the movie business, they modified their production strategy – they now have movies produced specifically with international audiences in mind. These movies have been proven to sell both in the US and internationally. This is how they increased revenues
2. They produce movies in the United States, but distribute through channels across the world
3. Currently work with 2 channels: Traditional cable/Pay TV and Online Streaming (Netflix, Amazon Prime)

Solving the case:

[The candidate could think of multiple ways to increase revenues in general: new shows, new markets, new viewer targets, etc. For this case, we're specifically focusing on expanding into new markets on the online channel. The candidate is not expected to know how the media industry works.]

Information to be provided: Revenues from Cable TV channel

Traditional TV channels pay producers on a per-episode basis. More popular the show, higher the price per episode.

Revenues = # of TV shows running x # of episodes per show x Revenue per episode

[The candidate would typically ask questions around increasing any/all-of-these to increase revenues. As questions are asked, the below information is to be revealed.]

1. The client has hit their maximum slots on TV channels and cannot air any more shows for the next several months.
2. The price per episode has also been maximized.

Insight: This means they'll have to now focus on the online channel.

Solving the case:

In the online channel, revenues are earned as a fixed number of dollars per viewing of the episode by viewers.
[Therefore, the revenue equation is slightly altered. The candidate needs to alter their revenue equation after asking for an understanding of the revenue model for this channel.]

Revenue = # of TV shows x # of episodes x # of views/episode x price per view

Question: How do you think we can increase their revenues on this channel?

Options:

1. Sell the TV show episodes to online channels such as Netflix (the interviewer points out that they have already made their TV shows available on Netflix to viewers in the US)
2. Sell shows to more online channel partners to increase dollars/viewing, expand availability to international viewers

Drive the discussion towards international expansion: How would we identify which markets are most attractive?

1. Popularity study of client's previous TV shows in non-US markets through primary research
2. Popularity of current shows' genre in target markets
3. Analysis of illegally streamed TV shows in target markets
4. Test release of the first few episodes of a season in target markets

Solving the case:

After the candidate can come up with alternate ways of testing markets, share **Exhibit 1**

The candidate must logically make a transition into identifying which shows to release in specific regions. Share **Exhibit 2** after candidate makes the transition.

Next step is to drive towards calculating the revenue potential in this market.

Information to share:

1. 10% of the people who have shown interest in a genre from the previous study will view the client's TV show, only if it is highly popular in the US. How much will this mean in revenues for the client?

The candidate must identify the following:

1. Target the Asian market with their most popular Drama show
2. Target European market with the highly popular Mystery show.
(They can also choose to target the Mystery show in Asia, but direct the client to choose Drama in Asia and Mystery in Europe)

Information to be given to the candidate when specifically asked. Steer them towards it if required.

1. Number of episodes per TV show = 20
2. Price per viewing paid to client = \$1.00

Recommendation:

Ask the candidate to provide a recommendation. The solution is as follows:

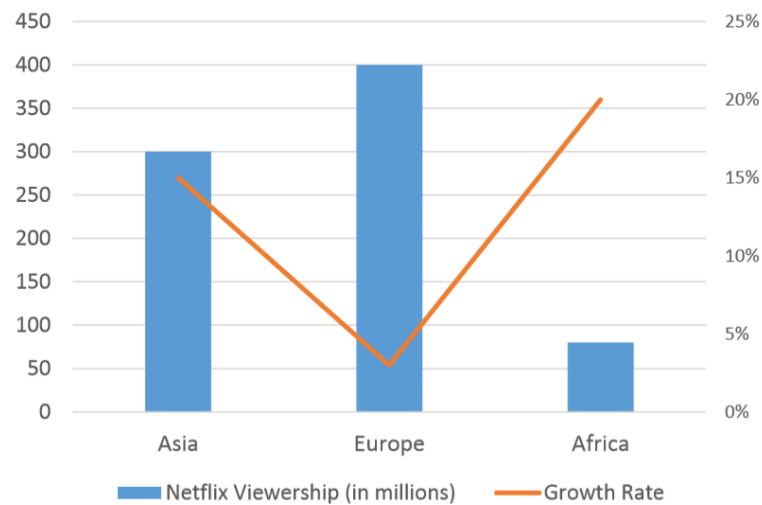
Revenue = # of TV shows x # of episodes x # of views/episode x price per view

	# of Shows	# of Episodes	Total # of views	Revenues
Asia - Drama	1	20	20 x 10% x 80 % x 300M x 1 view/episode	\$480M
Europe - Mystery	1	20	20 x 10% x 55 % x 400M x 1 view/episode	\$440M
Total Revenue				\$920M

Exhibit 1: Popular Media

Market Study

Viewership Market Size



Genre Popularity

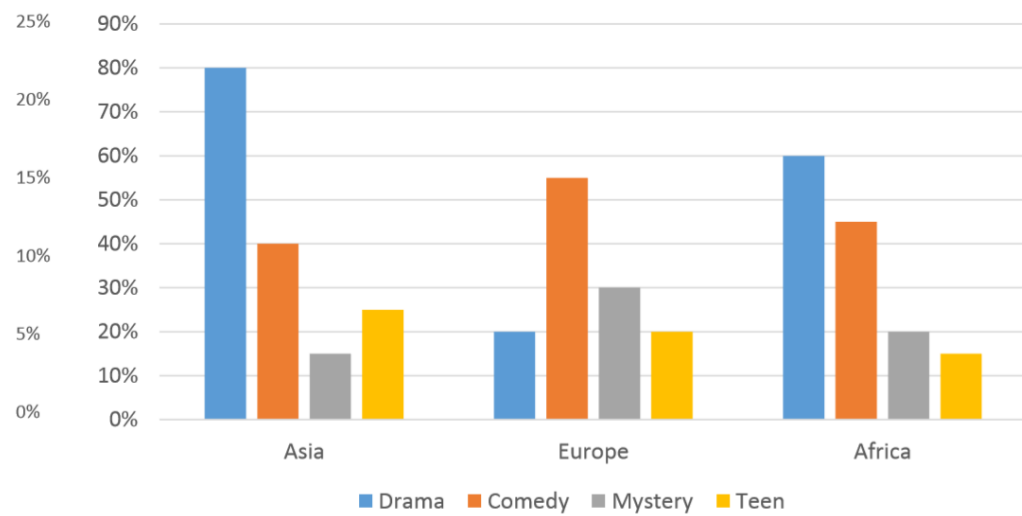


Exhibit 2: Popular Media

Clients portfolio of TV shows and popularity in USA

	Running	Popularity
Drama	3	1 highly popular 1 moderately popular 1 new
Comedy	1	1 moderately popular
Mystery	2	1 highly popular 1 moderately popular
Teen	0	N/A

Group Cases

Group Cases - Overview

The group case is an important part of the interviewing process. In most group cases, you will be placed in a room with 3 to 4 other candidates, from different schools. The case may be specific to the practice that you are interviewing for. You will be given a case packet with the write up of the case and questions at the end. The standard format will have time allotted to read the case, discuss with the group, create a recommendation with slides on chart paper, present the solution and face Q&A. During the entire process, a few interviewers will be present in the room, observing the group interactions.

The objective of the group case is primarily to observe how you behave with peers, are you a person they would like to work with? Are you bossy or stubborn? Do you have your team mates' back? In most cases, there will not be a single right answer to the problem. The focus is on the idea generation process leading to a viable solution with good level of detailing and thought put into it. Some firms may have cases with questions specific for each candidate. In this situation, focus on answering your question first before helping others, as answering your question wrong will possibly become a cause for rejection!

Dos:

1. Take the initiative to introduce yourself to the team mates, and remember their names
2. Be open to all ideas that are put forward, no matter how out-of-context they may seem! Analyze them on their merit and then reason with peers
3. Wait till everyone is done reading the case before moving on to solving
4. Be receptive to good ideas and suggestions from the panel during Q&A, it is equally important to show that you can assimilate feedback on the go and respond effectively
5. Depending on time and group dynamics, you can decide to assign and answer specific questions or tackle them together

Group Cases - Overview

Dos:

6. Take ownership of specific roles within the group and play your part. Group case is not about standing out as an individual with the best ideas or forced leadership. Some key roles:
 - Time keeper: keeps the group on track to achieve milestones within timeframe
 - Minutes maker: keeps track of the key ideas and discussion, making them readily available during slide creation
 - Story boarding: creates the slides or places ideas on the board (This could be one or all depending on group decision)
7. Lay emphasis on achieving consensus as a team, if you are not convinced on an idea as a team you are unlikely to convince the panel.
8. Keep an eye on the time! Finish with a few minutes to spare, to decide the flow of the presentation

Don'ts:

1. Dominate the conversation. Let others place their views and make notes of their key ideas to show receptiveness
2. Piggy back on others during the Q&A session (“I would like to add...”)
3. Branch off from the group by trying to solve the problem on your own, while the group is discussing together
4. Try to answer all questions during Q&A
5. Disagree with the answers your team mates have given before you, if the panel cross examines you
6. Split roles such that some team members focus only on presentation and other on Q&A. Spread the presentation and Q&A work equally
7. Be stubborn! At times, letting go of an idea in favor of a stronger one from your team mates is the right way forward.

Practice Group Cases

READ ME

The following group cases are best solved in a group casing simulation conducted by the Consulting Club. We strongly recommend NOT reading these cases till you have completed them in a simulation

Group Case 1

EY-PI Program Management Round 2

Author – Kushal Jolapara (2018)

Case

The senior partners at EY Program Management were on a conference call yesterday with the CEO of Hetzner Co. The CEO, Rebecca Thomson, was discussing issues they were facing with an enterprise wide transformation program that was initiated about a year ago.

Hetzner Co. is a global manufacturing company with offices in over a dozen countries and is headquartered here in the US. The client has relied on buying enterprise solutions available on the market and customizing them to suit organizational needs. These include corporate performance management, enterprise resource planning, product lifecycle management and other organizational level platforms. Over the past 7 years, as the company grew, both domestically and internationally, it started facing challenges in and around these platforms. There were different platforms selected at locations based on situational needs and connected to the parent systems at the headquarters. When Rebecca took over as the CEO 2 years ago, she knew that this was a major concern for the future of the company as it was leading to inefficiencies in decision making, budget over runs for projects and delays in delivery schedules. She decided that it was important to fix these issues and initiated the Global Platform Integration Program (GPIP) to reconcile differences and bring in new solutions from outside to the table.

The GPIP is a worldwide initiative, involving over 200 personnel from various divisions right from process champions, IT personnel, and senior management to outside vendors and consultants. But the 3-year timeline of the transformation project has already suffered a 9-month setback within the first year of execution. IT has also faced a budget overrun at various levels. Team morale has been low due to the repetitive nature of work for some, lack of work for others, while some are feeling overworked. Senior managers have even received feedback about inadequate training from the ground level. The

communication between different units has been not been on point on most occasions. There is no commonality in the processes or templates that are followed at different locations, and this is causing further delays as reports need to be consolidated before being passed on to senior management for decisions. Some of the stakeholders even questioned whether the initiative was dead even before it started and whether it should have been rolled out in a more phased manner. The program team is now pressed for resources and lacks direction in prioritizing their efforts, compounding the problem. Rebecca is concerned that the program is causing more harm than good, but she is unable to definitively answer the board, who is now taking note of the resources being deployed without any tangible results. However, she has faith in the program and believes this is the right direction for the organization, and that the growing pains are to be expected. She is cognizant of the fact that things are way off track and need to be fixed before the program derails entirely or is even scrapped. She also has thoughts on how this would affect her career and of those in the program, but her foremost concern is the well-being of Hetzner Co.

Hetzner Co. has approached EY to help them solve the challenges they are facing. As an experienced group of consultants, you have been tasked with presenting your proposal to the client, create a brief presentation to walk the client through your solution.

1. What is your strategy to solve the issues facing Hetzner Co.? In broad strokes, paint a picture of how you will communicate your approach to the client and walk them through how EY specifically is the best partner to overcome the hurdles successfully.
2. What will you, as EY, bring to the table to address the burning issues at hand? Specifically highlight a new business process you would put in place to improve the situation at Hetzner Co.
3. Describe in detail your implementation plan for the new business process. What are the key steps you will focus on to ensure a successful roll-out and how will you know whether the outcome is favorable?
4. If you were to perform an initial assessment of program performance, what would you assess and in what order?
5. Rebecca is requesting a dashboard that provides a status of the program's progress. What would you like to have on it?

Group Case 2

EY-PI Customer Round 2

Author – Mohan Vemulapalli (2018)

Case

Our client OnlineRetail.com is a leading online retailer in the United States with 30% e-commerce market share. The online retail platform offers customers a wide variety of products which are either fulfilled by the client or sold by third-party vendors. The sales break down is given below.

	Sales Percentage	Growth Rate
Self-fulfilled products	90.0%	21.00%
Third-party products	10.0%	31.00%

The US economic growth rate is muted at 2% per annum, less than the world's average of 4% driven by the developing countries, and the firm is finding it tough to expand in a maturing market. Wall Street expects the firm's revenue to grow by 24% per annum and values OnlineRetail.com based on their revenue growth rate which is falling short by 200 basis points. Our chief objective is to help them achieve wall-street's expectations.

Our client is considering the following three options to improve their growth rate:

1. Expand globally into fast growing economies, thus increasing their growth rate. This strategy involves risks due to the client's inexperience with foreign markets.
2. Acquire a brick and mortar retail chain with core business in groceries, which instantly adds 30% to the firm's revenue. The grocery segment provides an exciting opportunity for OnlineRetail.com complimenting the client's abilities. The only concern is about their ability to reverse the trend of flagging sales (3% per annum) at the retail chain.

3. Increase the participation of third-party vendors as their product sales have a higher growth rate. To attract more third-party sellers, the company needs to grow its consumer base as third-party sellers have a direct correlation with the size of consumer base.

The firm has good access to funds to pursue either of these strategies. Below is the estimated cost and implementation timeline of pursuing them.

Option	Cost	Implementation Time
Expanding to Global Markets	\$5 billion	2 - 3 years
Acquiring retail chain	\$7 billion	1 - 2 years
Promoting Third-Party Sellers	\$3 billion	2 - 3 years

Your job is to carefully analyze the situation and recommend the best possible strategy for our client to consistently meet or exceed Wall Street expectations. Please prepare a presentation with 4 to 5 slides to present your recommendation to the client's executive board. The presentation should help us seize the project deal.

1. How would the chosen option affect the client's long-term strategy (meeting Wall Street expectations in long term) and are there any opportunity costs involved?
2. What are the potential upsides and downsides for each option?
3. How can your consulting firm help the client make this strategic move?
4. If you choose option 1 (expanding globally) how do you mitigate the risks involved?
5. If you choose option 2 (acquiring a brick and mortar chain) what measures will you take to reverse the trend of flagging?
6. If you choose option 3 (promoting third-party vendors) how will you increase customer base in a competitive and saturating US market?
7. Why didn't you choose a strategy to combine either of the options to improve the chance of success?
8. How does your implementation road map look like?
9. What are the possible risks and challenges?

Additional Resources

1. Business Concepts: <https://www.mbaskool.com/>
2. Company Profiles: <https://www.mbaskool.com/brandguide.html>
3. Victor Cheng: <https://www.caseinterview.com/>
4. Rocket Blocks: <https://www.rocketblocks.me/>
5. Kelley Consulting Club website: <https://kelley.iu.edu/ConsultingClub/>
6. Example: <https://managementconsulted.com/sample-case-interview-question-walkthrough/>

Reach out to [Kelley Consulting Club](https://kelley.iu.edu/ConsultingClub/) for feedback or more information