

# Case Studies I

1 A small energy company operating in the UK (1 million customers) currently has an operating profit of 2%. They want to double that margin to 4%.

What would you recommend?

2 A large Middle Eastern airline is looking to upgrade some of its fleet to larger planes. Firstly, estimate how many passengers come through Dubai airport each and secondly, what should the CEO consider before they upgrade the fleet?

3 An African bank is looking to enter the UK market, aiming to capture a proportion of the migrant community. The board have asked your advice on an entry strategy.

4 The Crown Prince of Dubai is looking to sell Dubai. Whilst he is happy to sell, he does not want to be remembered for selling too cheap.

What price should he sell Dubai for?

5 There has recently been a merger between three tap manufacturers, one based in the US, one based in the UK and one based in Japan. A new Chief Revenue Officer has just been appointed and wants to double revenues.

What would you recommend?



# Case Studies II

You own two factories in a highly competitive industry, the unit economics are below, answer the following:

- What is the unit cost of production in each factory?
  - What is the margin per unit of each factory?
  - How could you maximise profits?
- 6 d) What considerations need to be made if you only produced units in one factory?

	Factory A	Factory B
Fixed costs	£3,000,000	£1,950,000
Per unit cost	£4.90	£6.75
Capacity	250,000 units	175,000 units
Output	150,000	100,000
Sale price	£25.00	£25.00

- 7 The CEO of a cybersecurity company is looking to grow revenues, how could they do this?

8 The client is looking to enter the European mobile network market. They will be the 3rd largest operator.

How should they design their product and marketing strategy to deal with the incumbents?

- 9 The CEO of a national grocery store wants to double the company's profits in 24 months.

What are some practical tactics to meet their goal?

10 Mysterious park is a theme park operator on the south coast of England. The company owns just the one park and generates revenues from park admissions, food and beverages, and merchandise.

The CEO has asked you to identify the reasons for the company's declining profits and develop suggestions for how the trend could be reversed.



# Case Studies III

Power Squared is a manufacturer of small high speed power boats under 25 feet in length. It designs, manufactures and sells its premium quality boats, which are priced at \$30,000 per unit, through a dealership network on the East coast of the United States.

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Power Squared has historically boasted double digit growth, but despite a good profit margin and stable cost structure, its sales have stagnated at \$120MM. The CEO has asked you to determine the factors behind this slow down and identify sales growth opportunities.

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A low cost carrier airline suffered initial losses when it was established but after a few years it has reached profitability. That profitability is now threatened due to a sharp increase in fuel prices, to the tune of 50%.

The client is now looking to develop an immediate response to the situation that ensures it will remain profitable both now and in the future.

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A US Pharmaceutical company has developed a new drug PrT. The drug helps reduce the rate at which a particular complication of hip replacement surgery occurs, deep-vein thrombosis (DVT). PrT will compete directly with ClearV, an established product that is used to reduce rates of DVT. ClearV is sold at \$4 per dose and has a variable production cost of \$1 per dose.

The client has asked you to help set a suitable price for PrT.

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The majority of Mexico's rural population rely on government provided benefits. As most of the recipients do not have bank accounts, they usually collect the benefits in cash from a limited number of state-bank branches. These branches are often a long way from where the recipients live resulting in long journeys and risk of theft.

The Mexican government also owns and operates a chain of 22,000 stores throughout Mexico called Diconsa. These stores provide basic food, clothing and other essentials to the rural population. These stores are supplied by a network of central and regional warehouses and several thousand delivery trucks.

The government has asked you to investigate the possibility of using the Diconsa stores to supplement the limited number of state branches.



# Case Studies IV

As an integrated beverage company, Supersoda leads its own brand design, marketing, and sales efforts. In addition, the company owns the entire beverage supply chain including production, bottling, packaging and distribution. Supersoda has a considerable number of brands across carbonated drinks, five large bottling plants throughout the country, and distribution agreements with most major retailers.

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Supersoda is evaluating the launch of a new product, a flavoured sports drink called Electro-light. Sports drinks are usually designed to replenish both energy (sugars) and electrolytes (salts) in the body. However Electro-light has been formulated to focus more on the replenishment of electrolytes and has a reduced sugar content compared to most other sports drinks. The company expects this new beverage to capitalise on the recent trend away from sugar-rich products.

Supersoda's Vice President of marketing has asked McKinsey to help analyse the major factors surrounding the launch and its own internal capabilities to support the effort.

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GlobaPharm has a long, successful tradition in researching, developing and selling "small molecule" drugs. This class of drugs represents the vast majority of drugs today, including Aspirin and most blood-pressure or cholesterol medications. GlobaPharm is interested in entering a new, rapidly growing segment of drugs called "biologicals". These are often proteins or other large, complex molecules that can treat conditions that traditional drugs cannot.

R&D for biologicals is vastly different from small-molecule R&D. To gain these capabilities, pharmaceuticals have three options: they can build them from scratch, partner with existing startups or acquire those startups. Since its competitors are already several years ahead of GlobaPharm, GlobaPharm wants to jump start its biologicals program by acquiring BioFuture, a leading biologicals start-up based in San Francisco. BioFuture was founded 12 years ago by several prominent scientists and now employs 200 people. It is publicly traded and at its current share price the company is worth about \$1bn.

GlobaPharm has asked you to evaluate whether the acquisition of BioFuture aligns with their biologicals strategy, and ultimately whether GlobaPharm should acquire BioFuture.

