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CONSULTING  
— BITS GOA —

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**CONSULTATHON TRAINING MODULE 2-2**

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# 1. GUESSIMATE



# GUESSTIMATE 1: NUMBER OF RED SWIFT CARS IN BANGALORE

The city may depend on Job Posting's place!

Make sure you are up to date with basic demographic details of important cities and of India's.

## APPROACH SHOULD BE STRUCTURED

This is a standard question and there are lots of variations of this particular question.

### APPROACHING IT:

- Population wise
- Manufacturing wise (not recommended)

#### Key Features:



**Population segmentation:** Most important step. Segment population economically. Cookie points for No. of cars per household



**Market Share of Swift:** Take an estimated guess regarding this.



**Market share of Red cars:** Estimated Guess again (based on experience)





# SOLUTION APPROACH

Total Population of Bangalore ~ 10 MN

Average household size~3.5

No. of household=3 MN

Now split the households based on their income.

Below poverty line= 10%,

Lower middle class= 30%

Middle class= 40%

Upper class= 10%

- BPL and lower middle class cannot afford car in the range of 5L-7L (Price of swift car= 6Lakhs)
- Assume no. of cars per household, Swift's market share, and share of Red Swift Cars
- Lets say Swift have ~10% market share in Bangalore.
- Swift is available in 4 colors red, white, blue and black.
- Assuming that each color is have the equal proportion. (25%)

	%	Number of Households (lakhs)	Approx. No. of Cars per household	No. of Cars	Swift Market Share	No. of Swift cars	Red Swift Cars
BPL	10	3	0.0001	30	5%	~0	0
Lower Middle Class	30	9	0.005	4500	10%	450	~100
Middle Class	40	12	0.4	4,80,000	20%	96,000	24,000
Upper Class	10	3	1.2	3,60,000	10%	36,000	9,000

**TOTAL NUMBER OF RED SWIFT CARS IN BANGALORE: ~33,000**



# GUESSTIMATE 2: NO. OF LITRES SOLD IN A BUSY PETROL BUNK

The city may depend on Job Posting's place!

Make sure you are up to date with basic demographic details of important cities and of India's.

## STATE ASSUMPTIONS EXPLICITLY

There will be some guesstimates like this which will require you to take into account a lot of assumptions

- No. of Stations per Bunk
- Open Timings.
- Segment Timings according to Rush hours

### Key Features:



**Timing segmentation:** Classify the open time into different chunks based on the probable traffic into the **petrol bunk**.



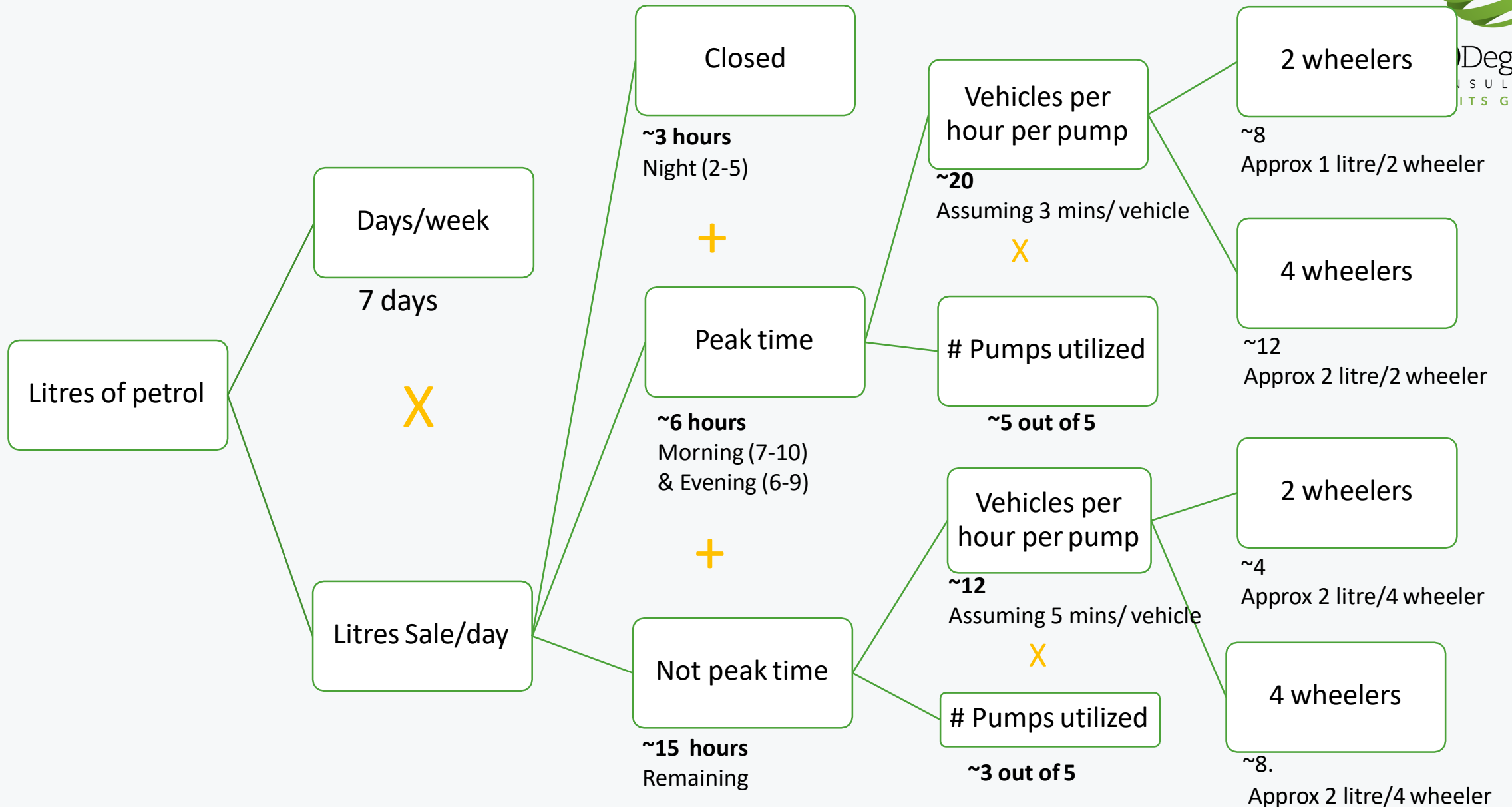
**2W/4W split:** This would greatly depend on the city, but any valid assumption will help.



**Avg. No. of Litres per vehicle:** This number would vary per 2W or 4 W, but the method would be same



# SOLUTION APPROACH





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## 2. SWOT ANALYSIS



# HOW TO APPLY?



## STRENGTHS

What are the characteristics that give your organization an advantage over others?

## WEAKNESSES

What are the characteristics that place your organization at a disadvantage relative to others?

## OPPORTUNITIES

What are the opportunities or favorable trends within the industry or potentially by branching into a new industry?

## THREATS

What are the elements in the environment that could cause trouble for the business or project?





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# HOW **SWOT** ANALYSIS HELPS IN STRATEGIC PLANNING?

- Builds **organization's strengths**.
- Reverse its weaknesses.
- **Maximize** its response to opportunities.
- Overcome organization's threats.
- It helps in **identifying core competencies** of the firm.
- It helps in **setting of objectives** for strategic planning.
- It **helps in knowing past, present and future** so that by using past and current data, future plans can be chalked out.

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# LET'S GET AN IDEA BY LOOKING AT ONE OF THE BEST COMPANIES OF THE WORLD-

## APPLE

### STRENGTHS:

- The first U.S. company to reach [\\$1 trillion valuation](#).
- [24% smartphone market share](#) in the world.
- An [iconic U.S. brand](#) trading on instantly recognizable "look and feel."

### OPPORTUNITIES:

- [Internet of Things](#) capabilities will further integrate Apple into consumers' lives.
- Robust mobile payments could put Apple front and center in daily transactions.

### WEAKNESS:

- Erosion of core brand promise after shift to iterative innovation.
- The loss of [Steve Jobs](#) is still felt operationally and by the public.
- Significant reliance on iPhone unit sales as a driver of revenue.

### THREATS:

- Labor and human rights concerns inherent in current supply chain.
- Widespread consumer anger over reports of hardware slowdowns.
- Growing [international competition](#) from low-cost alternatives.

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# SWOT ANALYSIS



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- A SWOT analysis is a great way to guide business-strategy meetings. It's powerful to have everyone in the room to discuss the company's core strengths and weaknesses and then move from there to define the opportunities and threats, and finally to brainstorming ideas.
- Oftentimes, the SWOT analysis you envision before the session changes throughout to reflect factors you were unaware of and would never have captured if not for the group's input.
- A company can use a SWOT for overall business strategy sessions or for a specific segment such as marketing, production or sales. This way, you can see how the overall strategy developed from the SWOT analysis will filter down to the segments below before committing to it.
- You can also work in reverse with a segment-specific SWOT analysis that feeds into an overall SWOT analysis.



# KEY TAKE-AWAY

- SWOT analysis is a strategic planning technique that provides assessment tools.
- Identifying core strengths, weaknesses, opportunities, and threats lead to fact-based analysis, fresh perspectives and new ideas.
- SWOT analysis works best when diverse groups or voices within an organization are free to provide **realistic data points** rather than prescribed messaging.



# FEW INDUSTRY JARGONS

## CAGR

The **Compound Annual Growth Rate** (CAGR) is the percentage rate at which investment *must grow in each year* to reach a given end value over a certain amount of time.

$$CAGR = \left( \frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{\text{No. of Years}}} - 1 \times 100\%$$

## BREAKEVEN ANALYSIS

The gist of **Break-Even Analysis** cases is that the Fixed Costs—need to be overcome by making profit from sales of products.

“How many units do I have to sell in order to overcome my Fixed Costs, i.e., to ‘Break Even’?”

## RETURN ON INVESTMENT

**Return on Investment** (ROI) is a ratio that determines the return, from capital invested. ROI is used to assess feasibility

$$ROI = \frac{\text{Profits (Revenue - Costs)}}{\text{Capital Invested}} \times 100\%$$

## NET PROFIT MARGIN

It refers to the total Net Income of a company or business line as a percentage of its Revenue

$$\text{Profit Margin} = \frac{\text{Net Profits}}{\text{Total Revenue}} \times 100\%$$

## PRODUCT LIFECYCLE

Important for market sizing problems, the **Product Life Cycle** helps to calculate and project the annual market size for a given market/industry. It is often used by companies to project their own anticipated Revenue figures.

$$\text{Total Market Size} = \frac{\text{Total outstanding revenue}}{\text{Product Lifetime}}$$

