

THE CASE OF IMPLODING DEMAND

Case study by PricewaterhouseCoopers© towards case analysis
competition organized at
Indian Institute of Technology, Kanpur in October 2008

Disclaimer:

To the best knowledge of PricewaterhouseCoopers (PwC), all the characters, situations and facts in the case are fictional and any resemblance to real life characters or companies or other case studies is purely coincidental and unintentional.

Terms of Reference:

General

1. This is an open case which means that the Case Team (CT) is expected to make full use of the knowledge available through the Internet.
2. The case competition is open only to students of final / pre-final year in the engineering stream.
3. The case teams may be registered with a team size of three members, with at least one member of the team in the final year.

Deliverables

4. The deliverables are:
 - a. One page Executive Summary covering
 - i. Understanding of the market scenario.
 - ii. Key Assumptions.
 - iii. Key drivers of analysis.
 - iv. Recommendation.
 - v. Critical success factors for implementation of the recommendation.
 - b. Case analysis report not exceeding 15 pages (including cover page, table of contents, appendices, source acknowledgements).
 - c. Microsoft PowerPoint© presentation file to be used during presentation (20 minutes) of the case analysis to the PwC panel. The content of this file should be a subset of the case analysis report.

Evaluation

5. The criteria to be used by PwC in evaluation of case analyses would include but is not limited to the following:
 - a. The ability of CT to ascertain and utilize facts most relevant to the case.
 - b. Ability to generate possible courses of action that make business sense.
 - c. Analytical evaluation of possible options and the quality of thought process behind arriving at recommending a singular course of action.
6. Wherever facts outside the case are utilized in the analysis of the case, the CT is required to acknowledge the source and provide the URL of the same.
7. The source material cited in the case analysis should be available freely on the web without any limitation of fees, usage or qualification (such as faculty or student only subscription sites).
8. It is in CT's own interest to cite sources that are credible.
9. The CT should clearly mention any assumptions made and the reasoning behind the same.

10. There is no right or wrong answer for any case analysis. PwC is primarily interested in observing how the CT arrives at the final recommendation in a scenario where data points are not readily available.
11. PwC reserves the right to reject any case analysis report without any clarification.

Process

12. Participants are directed to submit the names of the members of their case teams at PwC.IITKCase08@gmail.com.
13. The last date for submission of the Executive Summary, Case Analysis Report and presentation file is 1700 hours, 31st October 2008. Entries may be submitted through PwC.IITKCase08@gmail.com.
14. Short listed teams will be required to present their analysis before the Evaluation Panel on 2nd November 2008.
15. All queries may be addressed to:
 - a. Akanshu Govil (akanshu@iitk.ac.in)
 - b. Ashish Kumar (ashkr@iitk.ac.in)
 - c. Rahul Agarwal (rahula@iik.ac.in)
16. The names of the winners will be announced on 3rd November, 2008.

Reward

17. PwC will declare the winner and the runners up based on the evaluation by the panel. The prizes are as follows:
 - a. First Prize: Rs 15,000. Members of the winning team (final year students of eligible branches only) will be exempt from the written exam in the PwC campus selection process and will gain a direct entry into the interview round of the current PwC campus selection process.
 - b. Runners up: Rs 10,000.

The case of imploding demand

Aadhar had just passed out from Well-known Institute of Technology in India (WITI) and was reminiscing about the days gone by when he was jolted out of his reverie by a sweet voice “The CEO will see you now”. Today was his first day at Not So Famous or Well-known Company (NSFW) where he had been hired as Executive Assistant to the CEO. Mr. Prithvi Raj had been appointed the CEO of NSFW around six months back and had already built a reputation of being a tough task master and shaking things around. It was thus with a certain degree of trepidation that Aadhar entered the CEO’s cabin.

“Hello Aadhar”, said the CEO, “being a WITian myself, I have high expectations from you. As you know, NSFW is in the construction industry and of late things have not been the way we would have liked them to be. Due to the high interest rates and sub-prime crisis in the US, the Indian customer is playing a waiting game due to which most of the real estate companies we work with are left with a large inventory of residential flats that are not getting sold fast enough resulting in squeezing of their cash flow. This has had a trickle down effect on construction contractors such as NSFW who are left with a rapidly shrinking order book.”

“While we are reasonably safe in terms of work orders for the next one year, predicting anything beyond, based on our core competency of executing construction contracts for residential projects of major real estate companies, is a tough task. I have been thinking about what should be our course of action for the next one year so that we can maintain a healthy bottom line. The central question is whether we should stick with construction of residential properties or should we diversify into other areas such as commercial properties or should we look beyond only executing construction contracts and start getting into both executing and owning real estate projects.”

“I would like you to think hard about this and submit me a report in one week recommending what should be our course of action. Given that we don’t have a large enough cash reserve, acquisitions are out of question. However, any other original ideas that you may have would be welcome.”