

# Case 4A

## Type: Growth



**ConQuest**

Consulting & Strategy Club of IIM Shillong



**180Degrees**  
CONSULTING  
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# Problem Statement:

**Your client is an automobile parts manufacturer. They want to grow to 2 X in the next 5 years. Analyze the possible options and give recommendations.**

SCRIPT KEY	
Interviewer	
Interviewee/Candidate	

**Your client is an automobile parts manufacturer. They want to grow to 2 X in the next 5 years. Analyze the possible options and give recommendations**

**Okay, I'll start by asking you a few questions to better grasp the issue at hand. What city is the client based in? What does growth mean? Is it measured in terms of revenue, profits, or market share? What is the scenario of the market right now?**

Sure. The client operates in Pan-India. Their goal is to increase sales. The market is really cut-throat. Together with us, there are 5 players, and each has 20% of the market share.

**Okay, the client's primary clients appear to be auto manufacturers because the business appears to be B2B. Is that true? What is the procedure for selling?**

Nice insights. Yes, 90% of our clients are automakers. We produce plastic components for cars like steering wheels and dashboards. Tender system is used in the selling process.

**I want to know more about these bids. What is the procedure for bidding? What's the schedule? What method of delivery will there be if we get the contract?**

Sure. When a business decides to introduce a new vehicle to the market, the tender is released. If you prevail, you will receive the contract for the vehicle's whole life. The contract is granted in accordance with the pricing offered and the pre-existing relationship with the automakers. After receiving the contract, you establish a plant next to the automaker and begin manufacturing there.

**Interesting. I think I've gathered a fair understanding of the context and the client I would like to start the analysis now. I'd like to break the case up into two sections: market expansion and market research. I would discuss geographic expansion, product diversification, and business integration under new markets.**

What precisely do you mean by integration and diversification. How would you also choose which regions to expand to?

**By diversification, I mean introducing new product categories. For example, we might look into producing parts for different types of vehicles, like 2-wheelers. Integration can then proceed either forward or backward. Forward integration would require us to manufacture the cars, which is not practical. In order to reduce our expenses for raw materials, backward integration would entail buying a plastic manufacturing facility. In order to expand geographically, I would first look into foreign clients who have been collaborating with us in India, like Suzuki. Since relationships are crucial to B2B transactions, our current connections will aid our entry into new markets.**

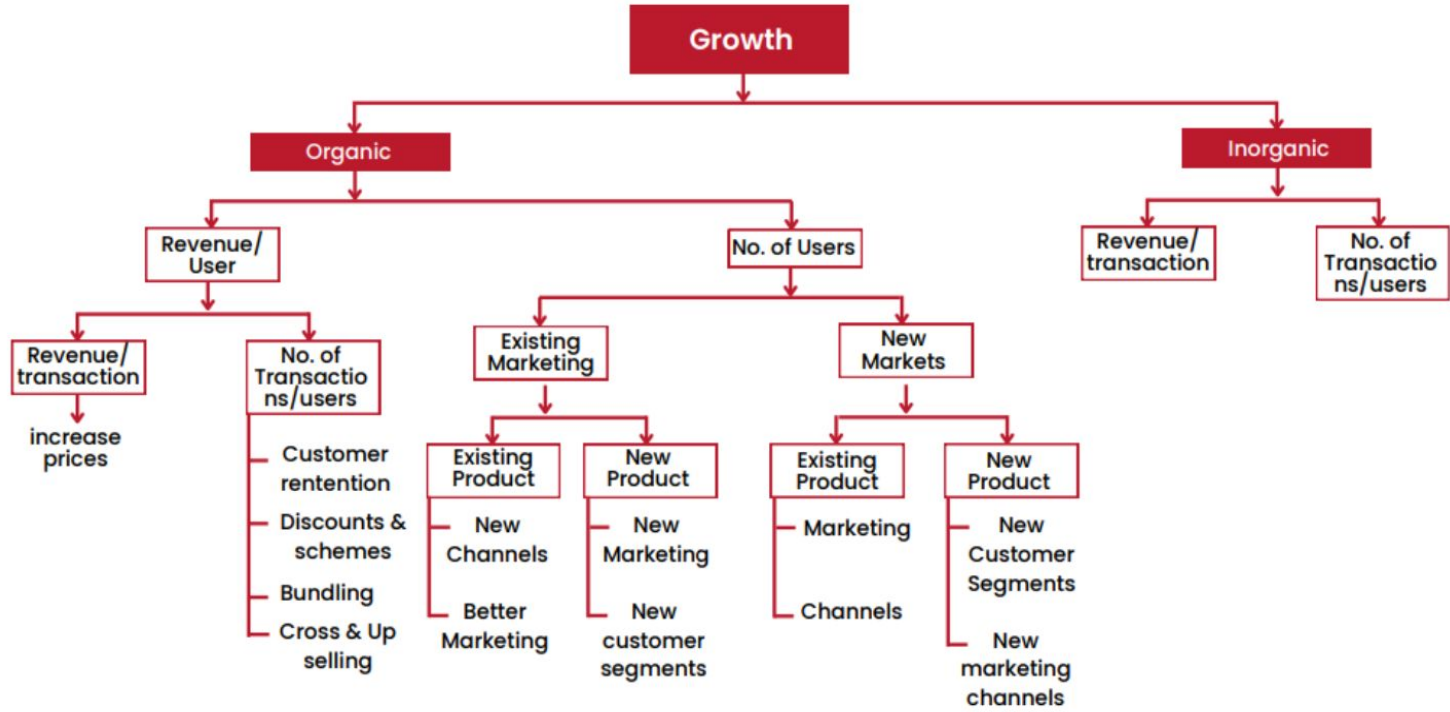
Great, let's talk about the existing markets

**The number of contracts and the revenue per contract determine the revenue in the current markets. Since the market is competitive, it may not be able to increase income per contract; instead, we should concentrate on growing the number of contracts. Our Contracts is a function of the market's total number of contracts, the percentage of those we qualify for, the percentage of those we apply for, and our victory rate. Total contracts are beyond our control. By concentrating on R&D and comprehending market trends, we can improve our chances of landing the ones we're qualified for. We need to be aware of the internal decision-making procedures for the ones to whom we apply. Better ties with the OEM can increase our victory rate.**

Great, that'll be all. Thank you!

# GROWTH FRAMEWORK

Client's company is aiming for a XX% Year on Year growth and has asked you to create stepwise growth targets & relevant areas to work on to achieve those targets.



# QUALITATIVE INFORMATION

## Case Background:

Your client is an automobile parts manufacturer. They want to grow to 2 X in the next 5 years. Analyze the possible options and give recommendations

## Case Facts:

1. There are 5 players, and each has 20% of the market share
2. 90% of the clients are automakers
3. The client operates in pan-India
4. Their goal is to increase sales
5. Tender system is used in the selling process

## CLARIFYING ANSWERS TO BE PROVIDED ONLY IF ASKED BY INTERVIEWEE

Interviewee	Interviewer
What city is the client based in?	The client operates in Pan-India.
What does growth mean?	Their goal is to increase sales.
What is the nature of most clients?	90% of our clients are automakers.
What is the scenario of the market right now?	The market is really cut- throat. Together with us, there are 5 players, and each has 20% of the market share.
What is the procedure for bidding?	When a business decides to introduce a new vehicle to the market, the tender is released. If you prevail, you will receive the contract for the vehicle's whole life. The contract is granted in accordance with the pricing offered and the pre-existing relationship with the automakers.

## RECOMMENDATIONS

1. Product Expansion	Producing parts for different types of vehicles, like 2-wheelers
2. Integration	Integration can then proceed either forward or backward. Forward integration would require us to manufacture the cars, which is not practical. In order to reduce our expenses for raw materials, backward integration would entail buying a plastic manufacturing facility.
3. Geographic Diversification	Foreign clients who have been collaborating with us in India, like Suzuki. Since relationships are crucial to B2B transactions, our current connections will aid our entry into new markets.
4. Increasing number of contracts	Our Contracts is a function of the market's total number of contracts, the percentage of those we qualify for, the percentage of those we apply for, and our victory rate. Total contracts are beyond our control. By concentrating on R&D and comprehending market trends, we can improve our chances of landing the ones we're qualified for. We need to be aware of the internal decision-making procedures for the ones to whom we apply. Better ties with the OEM can increase our victory rate.