

Serveskriti '09

The annual ManageMenT FesTival

Faculty of Management Studies
University of Delhi



Presents

KSHITIJ

THE CASE STUDY COMPETITION

The Case

AIM Pvt. Ltd is a relatively new player (3 years old) in the MBA coaching institute space. This space is already flooded with major players like C.L.O.C.K, Career Pedestal and TMS etc. which have been in this business for more than 10 years each and have established brand names. All of these have geographical strongholds in one or the other parts in India.

AIM Pvt. Ltd. has separated itself from the existing market with a breakthrough product in terms of classroom teaching pedagogy. Initially there were doubts whether such an approach would work but now the credibility of the product is no more under the scanner as it had produced phenomenal results (figures below), when AIM Pvt. Ltd had initially outsourced this product for a limited amount of time to one of the major players. After seeing that the product is a success, AIM decided to start off with its own coaching institute. After starting off, they kept innovating further and after tremendous research, they came up with an even superior product than before which challenged the whole foundation on which the Indian MBA coaching institutes worked on. It questioned the approach the major players followed of learning by rote, getting the same types of questions done again and again, formula based learning etc, albeit not working on the general intelligence (IQ) of a student.

AIM Pvt. Ltd. saw a huge opportunity in this flawed way of teaching which according to them helped no one and ultimately the intrinsically intelligent student did well in CAT (known for its vagaries in question pattern and types) and the weaker student suffered time and again. In other words these coaching institutes never worked on the “intelligence” of a student. Hence, AIM Pvt. Ltd. started teaching in a manner that was never tried before. Logical approach, teaching with puzzles, formula void learning, no answer keys for questions were some of the ways they enabled the thought process of

their students. This method of teaching undoubtedly was perceived to be tough but as the CAT results showed, was much more superior to the teaching methods followed by the major players.

A small **data chart** depicting their success is given below

(Statistics of Satya Niketan area in NCR where one of the branches of AIM Pvt Ltd is located)

	AIM	Career Pedestal	C.L.O.C.K	TMS
Students	300	800	500	400
IIM Selections	18	5	3	2

The authenticity of their success was corroborated when similar results showed up for 2 more consecutive years. This reaffirmed AIM's belief in their teaching pedagogy but still they have been facing a number of problems when it comes to attracting students and generating revenues.

PROBLEMS

- I) Their current marketing strategy is haphazard, financial constraints being a major problem. It includes a few print ads, posters now and then and mainly thrives on a very solid word of mouth marketing (Ex-students of AIM Pvt. Ltd. swear by it).

Main roadblocks faced:

1. No integrated marketing strategy
2. Teaching pedagogy perceived to be very tough

3. A non established brand name and presence of other major players

4. A perception that only a good student can cope up with their coaching style

II) Currently, as the number of students enrolled in the institute is very less, as compared to other established players on a pan-India basis, the institute has no place among its competitors in terms of revenue generation. It is not able to charge a higher fee from the students, as then there are chances that it would even lose the small market share that it currently holds, and the other dilemma being that if it charges too less a fee, the perception of its brand may become that of a local player in the market and the quality of teaching may also be perceived to be sub-standard. This conundrum has forced AIM to quote a price that is in between what can be called a high price and a low price.

III) Some of the major roadblocks faced by it in terms of financial structuring are as follows:

1. Due to its unique pedagogy, any new faculty hired will have to be those with a strong educational background thus charging higher salaries than the staff of the existing players in the market and they also have to be provided with special training in certain respects, which increases the overall costs incurred.
2. Starting new branches in untapped regions as well as giving stiff competition to the established players in their strongholds in terms of marketing costs a lot.

IV) Another problem AIM faces is that, other big players go to premier undergrad institutes of India and offer their programs/test series at throwaway prices. What this does is, they get those people on board who would anyways crack CAT and thus help them get a good statistic to showcase after CAT. AIM cannot do this as it is still a struggling player in the market.

Some more data of the various coaching Institutes is as follows:

	TMS	C.L.O.C.K	Career Pedestal
No. of branches (India)	53	76	65
No. of students	15900	19800	17200
Annual Revenue (in Rs. mn)	397.5	475.2	421.4
Annual profits (in Rs. mn)	17.28	24.94	20.01
Perceived ranking amongst students	3 rd	1 st	2 nd
Strongholds	East India	South India	North India
IIM calls (2009)	818	980	887
IIM converts (2009)	145	212	174
Perceived USP	Classroom Teaching	Test Series	Study Material

Other key stats:

CLOCK, Career Pedestal and TMS add up to 90% of the market share. AIM has a market share of approximately 1.5% and only two branches.

NOTE: All data given is not necessarily to be used. What is deemed redundant can be omitted while analyzing the case

Disclaimer: This is a fictional case study bearing no resemblance to any institute whatsoever.

THE KSHITIJ CHALLENGE:

Using the above data along with some of the roadblocks mentioned, come up with a **2000 word document** and a **excel sheet containing the financial details** on:

1. Other possible roadblocks that they might be facing and turning a blind eye to.
2. A marketing strategy, especially keeping the strict budget constraints in mind.
3. An overall strategy as to get AIM a solid brand name, which it has not managed to achieve in the past three years.
4. Suggesting a strategy to expand its base with due emphasis on the number of branches to be opened up and the specific regions that need to be explored, along with a small roadmap for the next 5 years
5. Proposing a suitable capital structure for the company keeping in mind its expansion plans for the future.
6. Financials stating the net revenues and the financial health of the company considering the general practices followed by other players in the field of MBA preparation coaching.

Assumptions can be made regarding the revenue earned from the students and all the costs incurred, but the same should be specifically stated.