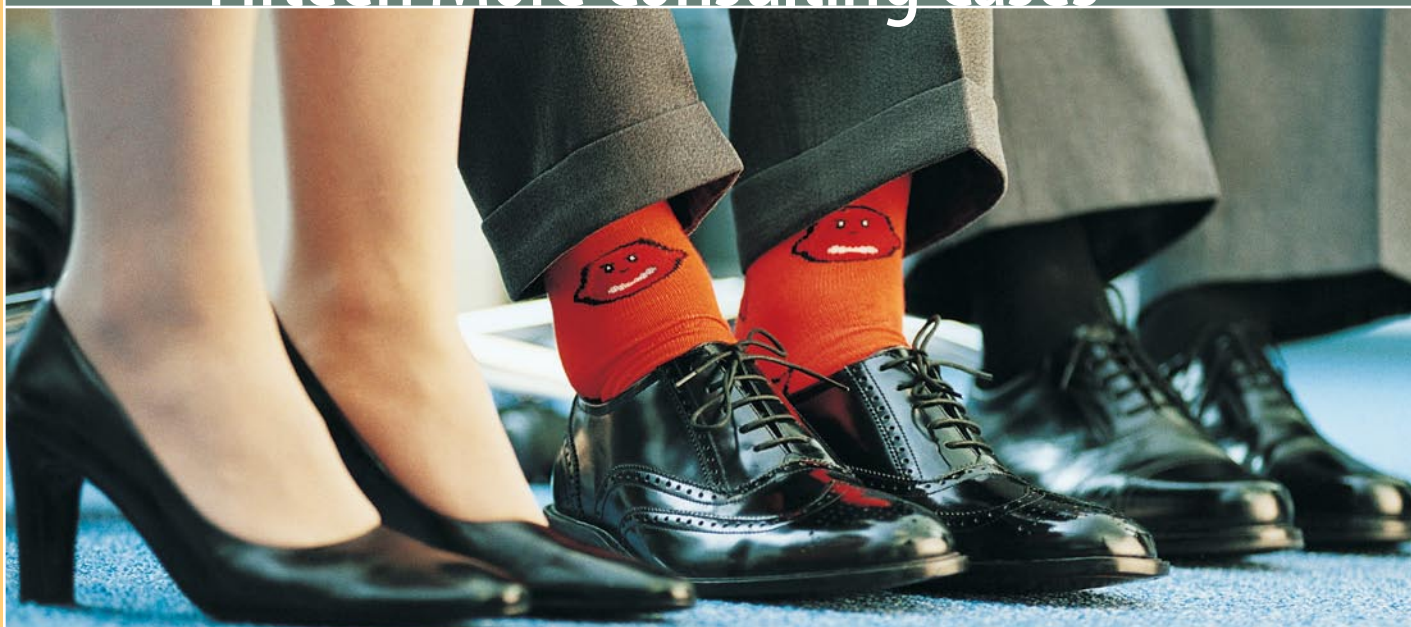


Ace Your Case[®] II

Fifteen More Consulting Cases



WetFeet Insider Guide

3rd Edition

The WetFeet Research Methodology

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Ace Your Case[®] II: Fifteen More Consulting Cases

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Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward format (e.g., “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g., “Do you think Fidelity should come out with a mutual fund targeted at high-net-worth individuals?”) that requires the respondent to peel away the extraneous details to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer own? How often will he/she get a new one? Are there other big purchasers besides individual surfers? Is there a market for used boards?) You would also

need to make a few basic calculations (e.g., number of surfers X number of new boards per year + total quantity purchased by other types of customers). As you work through these issues, the interviewer would also get a glimpse of your common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas such as California and Hawaii?)

“ ”

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, WetFeet customers with BAs and PhDs report receiving exactly the same market-sizing questions. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (read market size) for the drug.

Manhandling Your Market-Sizing Questions

Market-sizing questions can seem intimidating. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer. In fact—and this is critical—your interviewer doesn’t even care what the real number is. But remember, she does care about your ability to

use logic, common sense, and creativity to get to a plausible answer. And she wants to make sure you don't turn tail when you've got a few numbers to run. Which brings us to the Rules for Market Sizing Questions.

Rule 1: Use round numbers!

Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply, and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of the United States? Two hundred and fifty million, give or take.

Rule 2: Show your work!

Case questions are the ultimate "show your work" questions. In fact, your exact answer matters even less than the path that took you there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Write it down!

If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from wiggling out, then by all means do it. Your interviewer will be more impressed if you are cool, calm, and collected, and if using props helps you, then go for it.



CASE 1

How many cats are there in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Market-Sizing Case Questions

Case 1

How many cats are there in the United States?

This is a straightforward market-sizing question that would be good for undergraduates and advanced-degree candidates. It requires no special technical knowledge, and it focuses on a subject that (unfortunately) is accessible to everyone: cats.

Bad Answers

- Five million.
It's never good to just give a specific number answer, even if you happen to know the number. Remember, a cat statistician does not a consultant make. Rather, the interviewer is trying to see how you go about figuring out such an answer. After all, throughout your career as a consultant, you'll rarely find that you already know a needed number, and even if you do, you'll still have to show the client how you got the information.
- I'm glad you asked that, because in my job at Ralston Purina, I was product manager for Cat Chow, and we assumed that . . .
Okay, this sounds plausible. But, see the previous note. The interviewer wants to see how you think.
- Too many.
We understand that there are many closet cat lovers in the consulting ranks, and, yes, even a few cat owners!
- What do cats have to do with consulting?
Good question, bad answer.

Good Answer

Candidate: So how many cats are there? Well, I think I'll start by trying to figure out the number of people in the United States who have cats. Let's assume that the population of the United States is 250 million. From here, we could try to figure out how many people in the United States have cats, but then we might

be double counting the same cats. It's probably better to convert the population to households, and then make assumptions about how many households have cats. So, in the spirit of round numbers, let's assume that every household has five people, so in the United States there are approximately 50 million households.

The candidate has started by choosing a few good round numbers with which to work. This will make the calculations much easier as she progresses. In addition, she has explained her thinking about the market size. Not only does this show the interviewer how she is thinking about the problem, but it gives him the opportunity to step in and provide assistance should she veer off track. Finally, the candidate has offered a simple but reasonable insight—it's better to think about cat owners as households rather than individuals to avoid double counting.

Candidate: Now how many of those households have cats? Well, probably one in five have pets of some kind—so ten million households have pets. Of those, maybe half have cats, so five million American households are cat-inhabited. Does that mean five million cats? Well, close. Some percentage of these households are probably havens for multiple cats: say half of these households (2.5 million) have more than one cat—for the sake of argument, let's say they have two cats each.

The candidate is doing a good job of moving from big picture down to the small. She is also announcing her assumptions along the way, which makes it clear how she is coming up with her answer. Her assumptions also seem relatively reasonable, which might indicate a good level of common sense.

Candidate: So how many cats are there in the United States? Well, there are 2.5 million households with one cat each; that's 2.5 million cats. Plus 2.5 million households with two cats each; that's five million cats. So 7.5 million cats that live in American households. But what about strays? Maybe there are half a million of those? So let's call it eight million cats.

The round numbers came in handy. Although it would have been okay for the candidate to write down her numbers on a piece of paper, the problem, and her round numbers, allowed her to get a ballpark estimate in her head. Also, at the end, she acknowledges and includes an important additional twist: strays.

Who We Are

WetFeet is the trusted destination for job seekers to research companies and industries, and manage their careers. WetFeet Insider Guides provide you with inside information for a successful job search. At WetFeet, we do the work for you and present our results in an informative, credible, and entertaining way. Think of us as your own private research company whose primary mission is to assist you in making more informed career decisions.

WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

The case interview: analytical, quantitative, creative, challenging . . .

but isn't that what consulting is really about? That's why consulting recruiters use the case interview as a primary means of evaluating interviewees. This follow up to WetFeet's popular Ace Your Case guide provides 15 more case questions that you can use to practice and sharpen your case-cracking skills.

Each book in the Ace Your Case series offers

- An introduction to the case interview—its role in the recruiting process for consulting firms.
- An explanation of the most common case question types, from market-sizing questions to resume questions.
- Tips for handling each kind of question.
- Insight into consulting recruiters' interview objectives: how they're evaluating prospective employees.
- Practice questions you can complete on your own.
- Detailed examples of good and bad answers for each practice question, along with tips for improving your own answers and recovering from mistakes.

WetFeet has earned a strong reputation among college graduates and career professionals for its series of highly credible, no-holds-barred Insider Guides. WetFeet's investigative writers get behind the annual reports and corporate PR to tell the real story of what it's like to work at specific companies and in different industries. www.WetFeet.com

