

## **BAIN Case Interview Guide**

### Phases of the Case

The case is broken into three phases:

- Framework and data collection,
- 2) Driving toward a conclusion, and
- Conclusion.

### Phase 1 – Framework and Data Collection

The established framework I used the most is the 3 C's (Company, Competitors, and Customers). I don't believe you can solve most any case unless you have at least some info on each of these areas. Notice how the frameworks below each rely on the three C's to gather data.

### Framework for Decision Case

All decisions are a cost/benefit analysis. Whether it's "Should we buy/sell this company, enter this market, enter this industry, expand, outsource, change, use this system vs. that, etc." it's always a cost/benefit. If the benefits outweigh the costs, do it. The trick is understanding the costs and benefits. Take your time outlining these. This is where the 3 C's come in.

Ask about the Company:

- what are its products
- what are its competitive advantages
- what's its cost structure like?

Competitors:

- what are the relative market shares,
- how do their products differ from ours,
- how are they positioned to react?

Customers:

- What are our customer segments,
- how will each react to this decision,
- is their demand inelastic,
- does our decision effect the benefit they get from us?

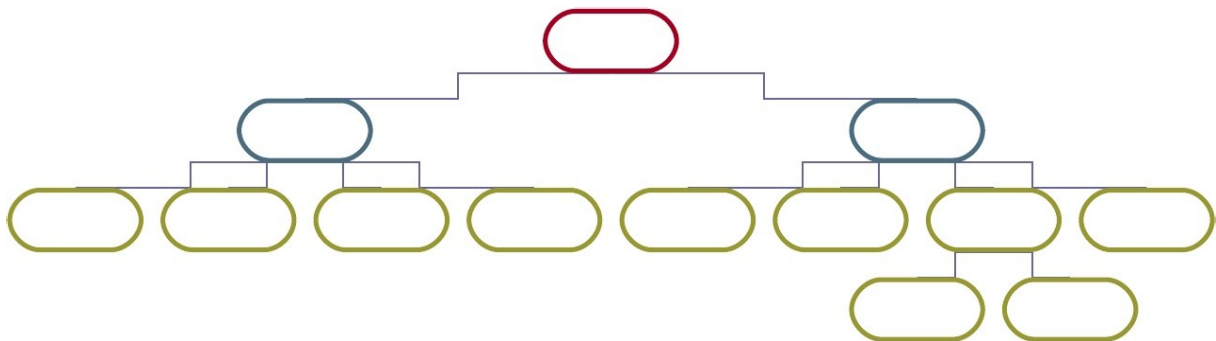
Costs:

- How much does it cost in \$ terms to do this,
- What are the opportunity costs of doing this,
- How will Competitors react, and
- How will this affect the Company's other operations.

### Benefits:

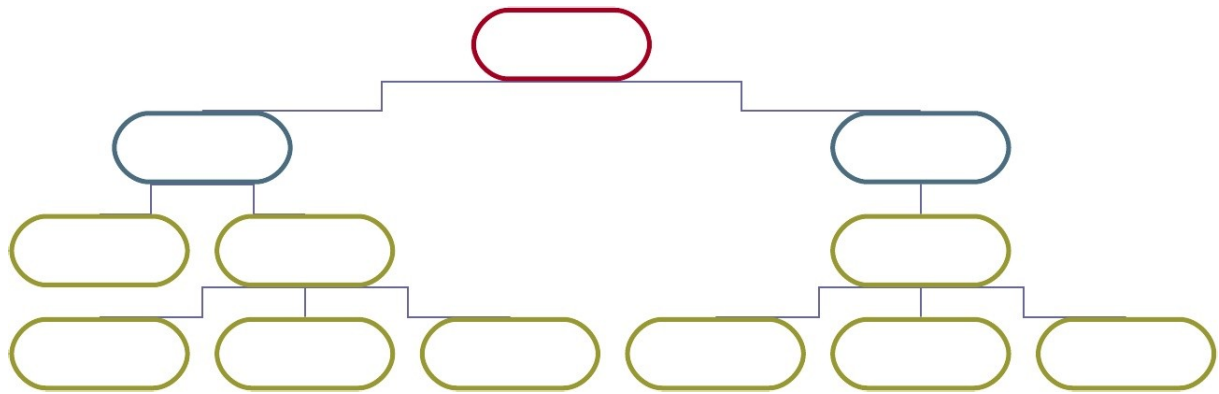
- How much revenue does this generate in \$ terms,
- How will this affect Customers,
- What other synergies are created from executing this decision (e.g., better brand recognition, economies of scale, learning curve, better buyer power),
- Does this set us up for future optimal decisions (e.g., is this a loss leader that will help other areas, or evolve into a profitable decision).

Tell the interviewer that, armed with this data, you want to discuss the costs and benefits of the decision. A good picture to draw right in the beginning, so you can refer back to it, is the following

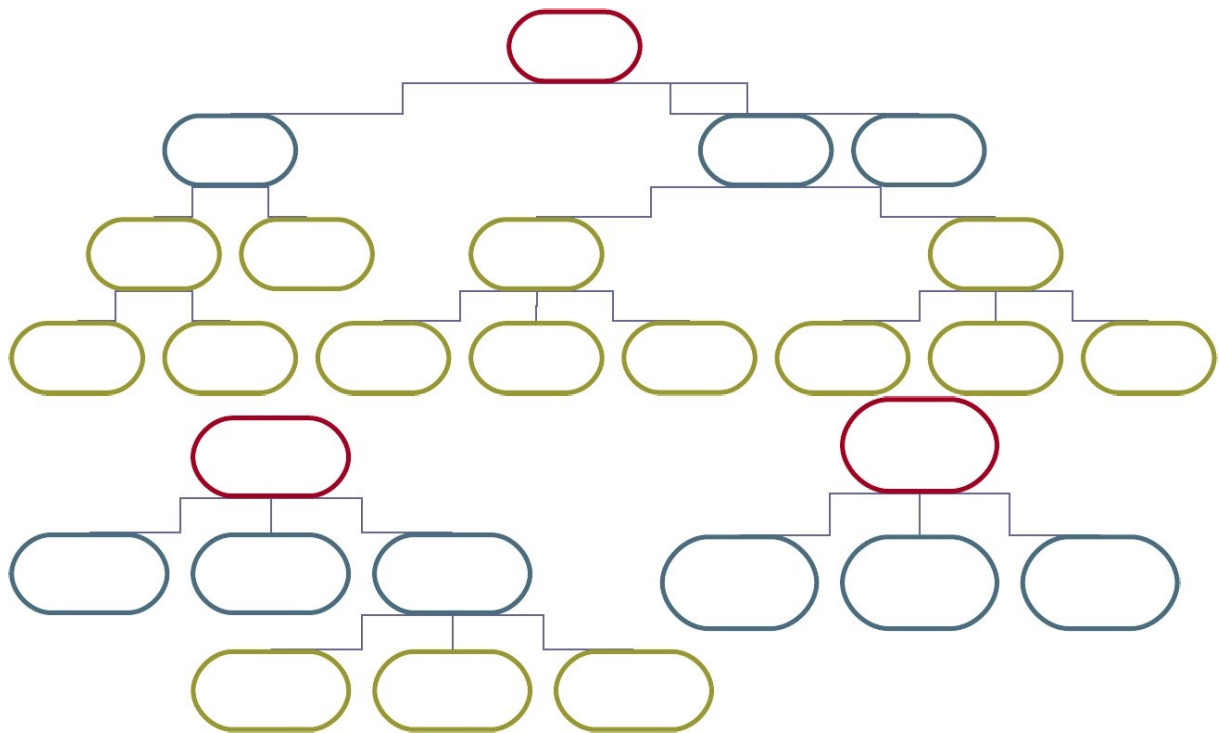


### Framework for Pricing Case

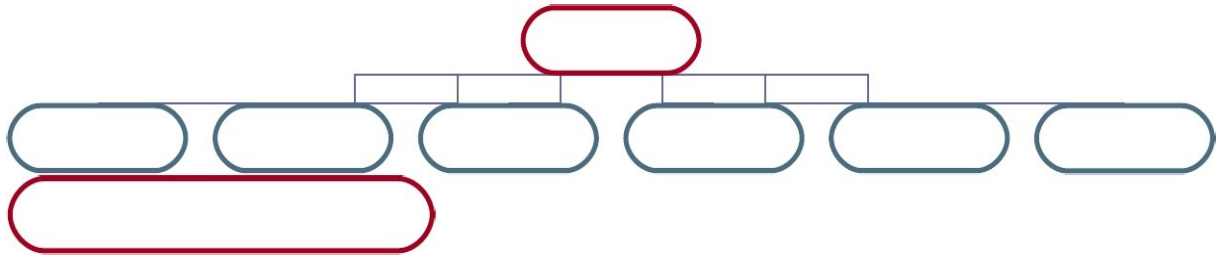
When asked how a company should price a product, there are two key questions to understand: 1) How much value is created for the customer?, and 2) How much of that value can we capture through our pricing? Use the 3 C's again. To understand the first question, you need to understand the Company (specifically, the product being priced), and the Customers (what different types of customers use the product, what products that they are currently using will be replaced by this product, how much do they pay for these substitute products, how much extra or less would they be willing to pay for the added benefits of this new product). To answer the second question, you need to understand the Competition for this market (do other companies have similar products, what additional costs may be incurred that might prevent us from capturing all the value created). These kinds of cases typically include some mini market-sizing portion (see below). Also, keep in mind that it's VERY rare to be able to capture all the added value created by a new product. This might help:



Most of the cases you are likely to see are profitability. Even decision problems usually have a profitability component. The key is to understand the drivers of profitability, figure out what's changed, and then use the 3 C's to figure out why. To determine what's changed, walk interviewer through the following picture:



The third row lists the drivers of the factors on the second row. Then, once you figure out where to focus, draw out options to address the problem area. See above.



This may involve some creative thinking. What types of services should we bundle with?

Who are the best customers to target? What else should we use our excess capacity for?

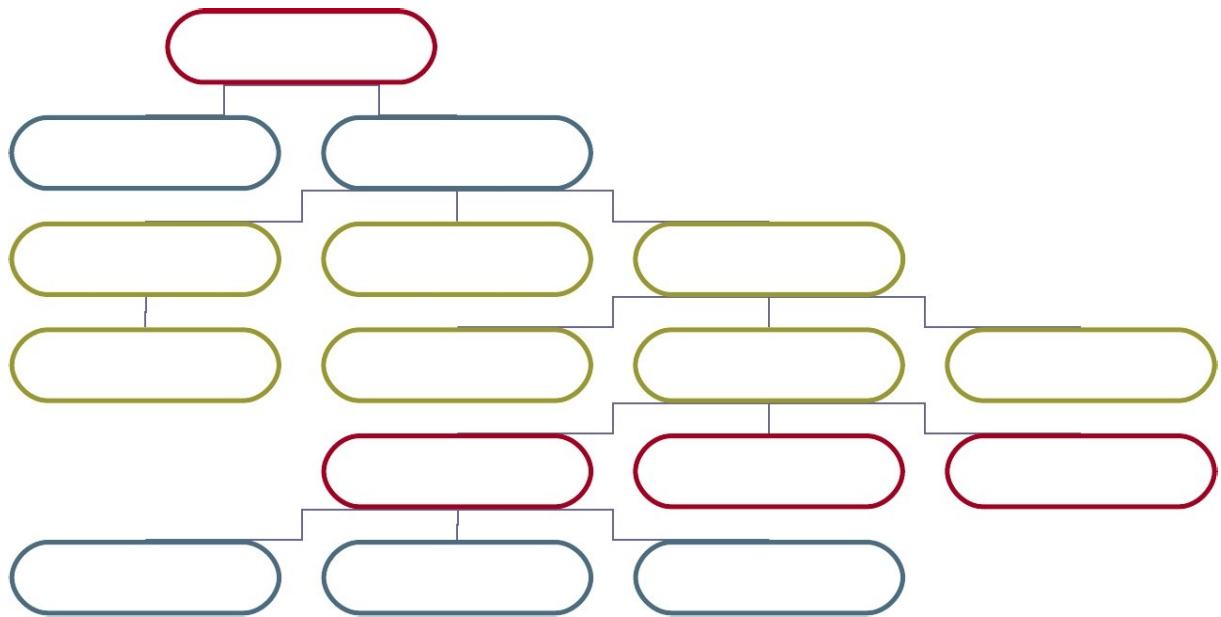
How can we source cheaper inputs (think technology)? If you find yourself blanking on one idea, revisit the structure and move to the next. For instance, if you realize the problem is price erosion, and you can't create a better product or create a premium brand, think of targeting different customers or changing the product mix. Use the structure as a tool.

### Framework for Growth Case

Growth in organic revenue can be accomplished in three ways: 1) Increasing prices, 2)

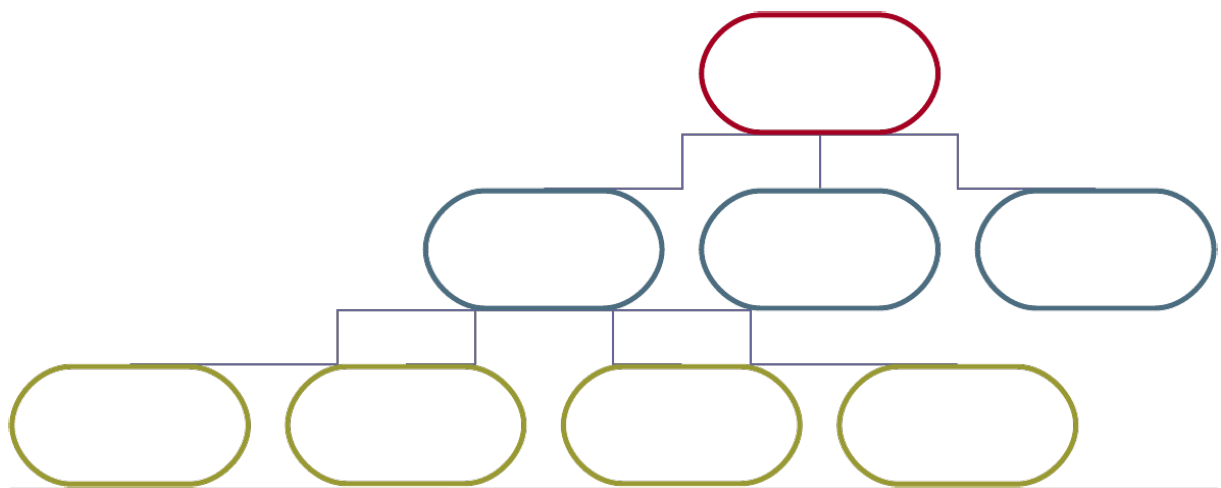
Increasing quantity, or 3) Introducing new products. Find out about the 3 C's, then move

through this structure:



Framework for Market Sizing Case

The only thing to advise here is to take your time to first explain what information you need in its entirety, then explain how you'll combine that information to get to your answer, and only then start asking for numbers. Once the numbers are on the page, it becomes difficult to see how they relate to each other, but if you take the time to write out a formula in the beginning, then you just have to plug in the numbers. For example, if estimating the size of the market for gasoline, draw this picture, then multiply along the last row:



Phase 2 - Driving Toward a Conclusion

Once you've laid out a framework and gathered some initial data, you need to prioritize where to go next. If growth in costs has outpaced revenue growth, and it's a capital intensive industry, start with fixed costs. If competition has stolen market share away, start with quantity. Focus on the biggest buckets first, and explain why you are prioritizing your choices. At some point in the case you will figure out where you should be heading. It's at that transition point where you have to leave the initial framework and drive toward a conclusion. I heard good advice that helps with this transition:

When you discover some useful data that you believe may lead to a conclusion, state a hypothesis in your mind. Even if it's wrong, this should help you drive toward a conclusion. For example, with a decision case, after you've outlined your framework and began gathering data, tell yourself that it's either a good idea or a bad. Then, start figuring out what data you need to verify your hypothesis. If you discover that none of that data supports your hypothesis, reverse the hypothesis. Also, read the recruiter. They want you to succeed, so they will give you hints in the right direction. If you find yourself arguing with a recruiter, you probably aren't taking their hint. It doesn't matter if you agree with their hint. Take it, because it's leading to their answer. Stating a hypothesis in your mind and reading your recruiter will help you transition from the initial framework and fact gathering phase to the conclusion phase. Phase 3 - Conclusion Your conclusion is the easiest phase of the case, and is extremely important. Note, however, that it isn't critical that your conclusion be correct. I was successful in multiple cases where I reached the wrong conclusion, because the interviewer liked my thought process, and understood how I came to the conclusion I came to. It's not about the answer, it's about how you get there.

So, here's how you get there. Before you start the case, designate an area on your paper for conclusions. During the case, write your conclusions you gather along the way in this section of your paper. This way, when you get to the end of the case, you aren't digging through multiple pages to find useful tidbits. When it comes time to conclude, ask for a few seconds to gather your thoughts. They will usually give it to you, but be prepared for them to demand an answer right away. Your conclusion should be punchy and sharp, and take no longer than 30 seconds to deliver. Try to give more than 1 but less than 5 suggestions or reasons for your ultimate conclusion. Then, go the extra mile and briefly state the next steps.

Like so: We want to xxx. We found three ways to do it: 1) xxx, 2) xxx, and 3) xxx. These create some issues to overcome, including: 1) xxx, and 2) xxx.

So the next steps should be: 1) xxx, and 2) xxx. Your conclusion should not restate the entire issue, nor should it introduce any new thoughts. Also, BE CONFIDENT! Confidence, even in an incorrect conclusion, is important. And if the consultant looks at you and says "Would you bet your job on it?" The answer is always "Absolutely!"

### Smile.

Even the toughest SOB is forced to react to a happy, energetic candidate who appears to be enjoying the experience.

### Be energetic.

They are giving the same case to 12 applicants all day long, and are bored stiff. Liven them up by being energetic, and you'll be more memorable.

### Build a rapport.

Use those bios before the interview to gather some info on the recruiter, and bring it up in a casual way. If they are a Kellogg grad, ask them "Is it weird to be on the other side of the desk?" If they are an athlete, tell them "I saw you're a soccer fan. I am too." Building a rapport will help you in the case.

### Don't let them see you sweat.

If you're struggling with public math, laugh about it and act confident. If you don't know the answer to a question they are asking, ask for it and don't be embarrassed. If they correct you on a conclusion, say "good point" and move on without apologizing or arguing. They want someone who appears confident and comfortable.

### Hints

- Practice public math
- Draw as many pictures as you can
- Pause in the beginning and before your conclusion to gather your thoughts
- Keep conclusions on separate section of sheet as you go along
- $\text{Profits} = \text{TR} - \text{TC} = P*Q - \text{VC}*Q - \text{FC}$  (for break-even,  $\text{Profits} = 0$ )
- Always consider the importance of "time" (changes take time to implement, and there's a time value of money)
- Always consider the impact on company organization (sometimes synergies can't be realized because staff can't be retrained or labor unions won't allow it)
- Identify multiple revenue buckets (for example, a magazine company has advertising and subscription revenue)

### Conclusion

So, what's above are some thoughts on how I approached cases. I didn't by any means succeed at all case interviews, so this doesn't work for some. I can tell you that I had more success with the more typical case structures that you'll find at Bain, BCG, or McKinsey. I struggled with the less predictable types of cases I saw at Mercer, Booz, and Monitor. So, be sure to practice other frameworks and styles as well. Let me know if I can be of ANY help to you as you move forward. I can give practice cases, talk fit, or just answer any questions you have of the process. It may not seem it right now, but you WILL get a great position that Kellogg will be proud of. Good luck!

### BAIN Points of Differentiation:

1. Culture: Every firm has a strong culture, and Bain is exceptionally proud of its. They have a very work hard/play hard mentality. People work their asses off, but they also have a lot of fun with each other. There are elements of Bain's strategy that contribute to this, including: a. The offices are decorated with goofy toys and games all over the place, and people are frequently taking a break and playing nerf basketball or foosball or whatever b. People sit in open bays, so it's more like communal space they're sharing c. Every case has at least one case team event, which is a half-day or day of just fun activities with your team d. The office has "manager beers" every month, where they just throw a happy hour for no reason e. Lots of one-off events, like an office Red Sox game, ice cream socials, different dinners, etc.

2. Market leader in private equity work: Bain has its Private Equity Group ("PEG") which has a 4x relative market share (i.e., it's 4 times bigger than the next biggest competitor). This work involves working for private equity clients on due diligence, from a strategy perspective. Everyone does at least a 6 month rotation in PEG, and some stay long-term. It's a different environment in PEG, so if you're interested, let's talk.

3. Proportion of undergrads (ACs): Bain has a higher proportion of ACs, so more of your work is managing the ACs. Also, the teams tend to be hierarchical, so that an AC works for you, you work for the CTL, who works for the manager, unlike BCG which has ACs but works in relatively flat teams.

4. Travel: You tend to travel about 2 days per week at Bain Boston. Bain NY you don't travel at all. Some projects are travel projects where you'll have to travel a lot, but it all averages out.

5. Staffing: About half the time, you're staffed on two projects at once, rather than one project fully. This has pros and cons, but is different, so you'll want to think about whether you like this. Also, projects are typically staffed out of particular offices, so you're most likely to be in the same office as everyone on



your team. As a result of these two points, people tend to know each other quite a bit, because they work with two different teams, all of whom are in your office.