Case Interview Training

http://www.caseinterviewhq.com/
Agenda

- Introduction
- Interview Basics:
  - Types
  - General Approach
  - Frameworks
- Case Interviews:
  - Brainteasers
  - Guesstimates/Market Sizing
  - Business Situation
- Practice Rounds:
  - Market Sizing
  - Business Situation
- Concluding Remarks
Introduction

- Today’s Goal

- My Story

- Your story
Agenda

- Introduction

- Interview Basics:
  - Types
  - General Approach
  - Frameworks

- Case Interviews:
  - Brainteasers
  - Guesstimates/Market Sizing
  - Business Situation

- Practice Rounds:
  - Market Sizing
  - Business Situation

- Concluding Remarks
Interview Basics: Types

- (Psychological) Assessments
- Experience Interviews
- McKinsey PST
- Case Interviews (duh)
  - Guesstimates + Business Situation
  - Interviewee/Interviewer led
  - Group Interviews
  - Stress Interviews

- No preparation is perfect.
Interview Basics: Approach

- How to be a consultant?
  - 80/20 ("Boiling the ocean")
  - Precise vs. Good Enough
  - Data Driven
  - “Client Friendliness” and the brain surgeon: hypothesis.
  - Think out loud.

- How the Interviewer thinks
  - Right Process vs Right Answer
  - Logical, data-driven analysis
  - Synthesis & Presentation
Interview Basics: Approach

- Case Interview Steps:
  1. Open
  2. Analyze
  3. Close

- I. Open
  - Pause (That’s interesting...)
  - Verify: what do I know, what is the question?
  - Explore relevant background
    - Value chain
    - Distribution
    - Why... ?
  - Structure

- Analysis (II) and Closing (III) depend on question at hand.
Agenda

- Introduction

- Interview Basics:
  - Types
  - General Approach
  - Frameworks

- Case Interviews:
  - Brainteasers
  - Guesstimates/Market Sizing
  - Business Situation

- Practice Rounds:
  - Market Sizing
  - Business Situation

- Concluding Remarks
Case Interview Questions

- Three major branches:
  - Brainteasers
  - Guesstimates/Market Sizing
  - Business situation

- Basics (80/20, client friendliness) apply to all.

- Same holds true to approach:
  1. Open
  2. Analyze
  3. Close
Case Interviews: Brainteasers

- Why are manhole covers round?
- The three bags of gold coins.
- Two jugs: 4L

“Solving” Brainteasers.

- No real structuring possible, more a ‘stress’ test or tease.
- Hardly used, hard to practice.
Case Interviews: Guesstimates

- Often first-round questions or part of business situation cases.

- Examples:
  - How many Ping-Pong balls fit into a 747?
  - How many golfballs are sold each year in the Netherlands?
  - How many cartires are replaced each year?
  - XYZ Company wants to enter market X, how large is it?
  - How much does the Vatican earn each year?

- How to solve?
Solving Guesstimates

I. Open
- Pause (That’s interesting...)
- Verify: what do I know, what is the question?
- Explore relevant background
- Structure

II. Analyze
- 1. Population vs Household vs Individual
- 2. Go through structure
- 3. Make easy assumptions
- 4. Don’t f#ck up calculations

III. Closing
- 1. Double check, did I miss anything? Sanity check on answer.
- 2. Answer question
On assumptions

- Assume if possible, don’t calculate everything.

- Use easy assumptions:
  - 320 million inhabitants in USA
  - 100 million households
  - Age distribution is equal
  - Male/Female 50/50
  - Maximum age of 80
  - Etc.

- Support your assumptions, think out loud.
Supporting assumptions

- **Household**
  - “There are 300 million inhabitants, an average of 3 people per household, thus I assume there are 100 million households in the Netherlands. Every household has 1 garden hose...”

- **Population**
  - “I live in a town of 30,000 inhabitants, with 6 gas stations. I therefore assume one gas station serves an average of 5,000 inhabitants.”

- **Individual**
  - “I buy about 6 boxershorts a year, but not every guy wears boxers, such as kids and elderly people. Let’s assume that...”

- **WTF?**
  - “Let’s assume that a plane consists of the main hull, two wings, the cockpit and a tail section. I assume the hull is filled with 80 rows of chairs, and every row is 1 meter wide. This comes down to a length of...”
Guesstimates: Closing Remarks

- It’s not about the answer, it’s how you got there.
- Adhere to your structure, don’t forget anything.
- Get your numbers right.
- Only use information from the case.
Guesstimates: hints & tips

- Practice
  - The interview itself is stressful enough, you want the approach to become second nature.

- Practice math
  - Download Kopfrechnen Trainieren

- Read:
  - Cracking the Case by CaseInterviewHQ.com
  - Case in Point by Marc Cosentino

- Don’t waste your money on WetFeet, Vault, etc.

- Practice, practice, practice!
Case Interviews: Business Situation

- The main interviewing case, covers wide range of different questions:
  - Market Entry
  - Profitability Questions
  - M&A

- We follow the same procedure:

  1. Open
     - Pause (That’s interesting...)
     - Verify: what do I know, what is the question?
     - Explore relevant background
     - Structure (!)
Opening a Case (cont.): Structuring

- Structure is very important
  - Right Process vs Right Answer

- Four steps:
  1. Identify
  2. Match Framework
  3. Describe Key Components
  4. Draw Framework
II. Analyze

- Analyzing = breaking down
  - Always break everything down, segment until you find something

- Six steps:
  1. State Hypothesis
  2. Pick Branch of Framework
  3. Identify Key Issues
  4. Ask Questions
  5. Dig deeper or go back up
  6. Refine Hypothesis

- When given data:
  - Ask for numerical data
  - Development through time
  - Competitor situation
III. Closing

- Synthesis: combination of elements to form whole

- Four Steps:
  1. Take a break to gather your thoughts.
  2. Figure out what is important.
  3. Provide conclusion, preferably with action.
  4. Support with relevant data.

- Good closing:
  - Company XYZ should close down plant A because of data1, data2 and data3. Potential risks are A and B.

- Bad closing:
  - I figured out data1, data2, data3, data4 and data5, so blabla.
Business Situation Final Remarks

- Data
  - Look for trends.
  - Segment.
  - Analyze Competition.

- Analysis
  - Hypothesis driven: “I think X, so I need A, B & C to prove.”
  - Keep digging until you find something interesting
  - Or until you can “cross out” branch

- Closing
  - First conclusion, then supporting data.
Business Situation: Hints and Tips

- Practice:
  - Nothing beats practicing with a partner.
  - Cases from casebooks and Cosentino
  - Cases in ‘Cracking the Case’:
    - Follow line of thought
    - Make them on your own first, the look at answer
    - Compare differences: both can be right

- Practice does make (almost) perfect.
Frameworks

- Goal: to apply frameworks and be able to ‘play’ with them.

- Examples of frameworks:
  - Profit = Revenue - Cost
  - Porters’ 5 Forces
  - Three C’s
  - Four P’s
  - Business Situation Framework (Victor Cheng)
  - Ivy League Framework (Marc Cosentino)

- Never state out loud that you are going to use “The 5 Forces” or the “Four P’s”.
Profitability Framework

Revenue: Price \times Quantity

Cost:
- Fixed Cost
- Variable Cost: Cost \times Quantity

Profit
Business Case Framework

- Profit Framework
  - Internal
    - Customers
    - Product
    - Company
  - External
    - Competitors
    - Market Conditions
Agenda

- Introduction

- Interview Basics:
  - Types
  - General Approach
  - Frameworks

- Case Interviews:
  - Brainteasers
  - Guesstimates/Market Sizing
  - Business Situation

- **Practice Rounds:**
  - Market Sizing
  - Business Situation

- Concluding Remarks
Coffee break
Example Case: Garden Hoses

- Our client is thinking about entering the garden hose market. He wants to know whether he can start up a business manufacturing garden hoses and break-even in a year.

- Before we start, how large is the garden hose market in the USA?

- What else should the client consider?
Example Case: MediaCo

- MediaCo prints a wide range of magazines and a national newspaper in the UK, but has suffered financially. The CEO is asking us to increase profit to €3m a year.

- What do you suggest?
Example Case: MediaCo

Revenue
Price \times \# \text{ sold}

Profit

Cost
- Fixed Cost
- Variable Cost
Example Case: MediaCo

- Diving deeper into the newspaper division

- Customers
  - Who are the customers?
  - What does each segment want?

- Products
  - What is our product?
  - What makes it special? (or not)

- Company
  - What are our core capabilities?

- Competitors
  - Who is our competition?
  - What is their market share? Developments?
Example case: MediaCo

- Let’s suppose MediaCo wants to sell its newspaper division, what would be arguments pro and against?

- Potential buyers
- Public Image
- Lay-offs
- Anti-trust
- Creates money
Concluding Remarks

- Website
  - [www.caseinterviewhq.com](http://www.caseinterviewhq.com)

- Free case interview info

- Articles on the PST, Math, Minto, etc.

- “Cracking the case”
  - Book covering whole interview process