

Deloitte.

Cracking the Case

Case Interview Training

Strategy and Operations
October 3, 2005

Audit.Tax.Consulting.Financial Advisory.

Case Interview Training Agenda

Objectives

What is consulting?

Who is Deloitte?

Case Interview Preparation

- ▶ What is a case interview and what do companies expect?
- ▶ How do you approach a case?
- ▶ Example case
- ▶ Practice

Additional Information

Objectives

By the end of this session you should:

- ▶ Understand what a career in consulting has to offer
- ▶ Know how Deloitte is positioned in the consulting industry
- ▶ Understand what a case interview is
- ▶ Be ready to begin case preparation:
 - Know what is expected in a case interview
 - Understand how to approach cases

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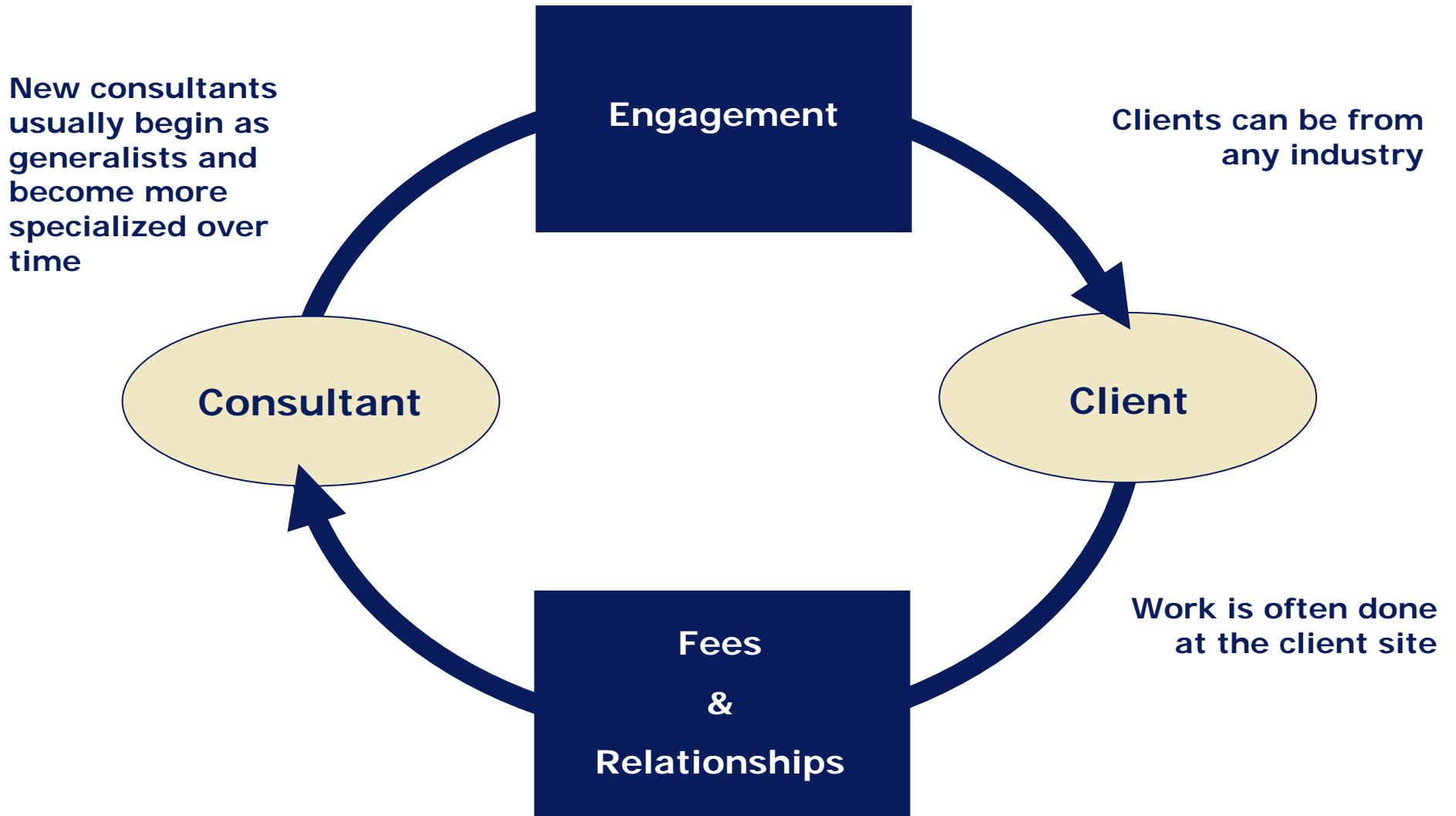
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Types of Consulting

Strategy & Operations	▶ Corporate Strategy, Financial and Performance Management, Operations
Human Capital	▶ Organization and People Performance, HR Operations and Technology, Change Leadership and Learning, Total Rewards
Enterprise Applications	▶ Software related – Cognos, Oracle, Microsoft, SAP, CRM packages
Technology Integration	▶ Development services, Enterprise Connection Services, Technology, Architecture and Network Services, Enterprise Service Management and Security
Outsourcing	▶ Application Outsourcing, Business Process Outsourcing

Overview of Consulting Process



Motivations for Hiring Consultants

Perspective	▶ Client wishes to gain a different perspective of their business and industry
Speed	▶ Client wants to accelerate their business
Resources	▶ Client needs access to resources such as knowledge, research and people
Management	▶ Client needs management expertise because they are unable to deal with their big issues
Politics	▶ Client needs an unbiased opinion that internal parties will accept

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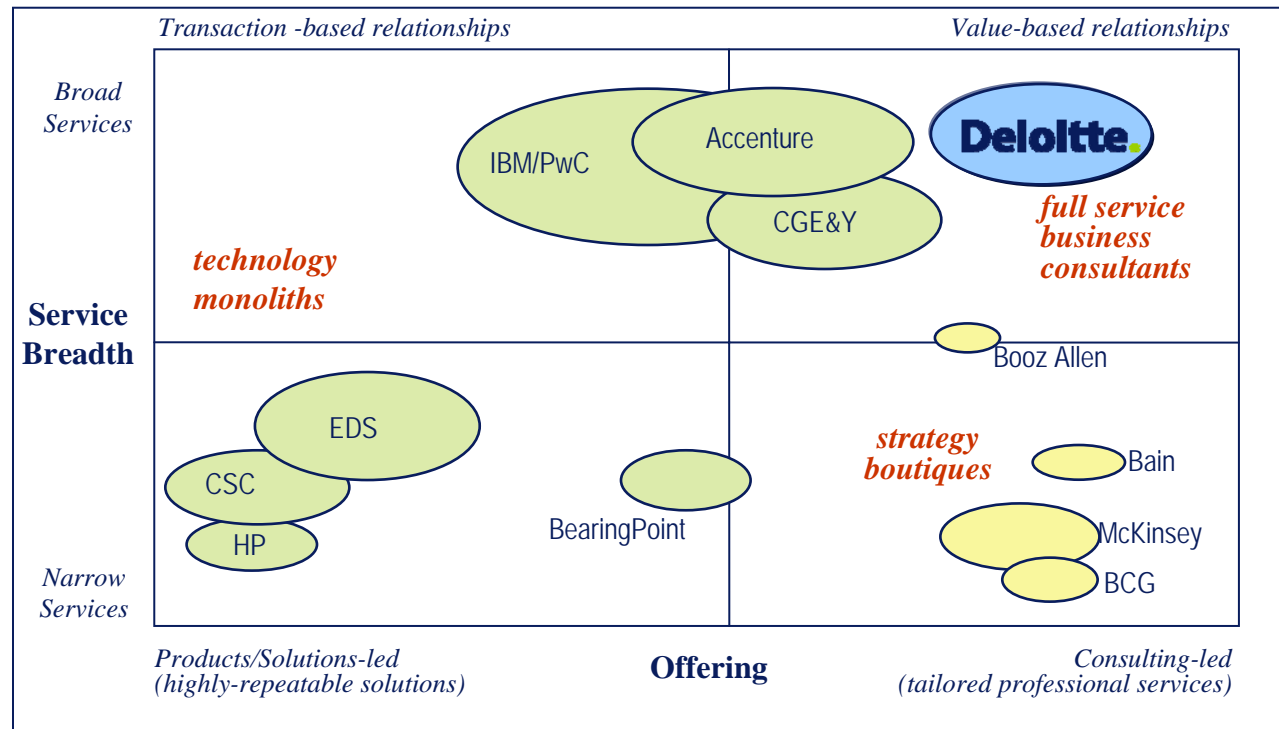
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Deloitte consultants have access to unparalleled skills and experience in the integrated firm

Consulting projects can draw upon expertise from other areas of the firm

- ▶ Tax strategies, structuring and planning
- ▶ Enterprise risk / controls / security
- ▶ Assurance / financial & real estate advisory
- ▶ Transformational outsourcing



Source: Deloitte Internal Research

Deloitte is the world's 3rd largest consulting firm

Ten Largest Consulting Firms in the World (FY03)

Rank	Firm	Consulting Revenue (\$M)	Revenue Growth	Market Share
1	IBM	\$12,955	-2.0%	11.1%
2	Accenture	\$8,272	-7.1%	7.1%
3	Deloitte	\$5,920	2.5%	5.1%
4	Cap Gemini E&Y	\$5,073	-22.6%	4.4%
5	CSC	\$3,350	-8.0%	2.9%
6	BearingPoint	\$3,141	3.0%	2.7%
7	Hewlett-Packard	\$3,095	-0.2%	2.7%
8	McKinsey & Co.	\$3,000	0%	2.6%
9	Mercer	\$2,719	1.4%	2.3%
10	SAP	\$2,461	-11.0%	2.1%

Source: Kennedy Information

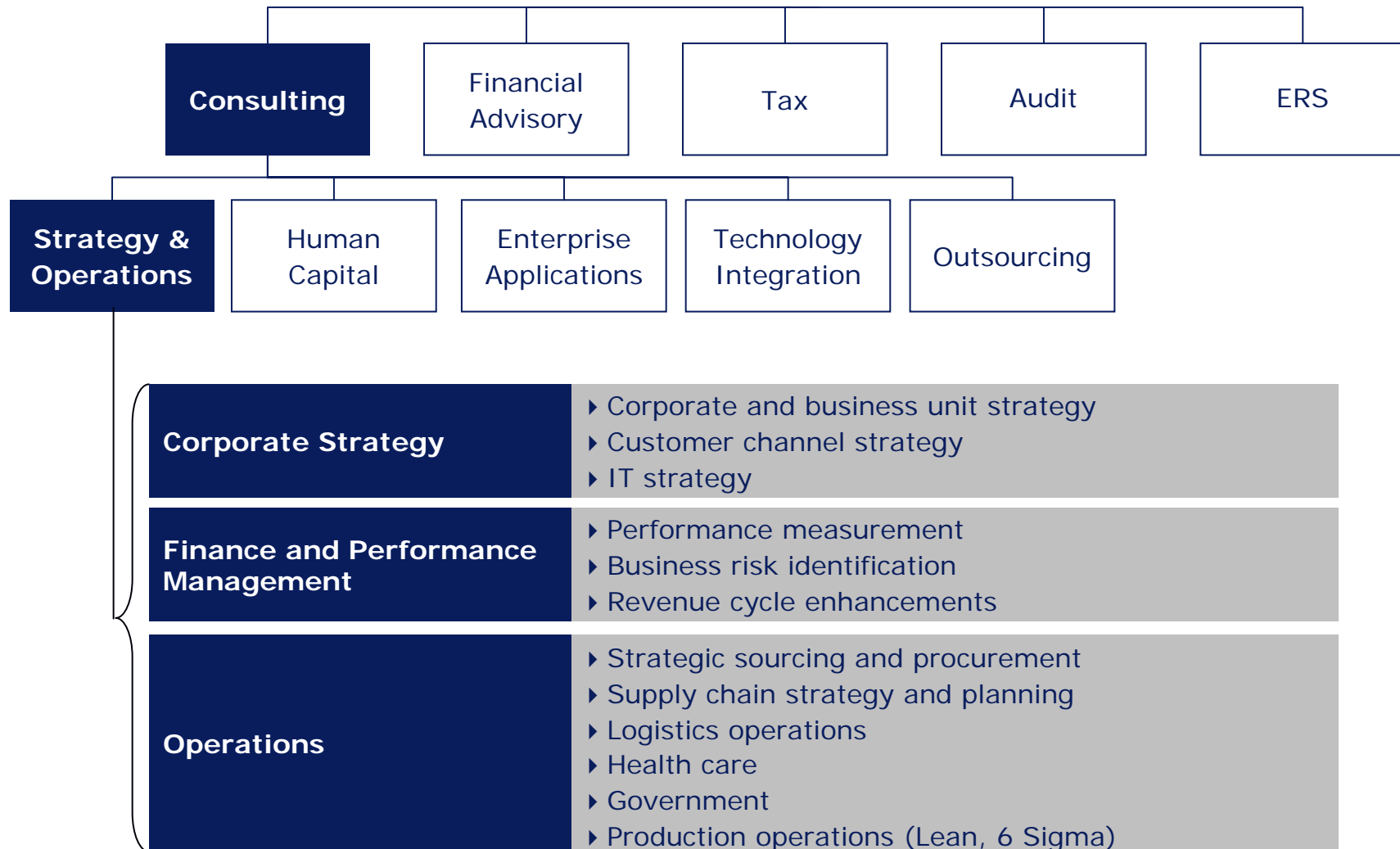
Consulting Facts:

- ▶ Strategy practice among the largest in the world¹
- ▶ Global reach
- ▶ 38,000 consulting professionals



¹Kennedy Information ranked Deloitte's strategy practice among the three largest in the world over each of the past four years

Strategy & Operations fits into the Consulting group at Deloitte



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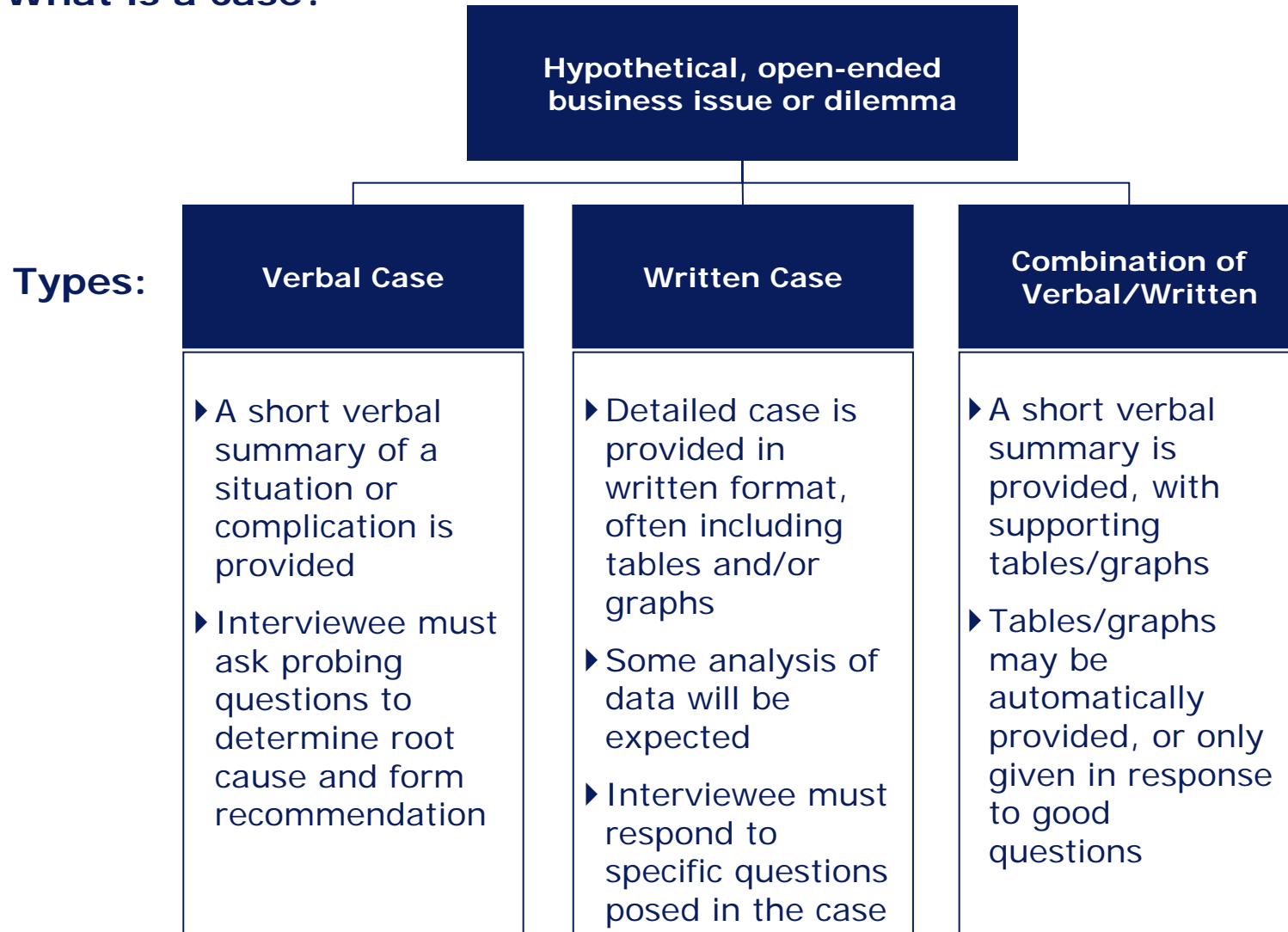
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What is a case interview?

- ▶ The case interview is a critical component of the recruiting process at major consulting firms
 - More time is often spent on cases than “fit” or “behavioural” interviews
 - Typically interviewees are given multiple cases in each round of interviewing
- ▶ Opportunity to demonstrate your problem solving abilities, interpersonal skills, creativity and adaptability

What is a case?



Helpfulness of the interviewer is highly variable

What are companies looking for in the case interview?

Analytical Skills

- ▶ Problem definition and solution structuring
- ▶ Analytical ability
 - Quantitative capabilities
- ▶ Ability to:
 - Synthesize data
 - Think creatively
 - Tolerate ambiguity
 - Defend hypothesis

People Skills

- ▶ Communication skills
 - Listening
 - Presentation / speaking
- ▶ Business acumen
- ▶ Confidence
 - Performance under pressure

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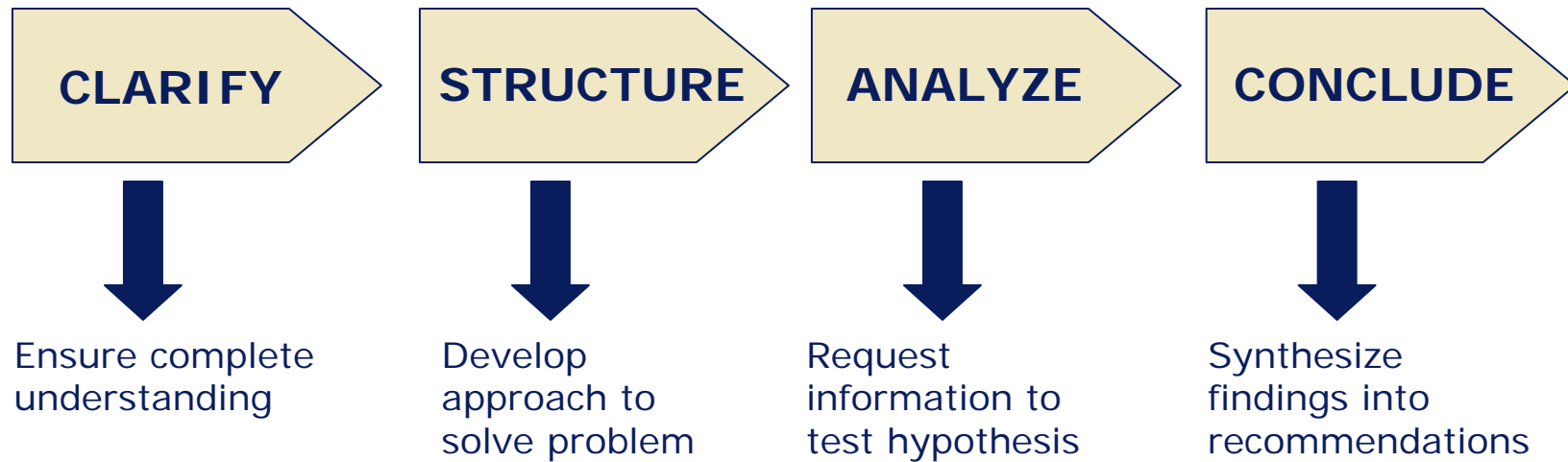
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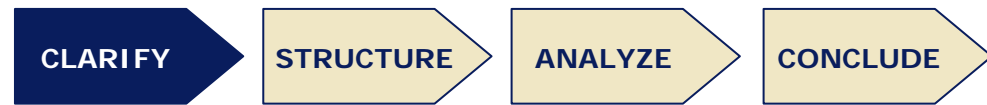
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Process for Solving Cases



Process for Solving Cases - Clarify



Clarification is vital to ensuring your understanding of the problem

- ▶ Listen closely to problem definition
- ▶ Ask questions to improve understanding
- ▶ Paraphrase the original question to confirm understanding

If you misunderstand the problem you will get on the wrong track!

Process for Solving Cases - Structure



A structure will allow you to systematically investigate the issue

- ▶ State your hypothesis upfront – this demonstrates insight
- ▶ Develop a structure or framework to approach the problem
- ▶ Let the interviewer know what structure you plan to use

If you do not structure your analysis, you will miss critical issues that need to be explored!

Process for Solving Cases - Structure



Choose a framework to structure your answer:

- ▶ Choose a framework that fits the problem, do not try to fit the problem into a framework
- ▶ Develop your own framework or modify an existing framework, as long as it makes sense – this demonstrates your adaptability
- ▶ Avoid referencing a pre-made framework by its name – example: “I’m going to use Porter’s Five Forces to determine the issues affecting company X”
- ▶ Outline the components of the framework in your own words

Process for Solving Cases - Structure



Problem Type

Framework Options

M&A/Execution	<ul style="list-style-type: none"> ▶ Value Chain
Competitive Strategy	<ul style="list-style-type: none"> ▶ Porter's 5 Forces ▶ SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)
Organizational	<ul style="list-style-type: none"> ▶ 7-S (Strategy, Structure, Systems, Style, Staff, Skills, Shared Values)
Marketing	<ul style="list-style-type: none"> ▶ 4 P's (Product, Price, Place, Promotion) ▶ 3 C's (Company, Competitors, Customers) ▶ Growth/Share Matrix ▶ 2x2 Matrix
Profitability	<ul style="list-style-type: none"> ▶ Profit = Revenue – Cost ▶ Revenue = Price x Quantity ▶ Cost = Fixed Costs + Variable Costs
General	<ul style="list-style-type: none"> ▶ Minto Pyramid

Process for Solving Cases - Structure



Additional tips on structuring:

- ▶ Logical structuring is essential
 - Components should be MECE (Mutually Exclusive, Collectively Exhaustive)
- ▶ Structure your answers and how you think
 - Think out loud – say what you are going to say, say it and say what you said
 - Do not lose sight of your structure when speaking

Process for Solving Cases - Analyze



Analyze the problem using your chosen framework:

- ▶ Explore each major area of your framework by asking the interviewer broad questions
 - Ask more specific questions about the areas that may result in useful information
 - Recap findings at the end of each area before moving on to the next one
 - Abandon areas that will not yield helpful information – take hints from the interviewer

Be flexible and take cues from the interviewer!
Your interviewer will give you hints about what areas are important.

Process for Solving Cases - Conclude



The conclusion is the “executive summary” of the case

- ▶ Summarize your key findings
- ▶ State recommendations – was your hypothesis correct?
- ▶ Discuss potential risks related and possible mitigation strategies
- ▶ Discuss implementation and next steps

Your conclusion will demonstrate your ability to synthesize information and present a logical, convincing argument.

Process for Solving Cases – DOs and DON'Ts

DOs

- ▶ Relax – Take a deep breath before you start
- ▶ Take your time (within reason) - Once the interviewer gives you the problem, ask for few minutes to structure your approach
- ▶ Listen to your interviewer – ensure understanding and take hints
- ▶ Think out loud – make sure your thought process is structured
- ▶ Be concise – Once you have identified underlying problems, begin to formulate possible recommendations
- ▶ Ask logical questions - The interviewer will only provide information if you ask. Make sure your questions follow your structure
- ▶ Be confident without being arrogant

DON'Ts

- ▶ Don't jump to an answer right away
- ▶ Don't make assumptions without clarifying with the interviewer
- ▶ Don't worry about the right answer, worry about the right approach
- ▶ Don't exclusively rely on pre-made frameworks – modify or develop your own whenever possible
- ▶ Don't appear frustrated or flustered

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- ▶ Visit the Deloitte site (www.deloitte.ca) for additional information on the firm and job postings
 - Deloitte will not be recruiting directly from UofT undergraduate programs for Business Analyst positions this year, but will start in fall 2006

- ▶ Contact Chris Jones at cjones@deloitte.ca if you have any questions
 - Please do not send Chris your resume!

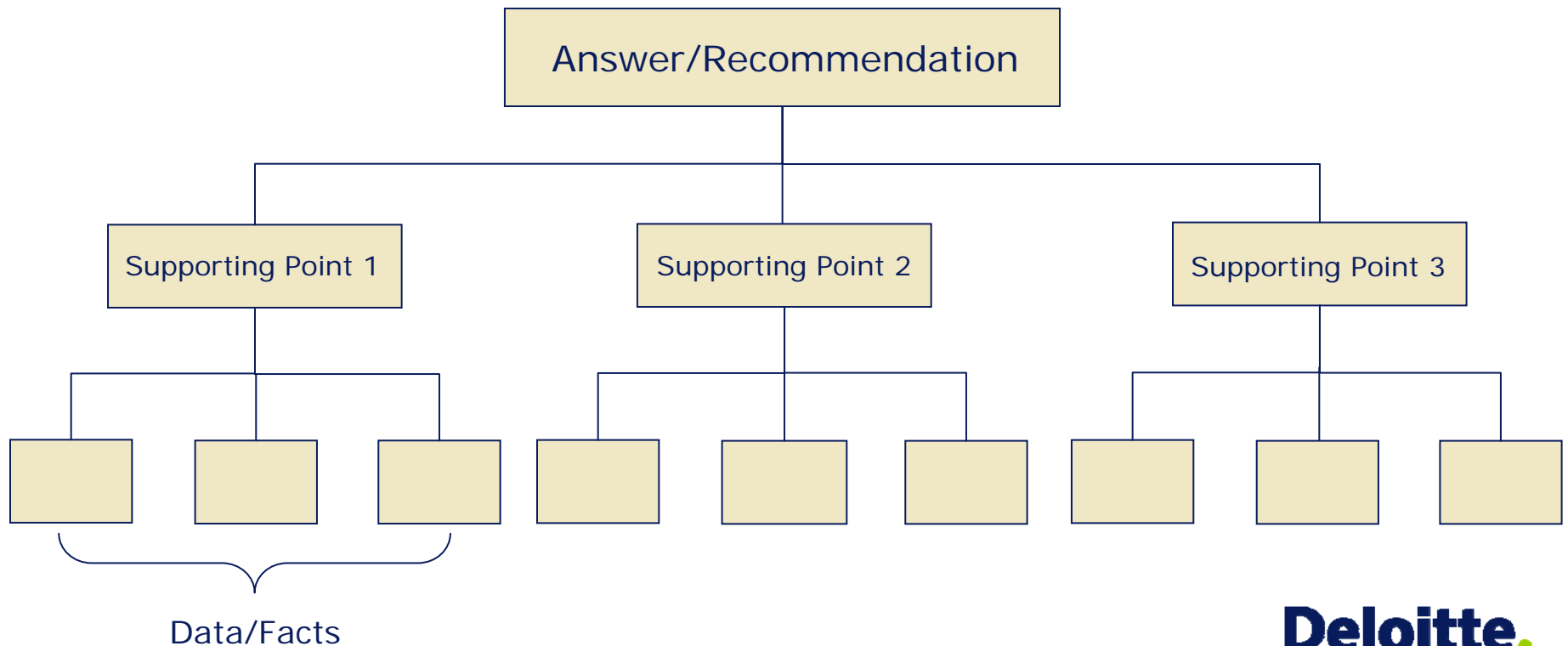
- ▶ We have provided the UTCA with additional cases to post on the portal

Questions?

Appendix

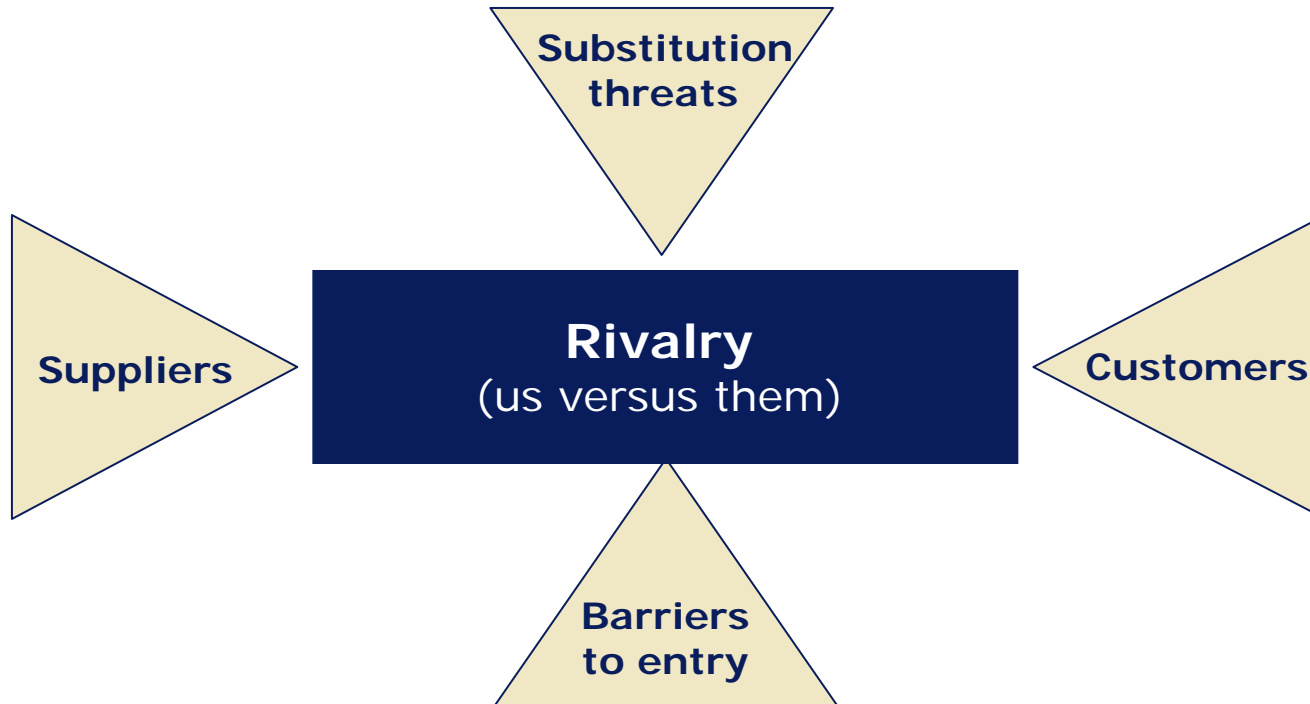
Minto Pyramid Framework

- ▶ SCQA structure
- ▶ “S” – Situation: Outline the current situation or status
- ▶ “C” – Complication: What has happened to change or complicate the situation?
- ▶ “Q” – Question: What is the question that arises from the complication?
- ▶ “A” – Answer: The answer to the question. It is often a recommendation.



Frameworks – Porter's Five Forces Model

Used to define key forces within the industry



External Environment:

- ▶ Major economic shifts
- ▶ Changes in government regulations
- ▶ Changing social concerns

Frameworks - Three C's

Company	<ul style="list-style-type: none">▶ Cost structure, breakeven, capacity utilization? Costs compared to competitors?▶ Financial resources?▶ Company and product fit? Core competencies?
Competitor	<ul style="list-style-type: none">▶ Who are they? How are they different?▶ What is the level of competitive intensity in the industry? What channels do they use?▶ How are products differentiated?
Customer	<ul style="list-style-type: none">▶ What segments exist?▶ How do they make purchase decisions?▶ What specific features do they look for?

Addition to the Three C's Framework

While names differ the extra element generally looks at overall trends in the industry

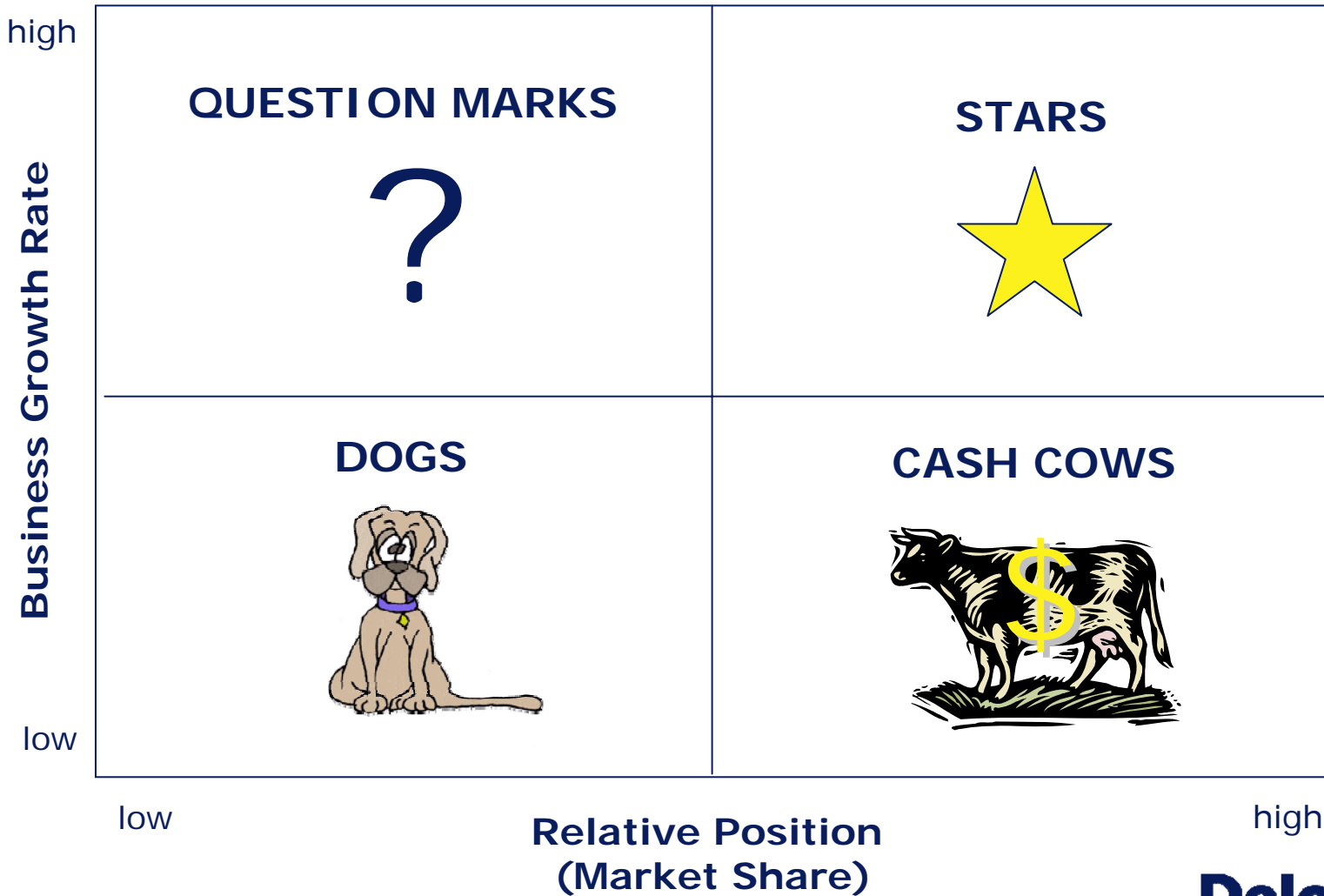
Industry Overview

- ▶ Is the market growing?
- ▶ Are all competitors facing similar problems?
- ▶ What are the industry trends?

This can be a good place to start point before you go into the 3 C's

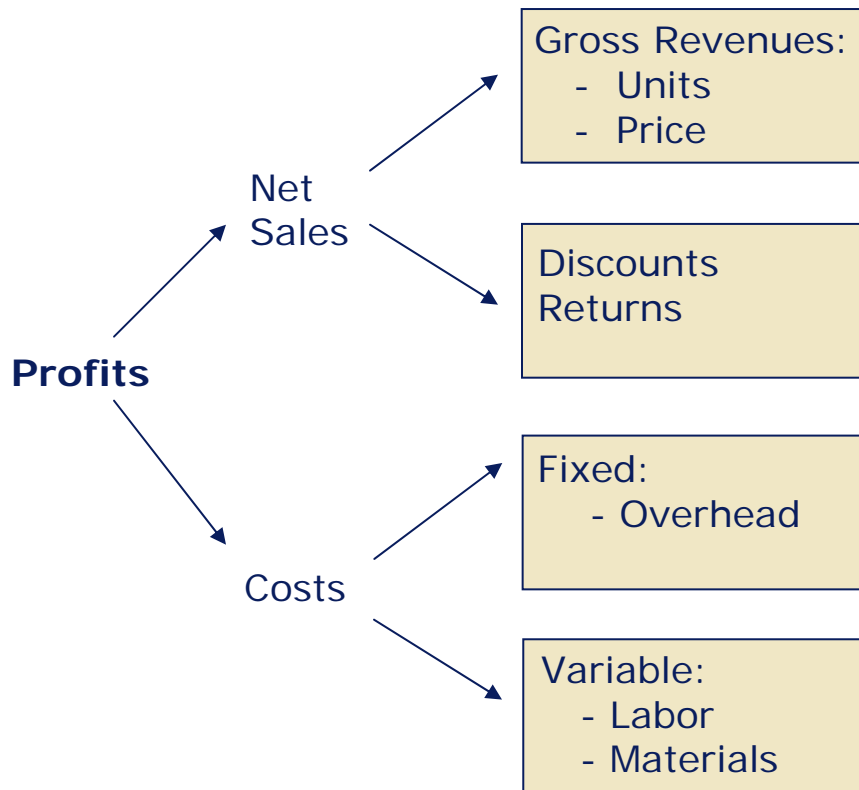
BCG matrix

Can be used to optimize a business's product portfolio based on product life cycle



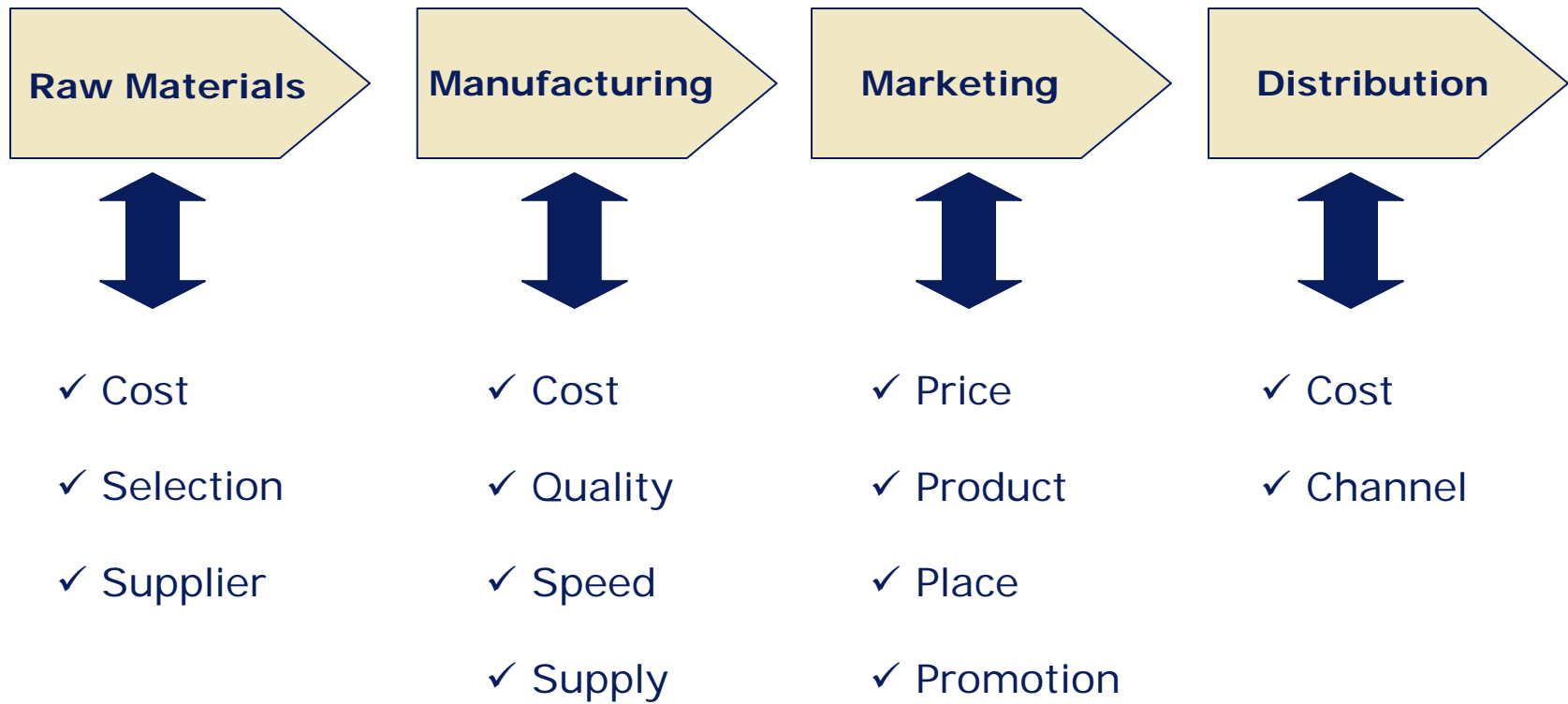
Frameworks – Profit Improvement

Revenue and Cost Sources



- ▶ Very common framework
- ▶ Focus in on an area where there has been recent changes or that is poorly understood by the company

Frameworks – The Value Chain



Market Sizing - Cases

- ▶ “Back of the envelope” computation
- ▶ Designed to test your ability handling numbers as well as your ability to make quick and reasonable assumptions
- ▶ Key is not to get the “right answer” but to clearly think through the necessary steps to arrive at the answer

Market Sizing - Tips

- ▶ Make rough estimates but support them
- ▶ Use pencil and paper
- ▶ Round numbers off to make calculations easier
- ▶ Sketch out the logic of how to get from here to there before you start the math
- ▶ Watch the interviewer for subtle clues as to how you are doing. You can also ask “does it seem reasonable?”
- ▶ Practice before the interview
- ▶ Learn basic data about population, demographics, income distribution, etc. (I.E know the population of the U.S/Canada and how many people are in a household)

Market Sizing - Example

How many men's Gillette Sensor blades are sold in the US in one year?

- ▶ 250 mm people in the US
- ▶ 125 mm are men (50 % of all people men)
- ▶ 100 mm men of shaving age (men evenly distributed in 5 quintiles of 15 years and those under 15 years old don't shave)
- ▶ 75 mm use disposable razors (assume 25% use electrical based on % of my friends who use them)
- ▶ 15 mm men use Sensors (assume 20% market share because 1 out of 5 rows of razors in the supermarket are for Sensors)
- ▶ 750 mm Sensor blades sold per year (assume one razor per week and use 50 weeks to simplify the math)