



CASE INTERVIEW GUIDE

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1	Case interviews: An overview
2	Case frameworks
3	Example cases
4	Guesstimates
5	Brain teasers

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Why the case?

- A resume, at its very best, is only a two-dimensional representation of a multi-faceted, dynamic person
- As consulting firms depend on employing those multi-faceted, dynamic people, the firms rely heavily on the case interview to screen candidates
- What do consultants have to put up with?
 - Extremely turbulent work environment
 - There are nonstop co-worker change
 - Hostile client environments
 - Countless political machinations
 - Near-perpetual travel



These factors mandate that an individual be cool under pressure, be influential without being condescending, be highly analytical, have the ability to understand the smallest aspects of a problem (while simultaneously seeing the big picture), and have the ability to maintain a balance between the personal and professional.

What is a case?

- A case interview is the analysis of a business question.
- It is an interactive process where your interviewer will present you with a business problem and ask you for your opinion
- Your job is to ask the interviewer logical questions that will permit you to make a detailed recommendation
- The interviewer is looking for is a thought process that is both analytical and creative (what consultants love to call “out-of-the-box” thinking)
- Specific knowledge of the industry covered by the case question is a bonus but not necessary



Skills assessed in a case interview



Case strategies

- Take notes, and repeat the information to the interviewer.
- Make no assumptions
- Ask questions
- Listen to the answers you get
- Maintain eye contact (in case of personal interviews)
- Take your time
- Lay out a road map for your interviewer
- Think out aloud
- Present your thinking in a clear, logical manner. Where useful, use frameworks and business concepts to organize your answers
- Quickly summarize your recommendation
- Argue and assert your results. But do not be blinded by your assessment



Types of cases

TYPE	IN A NUTSHELL	SKILLS ASSESSED	FRAMEWORKS	EXAMPLE
Falling Profits	Explore possible reasons behind a company's drop in profits	Analytical ability, drilldown from a high-level statement, industry knowledge	Market assessment, BCG matrix, product mix assessment	A telecom provider that has had three straight quarters of high profit gains, followed by a 50% drop in profits this quarter
New product introduction	Recommend a strategy for introducing a new product.	Analytical ability, understanding of brand management, supply chain, communication, industry knowledge	Four Ps, market analysis, competitor analysis, product portfolio assessment	Microvilla Software has a new software application they would like to market over the Internet. What do you think?
Entering a new geographic market	Analyze whether a company should expand into a new country or region	Understanding of global market dynamics, geographic currency issues, supply chain dynamics, industry knowledge	Market assessment, supply chain analysis, competitor analysis	X Bran wants to introduce its line of bran products in India. How would they go about assessing the feasibility of this idea?
Site selection case	Evaluate where a company should locate a new plant or other facility	Understanding of global market dynamics, regulatory environment, EXIM environment, supply chain dynamics,	Market assessment, supply chain analysis, competitor analysis	X manufactures cars exclusively in the US. Due to cost pressures, the company is thinking of moving operations to China. Recommend.
Mergers & acquisitions	Whether a particular acquisition would be advisable.	Analytical ability, regulatory environment, supply chain dynamics, communication, industry knowledge	Market assessment, supply chain analysis, competitor analysis, structural analysis	A FMCG company is interested in acquiring a logistics company to compress their supply chain and reduce their cycle time.
Competitive response	Recommend how your client should react to a move by its competitor	Analytical ability, supply chain dynamics, communication, industry knowledge, market dynamics	Market assessment, supply chain analysis, competitor analysis, structural analysis	X sells products only through department stores. Their major competitor, Y has just announced the opening of 10 company stores
Changes in government/regulatory environment	Changes in government/regulatory environment and its impact	Analytical ability, supply chain dynamics, communication, industry knowledge, market dynamics, regulatory environment	Market assessment, supply chain analysis, competitor analysis, structural analysis, regulatory analysis	TSC Software.....
Entering a new market	Analyze whether a company should enter a new market or develop a new line of products or services.	Analytical ability, understanding of market dynamics, supply chain dynamics, communication, industry knowledge	Market assessment, product portfolio analysis	FMCG product line

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Basic case frameworks

- Cost benefit analysis
- Internal Vs. External market factors
- Fixed Vs. Variable costs
- Opportunity costs
- Financial statement analysis



Media Entertainment, Inc			
Balance Sheet			
December 31, 2003			
<u>Assets</u>		<u>Liabilities</u>	
Cash	203,000	Accounts Payable	7,000
Accounts Receivable	26,000		
Building	19,000	<u>Equity</u>	
		Common Stock	10,000
		Retained Earnings	231,000
Total Assets	<u>248,000</u>	Total Liabilities & Equity	<u>248,000</u>

Media Entertainment, Inc			
Income Statement			
(For the year ended December 31, 2003)			
<u>Revenues</u>			
Services Billed			100,000
<u>Expenses</u>			
Salaries and Wages	(33,000)		
Rent Expense	(17,000)		
Utilities Expense	(7,000)	(57,000)	
Net Income			<u><u>43,000</u></u>

Net present value

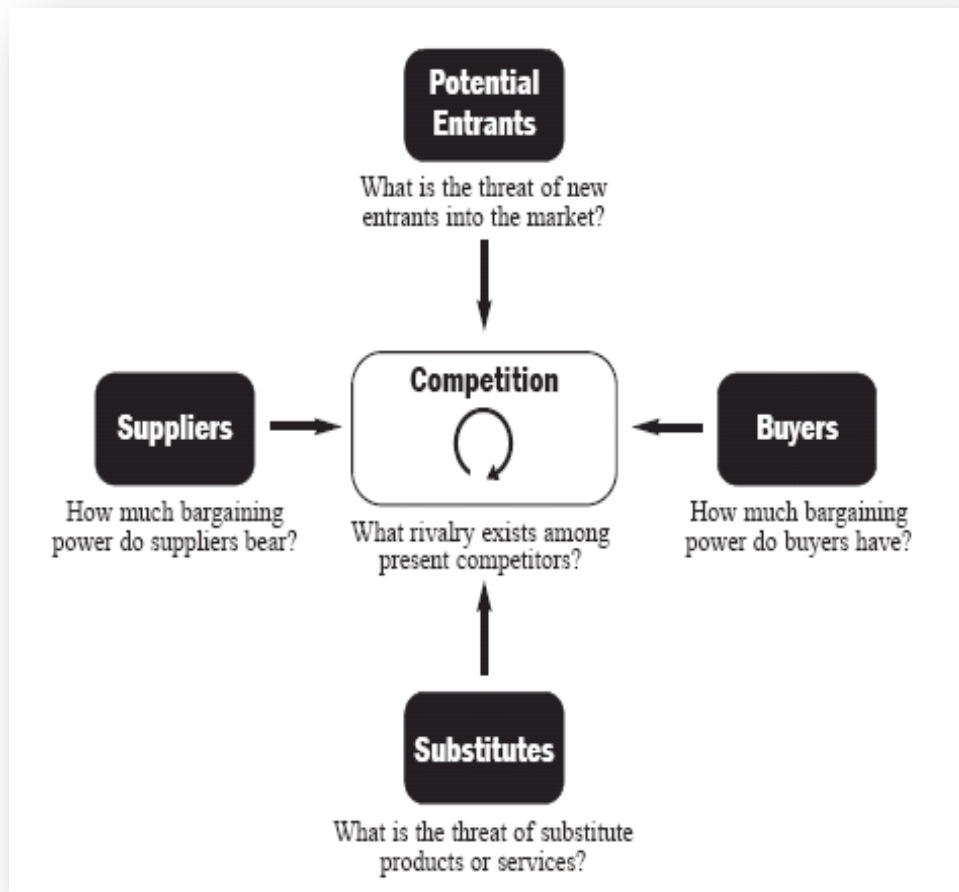
$$NPV = -C_0 + \frac{C_1}{(1+r)} + \frac{C_2}{(1+r)^2} + \frac{C_3}{(1+r)^3} + \dots + \frac{C_t}{(1+r)^t}$$

Jim Hernandez is the CFO of Western Manufacturing Corp., an automobile manufacturer. The company is considering opening a new factory in Ohio that will require an initial investment of \$1 million. The company forecasts that the factory will generate after-tax cash flows of \$100,000 in Year 1, \$200,000 in Year 2, \$400,000 in Year 3, and \$400,000 in Year 4. At the end of Year 4, the company would then sell the factory for \$200,000. The company uses a discount rate of 12 percent.

Year 0	Year 1	Year 2	Year 3	Year 4
-\$1,000,000	+\$100,000	+\$200,000	+\$400,000	+\$400,000
				+\$200,000 (Sell Factory)
				+\$600,000

$$\begin{aligned}
 NPV &= -\$1,000,000 + \frac{100,000}{1.12} + \frac{200,000}{(1.12)^2} + \frac{400,000}{(1.12)^3} + \frac{600,000}{(1.12)^4} \\
 &= -\$1,000,000 + \$89,286 + \$159,439 + \$284,712 + \$381,311 \\
 &= -\$85,252
 \end{aligned}$$

Porters five forces



How attractive is the luxury handbag market?

Capex? Brand? Manpower?

Med

How many suppliers?
Differentiation?

High

How many buyers?
Switching costs?

High

Substitute? Other products?

Low

How many players? Market sizes? Value or Volume?

Low

SWOT

Strengths / Weaknesses	Used to analyze the capabilities of the company
Opportunities / Threats	Used to evaluate the company's environment

Strengths/Weaknesses

Brand, Size, Man-power, Subsidies, Geographical locations, Patents, Business model, dependencies, seasonality, product characteristics

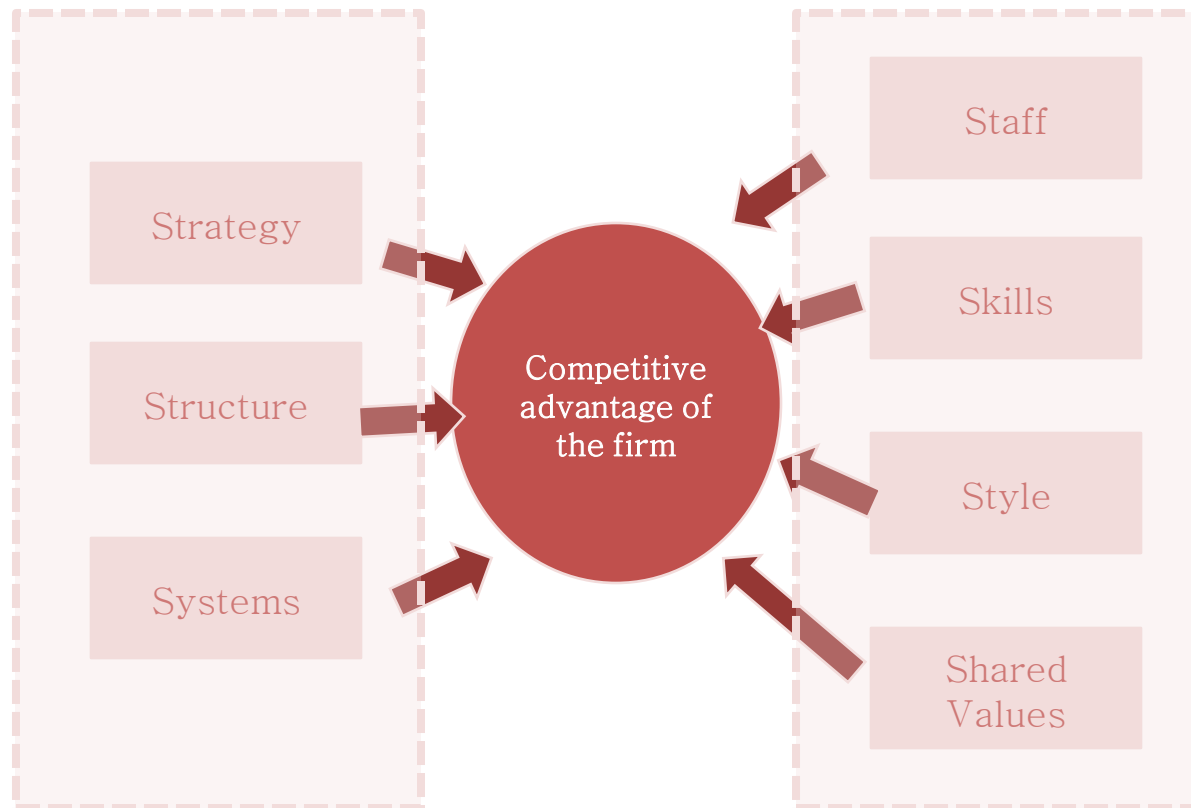
Opportunities

Leverage able traits, Anticipated consumer preferences, Niche markets, Mass markets

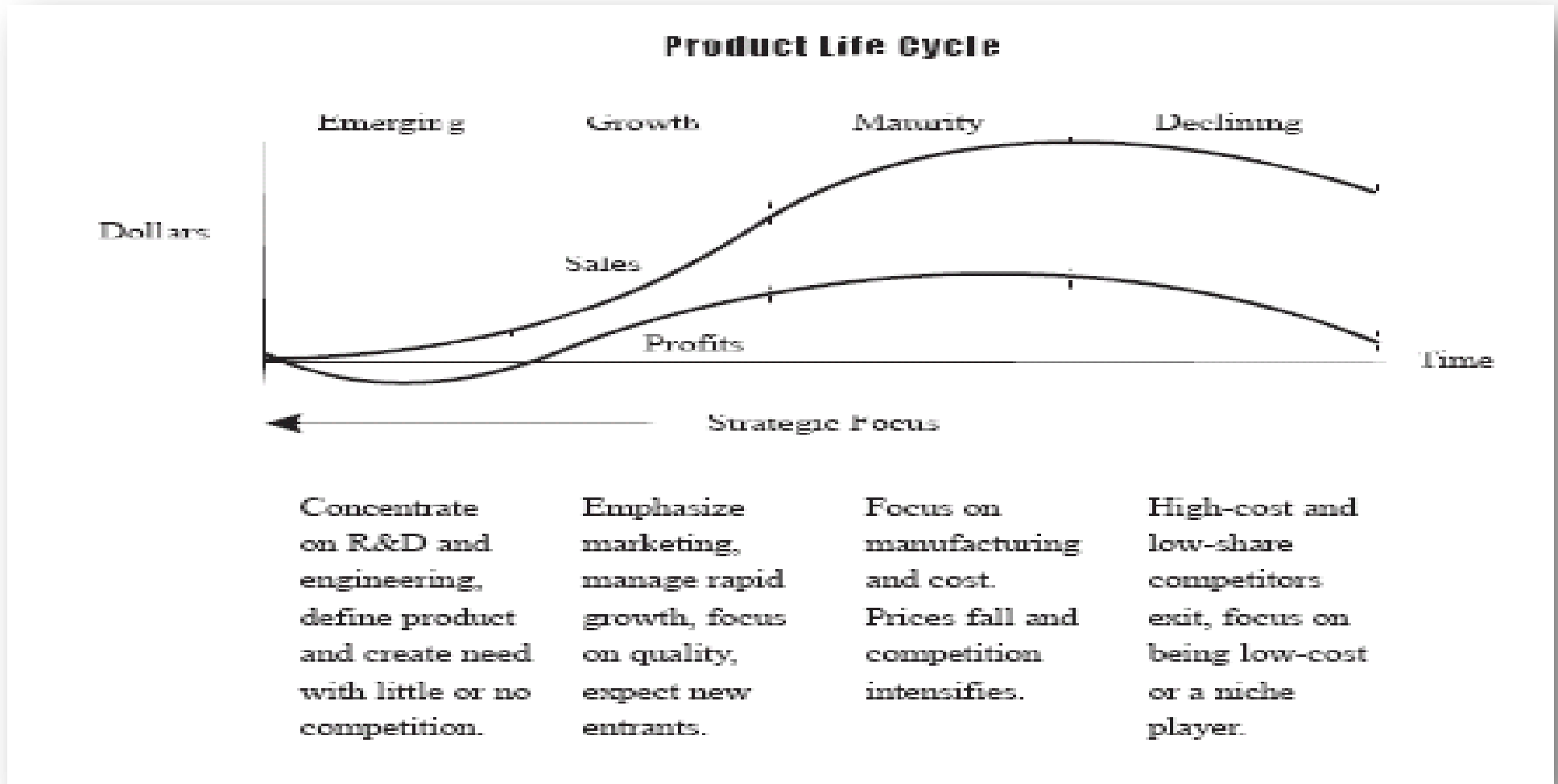
Threats

Regulatory frameworks, Licensing, PR, Competitors

Mckinsey 7 S



Product life cycle



4 P

PRICE

The price a firm sets for its product or service can be a strategic advantage. For example, it can be predatory (set very low to undercut the competition), or it can be set slightly above market average to convey a “premium” image. Consider how pricing is being used in the context of the case presented to you

PLACE/POSITION

The physical location of a product or service can provide an advantage if it is superior to its competition, if it is easier or more convenient for people to consume, or if it makes the consumer more aware of the product or service over its competition. In the context of a business case, you may want to determine the placement of the product or service compared to its competition.

PRODUCT

The product or service may provide a strategic advantage if it is the only product or service that satisfies a particular intersection of customer needs. Or it may simply be an extension of already existing products, and therefore not much of a benefit. Try to tease out the value of the product in the marketplace, based on the case details you have been given.

PROMOTION

With so much noise in today’s consumer (and business to business) marketplace, it is difficult for any one product or service to stand out in a category. Promotional activity (including advertising, discounting to consumers and suppliers, celebrity appearances, etc.) can be used to create or maintain consumer awareness, open new markets, or target a specific competitor. You may want to suggest a promotional strategy in the context of the case you are presented.

4 C

CUSTOMER

How is the market segmented?
What are the purchase criteria that customers use?

COST

What kind of economies of scale does the client have?
What is the client's experience curve?
Will increased production lower cost?

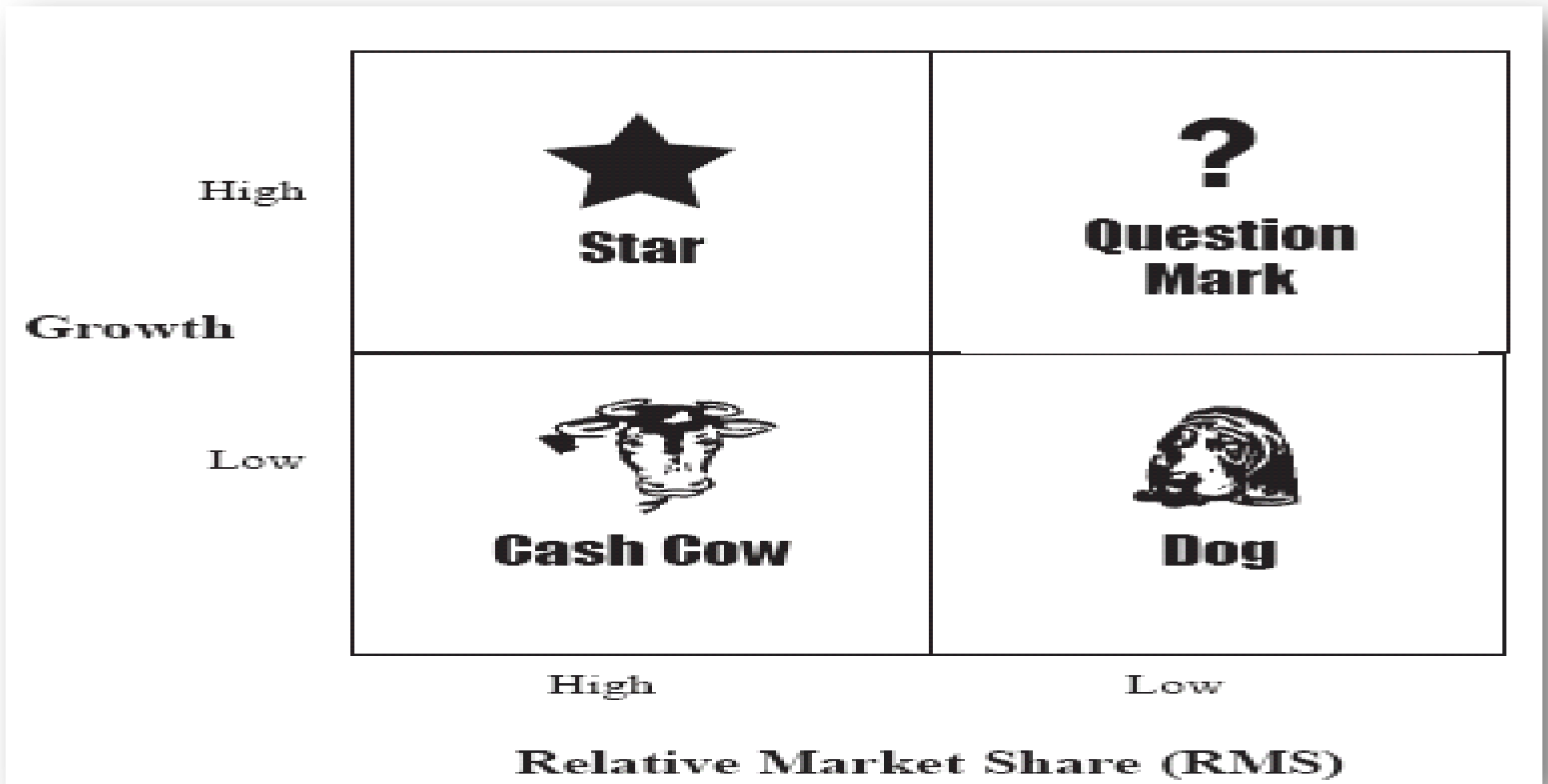
COMPETITION

What is the market share of the clients?
What is its market position?
What is its strategy?
What is its cost position?
Do competitors have any market advantages?

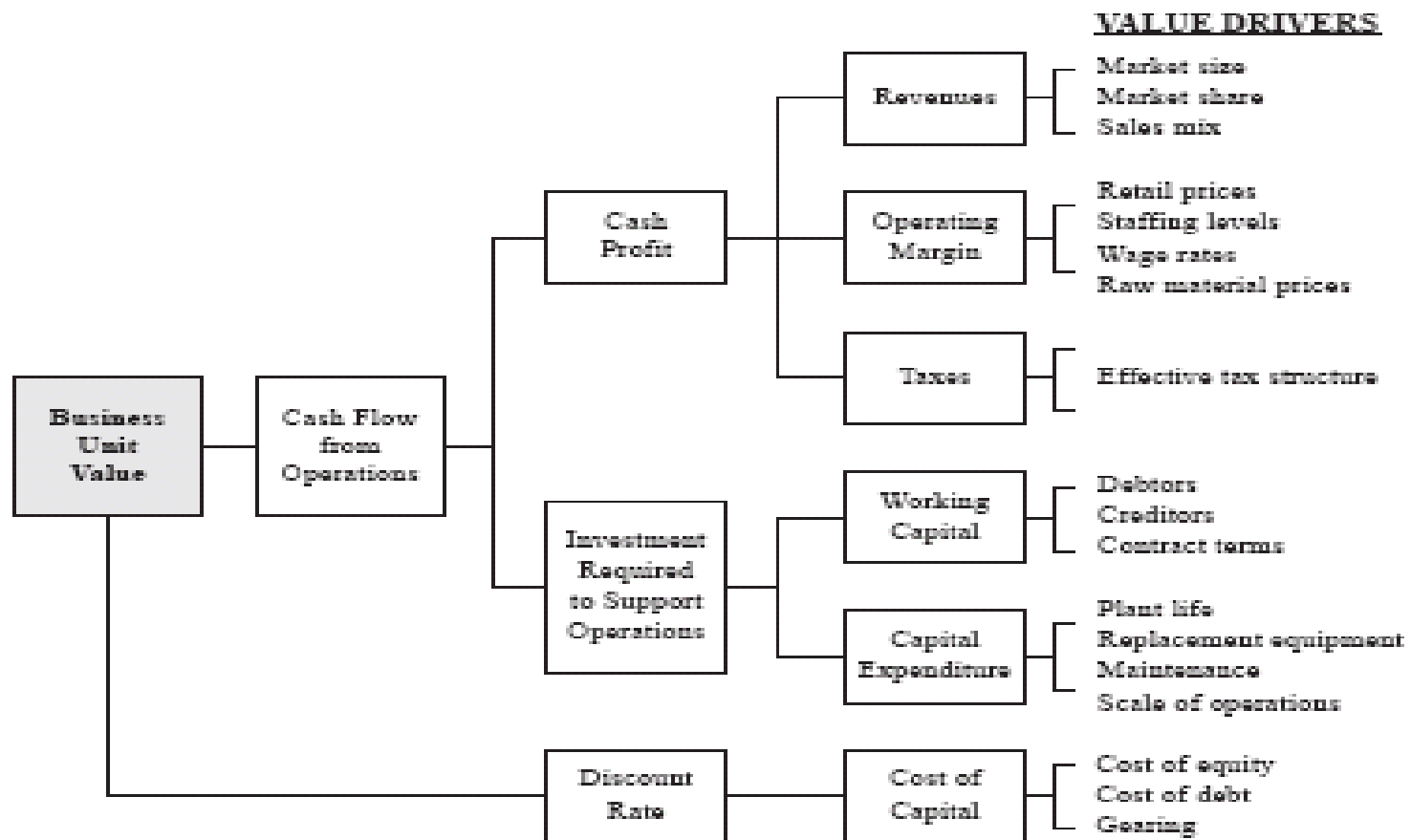
CAPABILITY

What resources can the client draw from?
How is the client organized?
What is the production system?

BCG



Value drivers (M&A framework)



Other frameworks

- Value chain analysis
- Core competency analysis
- 2X2 Analysis

Warning:

- Interviewers instantly recognize when candidates apply standard frameworks
- While this is ok, the only thing which sets one interviewee apart from another is his/her ability to apply their unique analytical faculties. So Beware!



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Example cases

A major airline is considering the purchase of 24 new planes. They are unclear how this purchase will affect their business performance in the short term as well as the long term. You are the Senior consultant, meeting with the Operating Committee for the first time. I am the Chief Operating Officer of the company. What would you need to know from me in order to assess the situation?

Find details of the purchase...Staggered, serial, or at once...What costs?

Current situation..how many planes in the fleet? What will happen to old ones?

Existing industry metrics to assess profitability...develop your own

Find profitability, Cost of capital, Net present value

Spend some time on competitor response

Example cases

You are the consultant to a company that produces large household appliances. Over the past three years, profit margins have fallen 20 percent and market share has tumbled to 15 percent of the market from 25 percent. What is the source of the company's problems?

Characterize the market place, Product life cycle? Economy

Discuss manufacturing process, New plants? Some sudden costs?

Competitors? Any significant changes in the competitive landscape

4 P, 4 C

Summarize and recommend

Example cases

A restaurant owner is currently setting up a new restaurant and making some basic decisions on how to fit it out. Today he is making a decision on the facilities to place in the restrooms for customers to dry their hands. Initial research suggests that he has three options – paper towels, roller towels and hot air dryers. What should he consider in his decision-making process?

What kind of restaurant? Customer traffic? What is the general trend?

What are the fixed and variable costs for each option

Break even, cost-benefit

Choose an option

Summarize and recommend

Example cases

You are advising a credit card company that wants to market a prepaid phone card to its customers. Is this a good idea?

Find out about company...own brand? Do competitors provide similar services?

Expenses associated with the card...what is the revenue model?

Guess estimates about costs and revenues

Regulatory frameworks, Porter's

Summarize and recommend

Example cases

The Star Trek transporter has just been invented. Spell out some of the effects on the transportation industry.

Find out how the thing works...specifics, technical aspects

What is going to be the price, and distribution

Segment transportation industry into various verticals

Analyze impacts on each vertical

Summarize and recommend

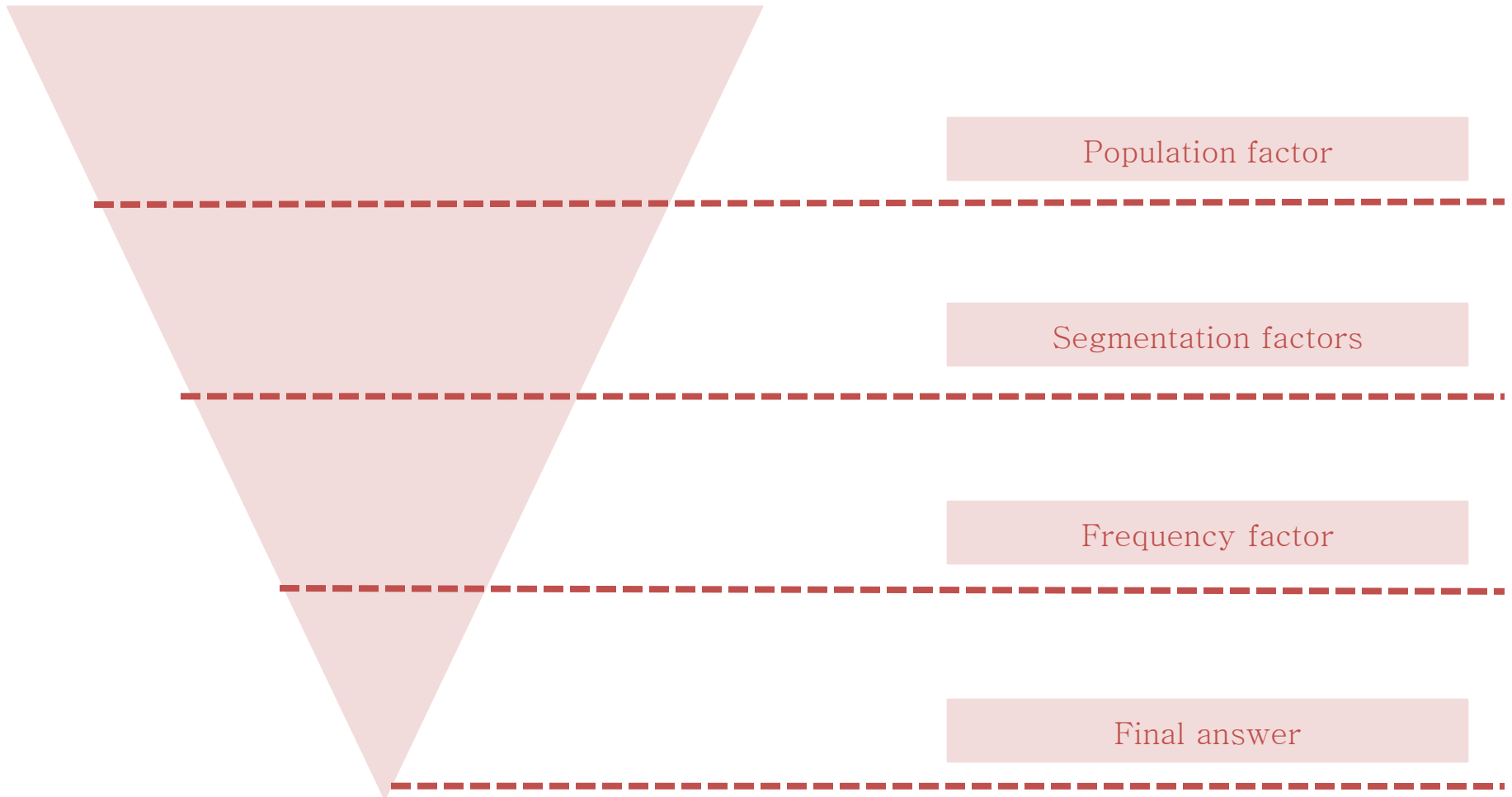
ADL Interview cases

Your client is an insurance company. They want to expand to foreign markets. What do you recommend?

Your client is a data image capturing firm. They want to shut down the business. What do you recommend?

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Top down framework



Example

How many red cars in Delhi?

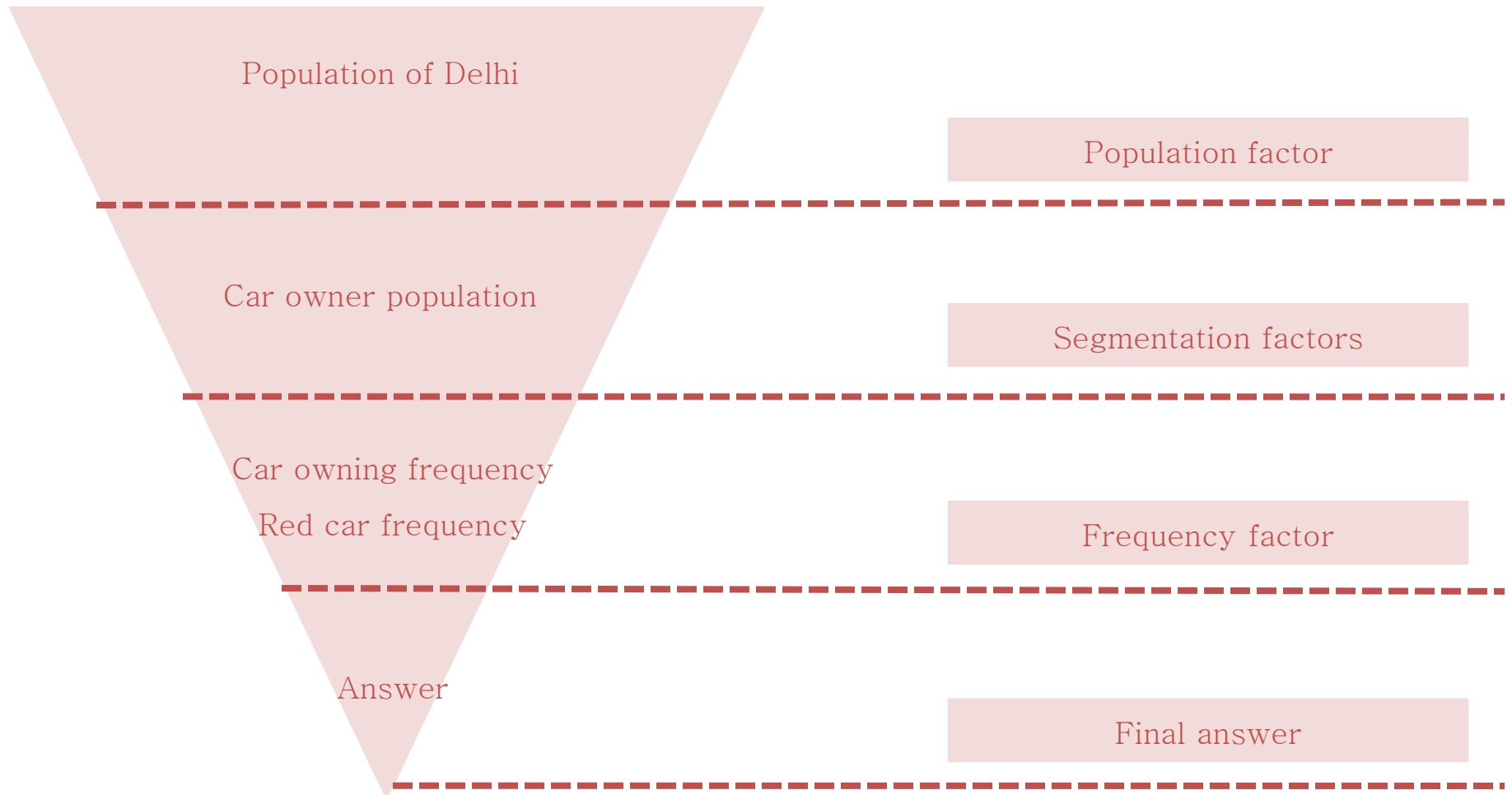
What is the number of riding helmets sold in India?

What is the market of handkerchiefs in India?

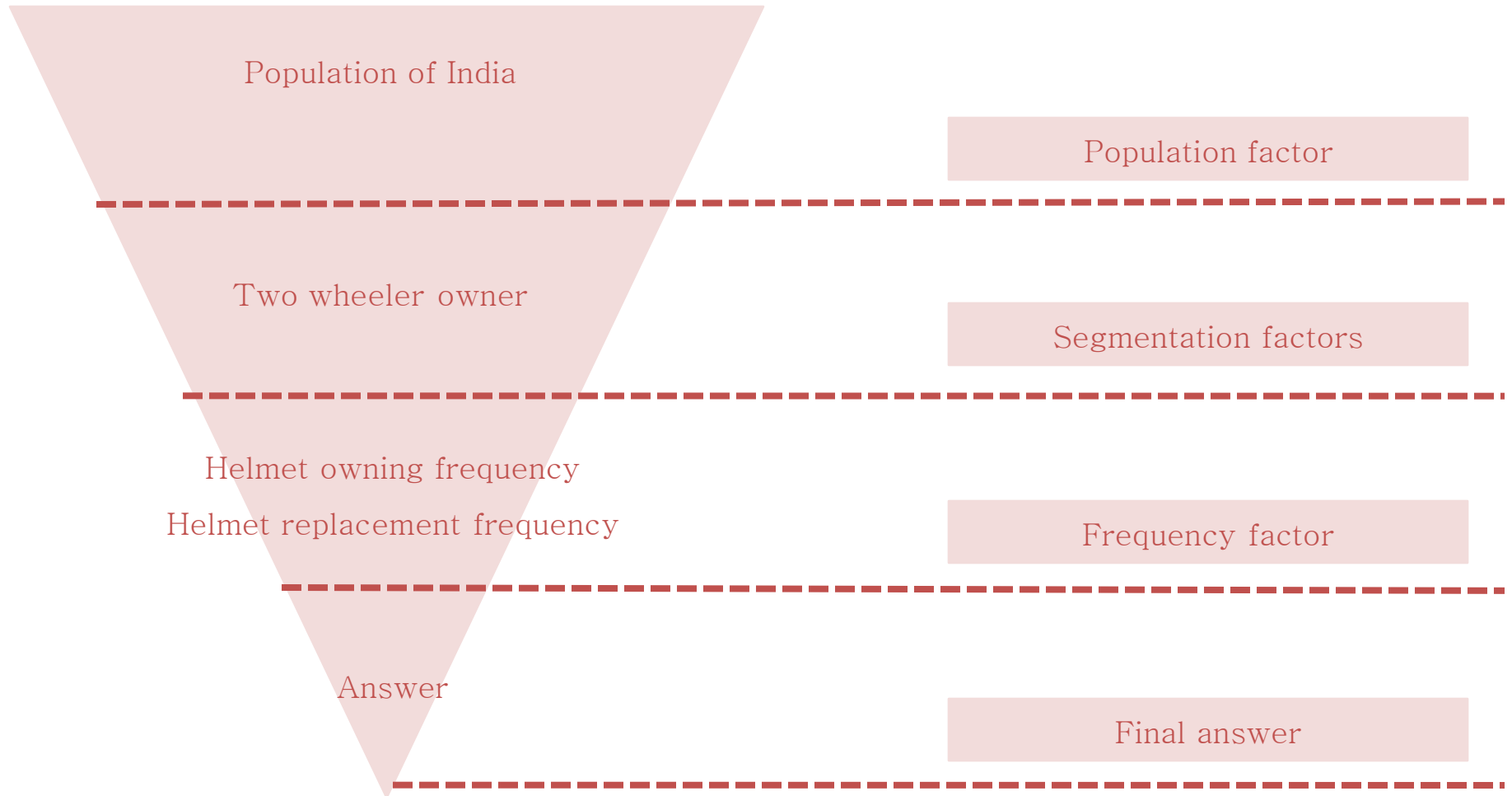
How many liters of milk is sold each day?

How many movies made in India each year?

Top down framework



Top down framework



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1. Why are manhole covers round?
2. The power has gone out in your hotel room, and it is pitch black. You have 11 white socks and 10 black socks in your suitcase. (It's a long-term engagement.) You must put on a matched pair of socks, or you'll look terrible at your presentation! How many socks must you pull from the drawer to be assured of a matched pair?
3. You are in a room with three light switches. Each controls one of three light bulbs in the next room. You must determine which switch controls which bulb. All lights are off. You may flick only two switches and enter the room with the light bulbs only once. How would you determine which switch controls which light bulb?
4. You are in a rowboat on a lake with the anchor dropped. You pull up your anchor. Does the water level in the lake rise, lower, or stay the same?
5. You have 12 balls. All of them are identical except one, which is either heavier or lighter than the rest. The odd ball is either hollow while the rest are solid, or solid while the rest are hollow. You have a scale, and are permitted three weightings. Can you identify the odd ball and determine whether it is hollow or solid?
6. You are faced with two doors. One door leads to your interview (that's the one you want!) and the other leads to the exit. In front of each door is a consultant. One consultant is from a firm that always tells the truth. The other is from a firm that always lies. You can ask one question to decide which door is the correct one. What will you ask?

Feedback

Suggestions

Brickbats

Comments