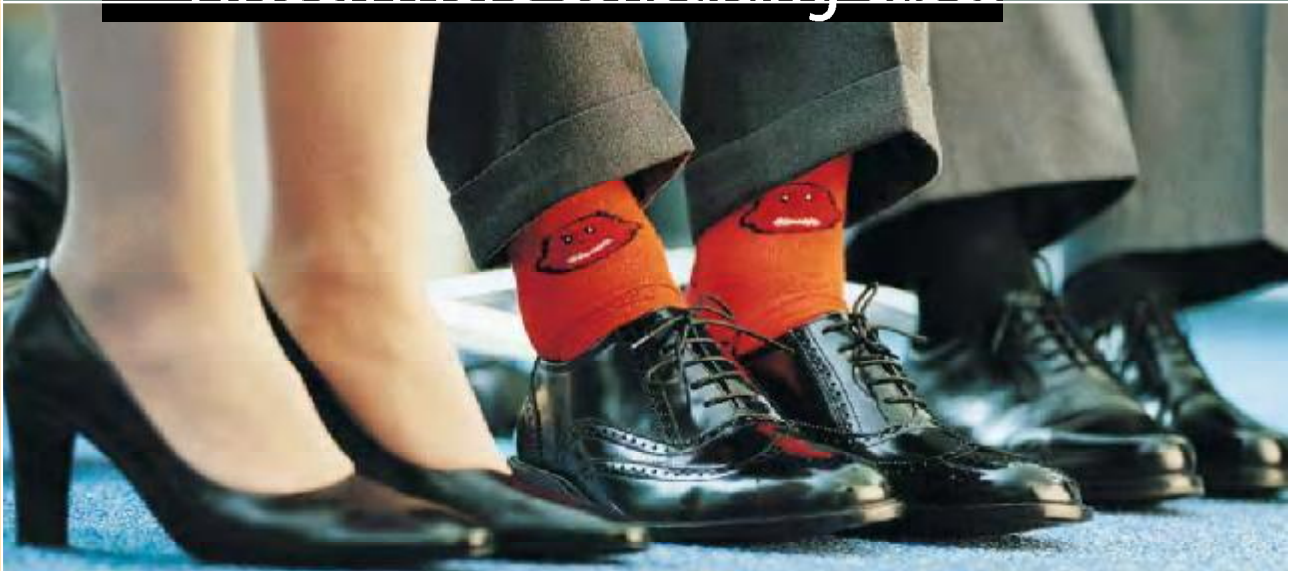


# Ace Your Case<sup>®</sup> II

## Fifteen More Consulting Cases



**WetFeet** Insider Guide

3rd Edition

## **The WetFeet Research Methodology**

You hold in your hands a copy of the best-quality research available for job seekers. We have designed this Insider Guide to save you time doing your job research and to provide highly accurate information written precisely for the needs of the job-seeking public. (We also hope that you'll enjoy reading it, because, believe it or not, the job search doesn't have to be a pain in the neck.)

Each WetFeet Insider Guide represents hundreds of hours of careful research and writing. We start with a review of the public information available. (Our writers are also experts in reading between the lines.) We augment this information with dozens of in-depth interviews of people who actually work for each company or industry we cover. And, although we keep the identity of the rank-and-file employees anonymous to encourage candor, we also interview the company's recruiting staff extensively, to make sure that we give you, the reader, accurate information about recruiting, process, compensation, hiring targets, and so on. (WetFeet retains all editorial control of the product.) We also regularly survey our members and customers to learn about their experiences in the recruiting process. Finally, each Insider Guide goes through an editorial review and fact-checking process to make sure that the information and writing live up to our exacting standards before it goes out the door.

Are we perfect? No—but we do believe that you'll find our content to be the highest-quality content of its type available on the Web or in print. (Please see our guarantee below.) We also are eager to hear about your experiences on the recruiting front and your feedback (both positive and negative) about our products and our process. Thank you for your interest.

## **The WetFeet Guarantee**

You've got enough to worry about with your job search. So, if you don't like this Insider Guide, send it back within 30 days of purchase and we'll refund your money. Contact us at 1-800-926-4JOB or [www.wetfeet.com/about/contactus.asp](http://www.wetfeet.com/about/contactus.asp).

# **Ace Your Case® II: Fifteen More Consulting Cases**

3rd Edition



**WetFeet, Inc.**

The Folger Building  
101 Howard Street  
Suite 300  
San Francisco, CA 94105

Phone: (415) 284-7900 or 1-800-926-4JOB

Fax: (415) 284-7910

Website: [www.WetFeet.com](http://www.WetFeet.com)

**Ace Your Case® II: Fifteen More Consulting Cases**

ISBN: 1-58207-472-0

**Photocopying Is Prohibited**

Copyright 2004 WetFeet, Inc. All rights reserved. This publication is protected by the copyright laws of the United States of America. No copying in any form is permitted. It may not be reproduced, distributed, stored in a retrieval system, or transmitted in any form or by any means, in part or in whole, without the express written permission of WetFeet, Inc.

# Table of Contents

<b>Case-by-Case Rules at a Glance .....</b>	<b>1</b>
<b>The Interview Unplugged .....</b>	<b>3</b>
Overview .....	4
The Case Interview .....	6
<b>Case-by-Case Rules .....</b>	<b>15</b>
Market-Sizing Cases .....	16
Business Operations Cases .....	19
Business Strategy Cases .....	23
Resume Cases .....	26
<b>The Practice Range: 15 Questions .....</b>	<b>29</b>
Market-Sizing Case Questions .....	30
Business Operations Case Questions .....	34
Business Strategy Case Questions .....	44
Resume Case Questions .....	52
<b>Nailing the Case: 15 Answers .....</b>	<b>57</b>
Market-Sizing Case Questions .....	59
Business Operations Case Questions .....	71

Business Strategy Case Questions . . . . .	91
Resume Case Questions . . . . .	111
Tips from Case-Interview Survivors . . . . .	122

# Case-by-Case Rules at a Glance

Here's a summary of the different types of cases you'll find in this report, along with some rules that should help you ace your answer.

## **Market-Sizing Questions**

- Use round numbers.
- Show your work.
- Use paper and calculator.

## **Business Operations Questions**

- Isolate the main issue.
- Apply a framework.
- Think "action."

## **Business Strategy Questions**

- Think frameworks.
- Ask questions.
- Work from big to small.

## **Resume Cases**

- Know your story
- Keep the Parent Test in mind.
- Let your excitement shine!

## **... and Throughout, Remember**

- Don't be afraid to ask questions.
- Slow down.
- Structure your thoughts.





# The Interview Unplugged

- Overview
- The Case Interview

# Overview

So, you've scoured the *Ace Your Case!* Insider Guide from WetFeet, you've attended four company presentations on cracking the consulting case, and you still think you need a little more practice before you're ready to start slamming those consulting interviews. Good thinking! If there's one thing we hear again and again from consulting recruiters (and candidates), it's that practice (and preparation) makes perfect. In this Insider Guide you'll find a number of practice case questions designed to help you hone your case interviewing skills to a razor-sharp edge.

One good sign: if you've already spent a lot of time polishing your case-cracking skills and you still want more practice, you're showing symptoms of being a true consultant. We've been impressed by the number of consultants who confess that they actually liked the case question portion of the interview process. After all, if you're well-prepared and you like testing your hand at tough business problems, the case question will prove an excellent opportunity to differentiate yourself from all the other consultant wannabes in line behind you. Besides, if you really do like the case questions, there's a good chance that you'll really love consulting work.

*Ace Your Case II: Fifteen More Consulting Cases* is designed to be a companion volume to *Ace Your Case!* It offers more detailed explanations about different case types and more sample questions. We've also incorporated information from you, our customers, about what you're hearing in the cubicle. Many of our sample case questions here are based on real case questions that people fielded in recent interviews.

For those who haven't seen our other guide, *Ace Your Case!* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 4Cs and 4Ps, not to mention the infamous Five Forces!) that should help you attack your case questions. In addition, *Ace Your Case!* contains seven specific case questions and detailed recommended answers.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If you find that our "good answer" differs from yours, see if there's something you can learn from our suggestions. But don't panic—there are usually numerous ways to answer any case question. It's far more important to note the approach and the likely responses from the interviewer. Look particularly for different ways the interviewer structured her response—did you use a different framework? Why? As you sharpen those skills, keep thinking to yourself, "I love these case questions!" Pretty soon you'll find yourself talking like a consultant!

# The Case Interview

## Background

Many management consulting firms, especially the strategy firms (McKinsey, The Boston Consulting Group, Bain, Mercer, et al.) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as case questions, are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant. For better or worse, case interviews are likely to be the primary criteria on which you are judged.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four categories of questions:

- Market-sizing questions
- Business strategy questions
- Business operations questions
- Other questions

Each of these types has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain rules of the road that should help you successfully navigate the different types of questions. Don't worry—you'll never be asked to spit out a category name and serial number for the questions you receive in the interview cubicle. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

## What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn't the primary goal of the case question. Rather, our insiders tell us that case questions really do help them evaluate a candidate's aptitude for consulting. What does that mean exactly? Whether you're an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Structured thinking
- Analytical ability
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving
- Business intuition
- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting

“ ”

**Try to make the interview more of a dialogue between equals. Try to have fun.**

fits you. In particular, you must have good answers to two questions: Why do you want to be a consultant? And, why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates,

MBAs, advanced-degree candidates, and experienced hires.

### **Undergraduates**

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as general business strategy problems. In the business strategy area, the companies and the topics may also seem a little friendlier; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular declining profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences. It's also common for an interviewer to ask undergraduates questions that are relevant to their backgrounds.

Interviewers tell us that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all the standard B-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: rank amateurs are definitely not welcome. Thus, you must have a general understanding of basic business

relationships (e.g., revenues – costs = profits), but don't get your knickers in a twist if you can't name even one of the Five Forces. (No, McKinsey is not one of the Forces.)

Here are a few real live case questions fielded by our undergraduate customers:

- Your client, a tire manufacturer, is evaluating entry into a new market: the market for four-wheel drive vehicle tires. How do you estimate the size of the market?
- What's the weight of the Statue of Liberty?
- If a publishing company wanted to start a new interior decorating magazine, what would it have to think about?
- If you're working for General Mills, and Kellogg's introduces a frequent-buyer program, should you follow suit?
- A mustard company is for sale. Should Heinz buy it?

### **MBAs**

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to get several levels down in the answer) and a real familiarity with business concepts. We understand that at

least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real live case questions fielded by our MBA customers:

- How many AA batteries are sold in Montana in a year?
- A bank wants to reduce costs and asks you for advice about closing a specific branch. What should you consider?
- A wealthy entrepreneur has just bought a baseball team, and he asks you for advice on how to show increased profits in a year. What do you suggest?
- A pharmaceutical company is considering changing its sales strategy from using a sales force with geographic territories to using specific locations. What financial analysis would you use to determine whether this is worthwhile?

### **Advanced-Degree Candidates (Non-MBAs)**

Although consulting firms attract mostly MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced-degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their backgrounds.

Whether or not you enter a separate recruiting track, we understand from our customers that the format for the interviews is similar to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you queries. One slight difference is that, in addition to seeing whether you can handle the substance of



the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don’t require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (resumes provide a popular source of material), or they may resemble undergraduate case studies that check a person’s intuition, common sense, analytical skills, and problem-solving abilities. According to interviewers at the firms, they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn’t necessarily incorporate all the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many windows are there in Mexico City?
- Question for someone who had majored in international relations: Why have missiles with MIRVed warheads caused the most trouble in arms-control discussions?
- What do you think of Larry Ellison’s \$500 Internet computer?
- An automobile insurance company has asked you to tell it why it has been experiencing a decline in profits.
- American Express has hired you to help it increase the profitability of the Amex Green Card. What do you advise?

### **Experienced Hires**

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described here. According to WetFeet insiders, experienced hire candidates may or may not face a battery of case questions. There is no hard and fast rule, but it seems as though people with more experience (10+ years) and people who have already worked for a name-brand consulting firm are relatively unlikely to face a case as

part of their review process. In contrast, people who have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e., expect lots of cases). In particular, if you are changing careers (e.g., moving from nonprofit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to your area of expertise.

## Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences derive from the differences in the personalities and experiences of your interviewer. However, several firms have also developed their own unique approach to the case interview. One variation involves giving a candidate a written case before the interview and asking him or her to prepare to discuss the case in detail during the interview. We understand that PricewaterhouseCoopers likes to give a preprinted case to candidates the night before an interview. Monitor Group has used a similar technique in which the candidate is given materials before the interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem.

One other thing to keep in mind: recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a "people issue" somewhere in the case. If you're talking with Deloitte Consulting, keep "operations" in mind as you craft an answer—and don't talk about how it's important to work only with the company's top management. And, if you're interviewing with Bain, remember how much importance the company attaches to "measurable results" and "data-driven" analysis.



# Case-by-Case Rules

- Market-Sizing Cases
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

# 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  $\times$  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?)

&lt;&lt; &gt;&gt;

**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.



# Business Operations Cases

## Overview

A fair number of case questions cover *operations* issues. Broadly speaking, operations refers to all the things involved in actually running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company's products and the systems used to track sales. Where strategy questions deal with the future direction of the firm (e.g., whether to enter a new line of business), operations deals with the actual running of the business. It is a particularly fertile ground for consulting work and, thus, for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company's sales or profits have declined.

Note: Consulting work has shifted in the last 3 years more toward operations cases as growth opportunities have become increasingly rare. The "so what" (to use a hackneyed consulting phrase) is that you're likely going to get at least one operations case.

## The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running

a business (e.g., the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company's profitability). In addition, operations questions require a good grasp of process and an ability to sort through a pile of information and hone in on the most important factors.

## Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the “declining profits” questions are some of the most popular types of cases around, and almost all candidates can expect to get several of these. That said, MBAs would typically be expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way or, perhaps, the impact on the balance sheet of a certain type of financing. Undergraduates and non-MBA candidates would still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect that the topic of the question be more familiar. For example, an undergraduate might be asked about the implications of launching a new national chain of restaurants. An MBA might be asked about factors that would allow a manufacturing operation to increase throughput.

## Optimizing Your Business Operations Answers

Operations case questions are more complex than either market-sizing questions or brainteasers. Not only do they typically require basic business knowledge (or, in place of that, a good deal of common sense), they also frequently require the candidate to think like a detective. For example, the interviewer might ask why

an airline has been losing money while its market share has increased. There could be many reasons for this: revenues might be down (and that, in turn, might be caused by any number of things, including ticket price wars, lower ridership, growing accounts payable), costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, etc.), or the airline could be operating more inefficiently (e.g., higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are a couple of rules you might want to keep in mind:

**Rule 1: Isolate the main issue!**

Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you have zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

**Rule 2: Apply a framework!**

Frameworks were made for cracking operations questions! They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

**Rule 3: Think action!**

Unlike your market-sizing question or brainteaser, operations questions never end with a nice neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired

to give advice. As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you still need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

# Business Strategy Cases

## Overview

Business strategy cases are the granddaddies, and demons, of the case-question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby giving the interviewer an opportunity to probe the candidate's abilities in a variety of areas. Again, strategy-case questions can run the gamut from complex, multi-industry, multi-national, multi-issue behemoths to a localized question with a pinpoint focus. Common types of strategy questions include advising a client about an acquisition, responding to a competitive move by another company in the industry, and evaluating opportunities for a new product introduction.

## The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything, from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the most like the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation abilities.

## Location

Strategy-case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward. For MBA candidates, they will frequently have several layers of issues and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

## Sashaying through Strategy Stumpers

Because business strategy questions can involve many different elements, they can inspire fear in the weak of heart. Although it is true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can pull all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multi-national corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit card company should go into the Italian market when your best friend who interviewed immediately before you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this Insider Guide (and the other *Ace Your Case!* Insider Guides), you're already a step ahead of the game. However, here are a couple of rules you'll want to keep in mind as you tackle your strategy-case questions.

### Rule 1: Think frameworks!

While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question

and where you are going with your analysis. The best way to do this is to apply a framework to the problem. Just as with operations questions, this means setting out a plan of attack upfront and following it through to conclusion. One other big benefit: having a clear framework will help you organize your analysis.

**Rule 2: Ask questions!**

Successful consulting is as much about asking the right question as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

**Rule 3: Work from big to small.**

Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore, it's essential that you start by looking at the most significant issues first. Besides, this is great discipline for future consultants. After all, the client will probably be paying for your time by the hour, so you'll want to make sure that you are really adding value.

# Resume Cases

## Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume. Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all the different positions on a rugby team, and the play strategy for each." Frequently, the interviewer will ask the candidate to walk through a previous work project or experience and explain how she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded had a local computer store created a knock-off service and offered it at a lower price.

## The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also provides a little variety during a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman's terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.



## Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions, and advanced-degree candidates can expect questions related to their previous research. We understand that resume cases are a particularly popular type of question for PhD students. Not only does it spare the candidate from feeling like he has to master a whole new lexicon and body of frameworks, it tests his communications skills.

## Rocking Your Resume Case

Because the resume-case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

### Rule 1: Know your story.

Nothing will make you look worse—and help you find the door faster—than not knowing what you put on your own resume. Make sure you have reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

### Rule 2: The parent test.

This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is whether you tell somebody else about what you did without sending them into a coma. It may

sound easy, but many people seem incapable of communicating what they know. Our suggestion? Practice talking about your work as if you were telling your parents.

**Rule 3: Let your excitement shine!**

This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

# The Practice Range: 15 Questions

---

- Market-Sizing Case Questions
- Business Operations Case Questions
- Business Strategy Case Questions
- Resume Case Questions

The Practice Range

# Market-Sizing Case Questions

**Remember the Rules for Market-Sizing Questions:**

1. Use round numbers!
2. Show your work!
3. Write it down!



## 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:

---

---

---



## CASE 2

How much paint does it take to paint United Airlines' fleet?

Key questions to ask:

---



---



---

Basic equations/numbers:

---



---



---

How you'd track the numbers down:

---



---



---



---



### CASE 3

How big—in dollars—is the market for used shoes in the United States?

Key questions to ask:

---

---

---

Basic equations/numbers:

---

---

---

How you'd track the numbers down:

---

---

---

---

# Business Operations Case Questions

**Remember the Rules for Business Operations Questions:**

1. Isolate the main issue!
2. Apply a framework!
3. Think action!





#### CASE 4

Your client is the vice president of sales for a major fitness company. She has asked you to help her determine why sales productivity is down over the last year. How would you go about answering the question?

Key questions to ask:

---

---

---

---

---

---

---

What are the main issues?

---

---

---

---

---



## CASE 4 ... continued

Key approaches/frameworks:

---

---

---

---

---

---

---

---

Possible courses of action:

---

---

---

---

---

---

---



## CASE 5

You own a microbrewery in Seattle. What are some of the issues you would need to think about if you were interested in expanding your brand nationally?

Key questions to ask:

---

---

---

---

---

---

---

What are the main issues?

---

---

---

---

---



## CASE 5 ... continued

Key approaches/frameworks:

---

---

---

---

---

---

---

---

Possible courses of action:

---

---

---

---

---

---

---



## CASE 6

The number-three athletic shoe manufacturer has hired your consulting firm to determine why its profits are declining while the profits of its two competitors are growing. Where do you start?

Key questions to ask:

---

---

---

---

---

---

---

What are the main issues?

---

---

---

---

---



## CASE 6 ... continued

Key approaches/frameworks:

---

---

---

---

---

---

---

Possible courses of action:

---

---

---

---

---

---

---

---



## CASE 7

**Your client has hired you to investigate and recommend an accounting and billing software package. You have to finish the project with a recommendation in 1 month. What should you do?**

Key questions to ask:

---

---

---

What process would you use to investigate this question?

---

---

---

Where would you find the information you need?

---

---

---



## CASE 8

The food-service spice division of a major food manufacturer has had flat or declining sales and profits over the past 5 years. What should it do to improve its performance?

Key questions to ask:

---



---



---

What are the main issues?

---



---



---

Key approaches/frameworks:

---



---



---





## CASE 8 ... continued

Possible courses of action:

---

---

---

---

---

---

Action recommendations:

---

---

---

---

---

---

---

# Business Strategy Case Questions

**Review the Rules for Business Strategy Questions:**

1. Think frameworks!
2. Ask questions.
3. Work from big to small.



## CASE 9

A beer manufacturer is thinking about manufacturing a green beer. It has hired you to help it decide what to do. What kinds of things would you think about to help it make the decision?

Key questions to ask:

---

---

---

What are the main issues?

---

---

---

Key approaches/frameworks:

---

---

---



## CASE 9 ... continued

Outline for my answer:

---

---

---

---

---

---

---

Action recommendations:

---

---

---

---

---

---

---



## CASE 10

A large integrated steel manufacturer is contemplating entering the specialty stainless steel market. Should it? What should it think about to make its decision?

Key questions to ask:

---

---

---

What are the main issues?

---

---

---

Key approaches/frameworks:

---

---

---



## CASE 10 ... continued

Outline for my answer:

---

---

---

---

---

---

---

Action recommendations:

---

---

---

---

---

---

---



## CASE 11

A large food manufacturer with dominant market share in rice cakes wants to increase the profitability of the product line. It is trying to decide whether to raise or lower the price. What are some of the things you would think about?

Key questions to ask:

---

---

---

---

---

What are the main issues?

---

---

---

---

---



## CASE 11 ... continued

Key approaches/frameworks:

---

---

---

---

---

---

---

---

Possible courses of action:

---

---

---

---

---

---

---





## CASE 12

A company has invented a lightbulb that lasts 50 times longer than ordinary lightbulbs but only costs 50 percent more to make. What should the retail price be if regular bulbs sell for \$1?

Key questions to ask:

---

---

---

What are the main issues?

---

---

---

Key approaches/frameworks:

---

---

---

# Resume Case Questions

**Revisit the Rules for Resume Case Questions:**

1. Know your story!
2. The Parent Test.
3. Let your excitement shine.



### CASE 13

**I see that you worked for Goldman Sachs before business school.  
Describe your most complex financial model. How did you structure it?  
With hindsight, what could you have done better?**

Describe a major project you worked on before school/at school/in your research.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



## CASE 13 ... continued

---

---

---

---

---

---

---

---

What could you have done better?

---

---

---

---

---

---

---

---



## CASE 14

I see that you worked for Procter & Gamble in product management for Pampers Premium. Describe the market position of your product. What was the most significant contribution you made to the product? Assume you were VP of marketing at the biggest competitor; how would you respond?

Pick something significant from your resume and describe what you did.

---

---

---

---

---

Assume you had been in a competitive position; what would you have done?

---

---

---

---

---

**CASE 15**

**Describe some of the biggest challenges facing a new dean at Harvard Business School. How would you handle them if you were dean?**

Key questions to ask:

---

---

---

What are the main issues?

---

---

---

Outline for your answer:

---

---

---

---

## Nailing the Case: 15 Answers

- Market-Sizing Case Questions
- Business Operations Case Questions
- Business Strategy Case Questions
- Resume Case Questions
- Tips from Case-Interview Survivors

Now we'll walk you through several answers to each of the preceding questions. Although we believe that our recommended answers are good, we know that there are many other even better answers out there. Remember, though, the destination is often less important to your interviewer than the road you take to get there. With that in mind, smooth sailing! A quick note on the layout: each case question is followed by bad answers (like, *really* bad) and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.



# 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.*

## Case 2

### How much paint does it take to paint United Airlines' fleet?

*This question might be used for undergrads, MBAs, or non-MBAs. It's a straightforward market-sizing question, but it will require a little bit of arithmetic and a few simplifying assumptions that make it tricky enough to trip up some MBAs.*

#### Bad Answers

- Aren't they bankrupt? They're probably not spending money on paint these days.  
*Funny, but not "ha ha" funny.*
- 135 million gallons.  
*Hub? Where'd that come from? The interviewer wants to gain insight into your thought process. Even though you may have heard that there are no wrong answers in consulting cases, this is a wrong answer.*
- I hate airplanes. Flying gives me hives. In fact just talking about flying makes me nauseated. Could you ask me something else?  
*Bad answer. Bad attitude. You hate flying, and you want to be a consultant? Ding!*

#### Good Answer

**Candidate:** How much paint? Let's start by trying to figure out how many planes are in United's fleet. United probably flies to a couple hundred cities in the United States and maybe 50 more internationally, so 250 cities. Some cities are served by two flights per day and others by 20 flights per day, so let's assume on average, five flights leave each city United serves each day—that's 1,250 flights. Some of those flights use the same plane, so let's assume 1,000 planes are required to service all of United's cities. And in the interest of round numbers, let's assume that 1,000 includes the planes that might be idle for maintenance or other reasons.

*Yikes! There are enough numbers and assumptions flying around here to warrant the use of a piece of paper. The candidate is making some whopping generalizations here, some of which are certainly inaccurate, but doesn't really matter. If it took you a bit longer to get a fleet size estimate, don't worry. He has stated his assumptions and given general reasons for choosing them. None of the assumptions sound particularly outlandish. Also, it's nice that the candidate*

*at least acknowledges he is aware that planes undergoing maintenance would add to the total. The one thing that would have improved this answer is a framework. For example, the candidate might have said, "To calculate how much paint it will take, I'm going to start by estimating the number of planes in the fleet, figuring out how much it will take to paint one plane, and then multiplying the two numbers together." Remember, frameworks don't need to be glamorous and complicated; they sometimes can be simply a roadmap of where you're going with the questions.*

**Candidate:** Next we need to figure out how much paint it would take to give one plane a new coat of that lovely gray stuff. This requires a teeny bit of algebra and a whole bunch of logical assumptions. First, let's assume that we're not going to paint the wings or the tail, just the bodies of the birds. Next, let's take an average size plane—say, a 737—figure out its dimensions, and use it as a proxy for the whole fleet. So, I guess a 737 is about 100 feet long and 15 feet wide. The outside area of this plane—the part that's getting the paint—would be (and this is where the algebra comes in) the circumference of a circle ( $\pi \times 15$  feet)  $\times$  100 feet of length. So, the outside area of the plane is  $45 \times 100$ , or 4,500 feet. So how much paint?

*The applicant makes a nice simplifying assumption here—he totally drops the wings from the paint job. That's fine. The algebra part is a little tricky. Even if his answer is totally wrong—which it likely is—the understanding of how to calculate the surface area clearly shows that "this dude ain't afraid of no numbers." Don't panic if you didn't remember the formula for a circumference ( $\pi \times$  diameter); you may lose points, but it's not a deal breaker.*

**Candidate:** Next let's assume that a gallon of paint paints a room (four walls and a ceiling); that's 10 feet by 10 feet. So a gallon of paint covers 500 square feet. Therefore, it would take 9 gallons to paint the plane once, 18 gallons to give it a second coat. To paint the whole fleet, then, would take 18,000 gallons of paint.

*The job seeker makes a clever transition here to figure out exactly how much paint it would take per plane. By equating the paint required to cover one room with paint required to cover a similar surface area on a plane, the candidate shows that he is resourceful and able to think creatively. Nice job!*

### Case 3

**How big—in dollars—is the market for used shoes in the United States?**

*This is a fairly straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.*

#### Bad Answer

**Candidate:** Used shoes—gross! Who would wear those, and what does that have to do with being a consultant? In any case, I would guess that the market is negligible. I doubt used shoes are a good that can be exchanged for dollars.

*Sartorial snobbery is not high on the list of sought-after traits for consultants. Besides, it's not appropriate to base an entire answer on a personal opinion.*

#### Good Answer

**Candidate:** Wow. Haven't really thought about that market before. I tend to throw away my shoes after I wear them out. But I've seen shoes in second-hand stores before, and I imagine that there are lots listed on eBay, so there must be demand.

So how best to build up the market? One option would be to do it from a channel perspective—meaning how many shoes are available in second-hand shops, online, garage sales, etc. Another way to estimate the market would be to determine pure supply—meaning how many people sell their used shoes, multiply by an average price per pair, and assume that demand equals supply. The latter seems more intuitive to me, so I'm going to go down that road.

*Excellent start. The candidate has laid out two options, demonstrates some intuition about the market by articulating which channels used shoes might be sold through, and proposed a method for estimating the market size.*

**Candidate:** OK, so how many people sell their used shoes? And, more importantly, what type of used shoes are sold? The shoes that I have seen at second-hand stores tend to be nicer, more expensive shoes that have been worn

only a few times. I think I've seen some signs that say "Gently Worn," which implies that there is not a secondary market for shoes that have been "ungently" worn. The value equation also makes sense from the buyer's perspective: I can get great value from a pair of \$200 shoes that has been worn only a few times and now cost \$50. The value is not there for me if I buy a pair of \$50 shoes that are now \$15, because I probably would want to spend the extra \$35 and get that pair brand new.

How am I doing so far?

*Checking in with the interviewer is not a bad tactic during a market-sizing case. If you're off track, the interviewer will be forced to tell you. Plus, it gives you a little time to breathe.*

**Interviewer:** So far, so good. The used shoe market primarily consists of "gently worn," dressier shoes that tend to be more fashion-focused.

**Candidate:** Good. So let's say that that is the market that I'm defining: For ease and simplicity, the market for second-hand shoes consists of these "gently worn," dressier shoes. I recognize that this may not be completely accurate, but I am confident that this represents the lion's share of the market.

*Solid, simplifying assumptions.*

**Interviewer:** Given what you've said so far, how big is the market relative to the overall size of the shoe market?

**Candidate:** It's going to be a tiny fraction of the market for two reasons: (1) We're dealing with a small segment of the market (dressy, fashion-focused shoes), and (2) my guess is that most of the people who buy these shoes new aren't selling them to second-hand stores or putting them up on eBay.

*Well done and succinctly stated.*

**Interviewer:** I agree. So how are you going to estimate market size?

*The interviewer wants numbers.*

**Candidate:** OK. If there are 250 million people in the United States, let's say that 5 percent of them buy these dressy, fashion-focused shoes that could be resold. That's 12.5 million people, which actually sounds high now that I say it out loud. So to make the numbers work, let's assume that that number is actually lower: somewhere around 10 million.

*Notice how the candidate performs a sanity check on his work and lowers the estimates midstream. This will always score points with the interviewer, because one of the key skills you will need in consulting is the ability to "pull up" and ask yourself whether the numbers make sense.*

**Candidate:** Next I need to determine how many shoes are purchased each year first hand. The consumers who buy these shoes at retail are probably heavy consumers of shoes—I'm not talking Sarah Jessica Parker on *Sex and the City*, but someone who buys a new pair of shoes every month or two. So let's say that that's about ten pairs of shoes each year per consumer, or 100 million pairs of shoes each year overall.

*Notice that the candidate is using nice round numbers. Why makes things harder than they have to be?*

The next step is going to be to figure out what percentage of this 100 million is sold to second-hand stores. This is going to be determined by two related factors: (1) how many people are willing to sell their shoes, and (2) whether there is a channel available to them that will sell their shoes. I think this percentage is going to be low: It just doesn't seem likely to me that most of the people who



#### Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

are buying expensive shoes are going to take the time to sell them again. So I'm going to guess that roughly 5 percent of these consumers resell their shoes. This make 5 million pairs of shoes that are sold second-hand.

Finally, we need to convert this volume into dollars. As we've noted, these are expensive shoes that are going to be marked down significantly. The average price for a first-hand pair, I'd imagine, would be about \$150, and they're probably going to be resold for less than half of that, so let's say \$50. Five million pairs of shoes multiplied by \$50 per pair gives you a \$250 million market.

*It doesn't matter that this number is likely wildly off the actual market size. The candidate has done an excellent job of making assumptions, sticking to simple math, and applying some reasoned business judgment throughout the course of answering the question. Well done!*



## Case 4

Your client is the vice president of sales for a major fitness company. She has asked you to help her determine why sales productivity is down over the last year. How would you go about answering the question?

### Bad Answer

**Candidate:** Like most business problems, it's probably a combination of factors: business is probably down overall, the company is losing share, and management hasn't done the appropriate work to reduce the size of the sales force yet. So, unfortunately, we're going to need to look into layoffs.

*Well, at least we know that this candidate is not afraid to cut to the chase and feels comfortable making bold statements. The problem is that the conclusions are not backed up by any data, so the conclusions are wildly speculative.*

### Good Answer

**Candidate:** So I don't get off on the wrong track, let me first ask you a clarifying question—how do you define sales productivity?

*It is likely that the interviewer is hoping that these are the first words out of the candidate's mouth. Getting clarity on this from the outset will avoid all sorts of potential definitional problems later on.*

**Interviewer:** Great question, because there are a lot of different ways to define sales productivity. We try to keep it very simple: total sales generated per sales representative.

**Candidate:** Got it. To put some structure on my line of questioning, I'm first going to ask you about the external environment: Are there market factors that are pushing down overall sales? Then I'm going to ask you about the internal environment: Are there internal obstacles that impede the reps to sell?

*The structure is elegant in its simplicity.*

**Candidate:** In terms of the external environment, have there been any significant changes in the marketplace over the last year?

*This is an appropriately open-ended question that will allow the interviewer to provide more data and background.*

**Interviewer:** Not really. We have recently completed an extensive marketplace scan and determined that there has been no sea change over the last year. The market continues to plug along at a 5 to 7 percent growth rate (like it has for the last 5 years), no new competitors have entered the market, costs have remained relatively constant, and the client has had no major glitches in its operations that have prevented product from being delivered.

*Though this path does not appear terribly promising, it will make sense to continue to gently probe nonetheless. Sometimes, the interviewer will reveal something that you will need to tease out. One of the key assets of a young consultant is the ability to play detective and not turn back at the sight of the first roadblock.*

**Candidate:** And have there been any significant shifts in channels of distribution, either for you or for the industry as a whole?

*Note that the candidate is using one of the “Cs” to help him with his line of questioning.*

**Interviewer:** Actually, there have been; I should have mentioned that. Earlier this year, the client decided to enter the mass channel. The market has been shifting more toward mass over the past 5 years, and they finally made the decision this year to offer their products through this channel.

**Candidate:** And I’m assuming that the prices that consumers are paying for their product in the mass channel are lower than what they pay in other channels?

**Interviewer:** That’s correct, why do you ask?

**Candidate:** Because I’m also going to assume that the wholesale price—the price at which the goods are sold to the mass retailers—is lower than the whole-

sale price in other channels. This will drag down the average sales price per item, which will then negatively impact the sales per rep.

*The candidate demonstrates a logical train of thought and basic understanding of channel dynamics.*

**Interviewer:** This is true, but the sales per rep has decreased by almost 25 percent even though the wholesale price to the mass channel was only 15 percent lower than the overall wholesale prove. So that still leaves a 10 percent gap that the client can't explain.

**Candidate:** OK. This leads me to my next line of questioning: the internal situation. One question that quickly comes to mind is whether or not the size of the sales force has increased significantly.

**Interviewer:** We looked at this, too. Yes, they've hired some new people to serve the mass channel, but they've also lost some people who were selling into the other distribution channels, so the net effect is about zero.

**Candidate:** Has the client surveyed the sales force about how they are spending their time and what their suggestions might be?

**Interviewer:** They have talked about this, but haven't done anything yet. What types of questions would you ask the sales force?

**Candidate:** I would ask them a series of specific questions about time allocation to see whether there are things that are prohibiting them from selling.

**Interviewer:** Sounds good in theory, but can you be more specific?

*The interviewer—like the typical client—is pushing for tangible examples rather than vague, high-level suggestions.*

**Candidate:** Sure. I'd ask them about how much time they spend in the car driving from one customer to another. The more time in the car, the less time

they have to sell. I'd ask them about the way they input their orders into corporate systems. The more difficult the systems, the less time they have to sell. I'd ask them about the time they spend dealing with people performance issues. I'd ask them about the time they spend with the customer on things other than selling: for example, product issues, billing problems, strategic planning, etc. I sound like a broken record, but the more time the reps spend on these areas, the less time they have to sell product to existing accounts or develop relationships with new ones.

*The candidate has responded with a series of straightforward, but very concrete, examples. In these cases, this is as much specificity as you are likely to need.*

**Interviewer:** This sounds really promising. I bet this type of analysis would yield some interesting results and may explain the 10 percent gap. I'm running out of time, but while I have you here, can you think of any other areas to look into?

*This is really an unfair question, but one that is often used in interviews, because realistically the candidate cannot say "no" without feeling inept. It also likely means that the candidate has missed something critical that the interviewer is trying to fish out. The only thing to do in this situation is take a deep breath—don't panic!—and try to come up with an answer.*

**Candidate:** Two things come to me that may require further investigation. One is to see whether sales incentives have changed at all. If, for example, the sales force is getting compensated on the number of units it sells, it may be easier for the rep to go after the mass channel because that is where the volume is, even though it means less revenue per unit.

The other thing I would do would be to "de-average" the sales force productivity numbers: Are there specific segments of the business that are performing well? What can we learn from those groups? What can we learn from the groups that are underperforming the average? Perhaps all of the answers are within the sales force and it is just a matter of exporting the best practices.

**Interviewer:** Great. Thanks for your time.

# Business Operations Case Questions

## Case 5

You own a microbrewery in Seattle. What are some of the issues you would need to think about if you were interested in expanding your brand nationally?

*This question would be fair game for undergrads, MBAs, or non-MBAs. Naturally, the interviewer would expect the MBA to offer more detailed and sophisticated answers and insights by drawing on that core operations course.*

### Bad Answers

**Candidate:** I would never expand nationally. There are way too many beers on the market today and too many big breweries like Miller pretending that they're microbreweries with beers like Red Dog. Have you ever had a Red Dog?

*Amen! But, we're not here to talk about the benefits of taking local beers on the road, or about the success/failure of major labels that have pursued the microbrew market.*

**Interviewer:** Well, yes, but let's back up for a moment. Are you saying that you'd think about the market context before you would expand nationally?

*Here's a life preserver from the recruiter. Hint: talk about the market context. This may or may not be what the questioner was looking for, but it's at least a start. From here you could work your way back to the operations issues inherent in this growth question.*

**Candidate:** No—I said I wouldn’t expand nationally. Seattle is such a great town! I’d stick to the knitting, you know, do what I do best in my own backyard. I probably have a big local following, so why play around with a good thing?

**Interviewer:** So would you be interested to know whether you could attract a national customer base?

*The candidate has probably already blown his chances. The specifics of the discussion aren’t so important here. What is important is that the interviewer often will offer an out for a misguided answer. Taking the interviewer’s hint, the candidate could have switched back to a discussion of the market potential and the difficulties of taking a local brand national.*

**Candidate:** No. I said I’m not interested in a national customer base.

*Okay, so this guy’s not a consultant. Maybe he’s an entrepreneur. How about the beer business?*

**Interviewer:** Okay. Well, let’s move on . . . it says on your resume that you like sushi . . . any good restaurants around here?

### Good Answer

**Candidate:** A microbrewery—cool. Well, what kind of a microbrewery is it? I mean, am I thinking about taking a retail concept (restaurant and bar) national, or am I a local beer manufacturer wondering whether to distribute my brand across the country?

*There are a couple of good things about this response. The candidate shows that she is interested in the topic and has at least a spark of enthusiasm. Then she gets down to business by defining the problem further. Alternatively, she might have just chosen one course, “I assume we’re talking about taking a local beer and distributing it nationally, rather than taking a retail/ brewery concept national.”*

**Interviewer:** Good question. Let's assume you are a manufacturer only, no retail space. You have a manufacturing facility in Seattle, and you currently distribute your beer to both retailers (like liquor stores) and restaurants and bars.

**Candidate:** I see. Well, before I decide about whether to go national, I would want information on a lot of different things. First, I would need to examine the competitive environment: I assume the beer industry is dominated by the big players like Anheuser-Busch and Miller, but that other smaller labels like Sam Adams are starting to gain market share. I would like some information on growth rates of the beer market overall and of "microbrews" (smaller labels and newcomers) specifically. If I were to guess, I think the microbrew segment is driving the overall growth of the beer market in the United States. However, I'll bet this segment is no longer composed solely of local labels; instead, I think the giants like A-B and Miller are looking to enter this segment either with new labels or through acquisitions.

*The candidate chooses to talk first about market potential. She pursues a line of reasoning, identifying assumptions she is making as she goes forward. More important, she also looks for quantifiable information; consultants love real data—growth rates, segment size, market share. One suggestion: our candidate might have prefaced her questions with a general framework comment. Something like, "Before going national and dealing with the operational issues that would involve, I'd examine the market opportunity for this venture." This would give the interviewer more of a road map for the answer.*

**Interviewer:** So if your assumptions are true, what would be your take on the competitive environment—favorable to your going national or unfavorable?

*You should always be prepared to draw partial conclusions or insights from information or assumptions you offer in your answer. Interviewers will frequently do this to see if there is a method to your answer or if you're just spouting whatever comes into your head.*

**Candidate:** It likely means that it is unfavorable: The big guns could eat me for lunch.

**Interviewer:** How could they “eat you for lunch”?

*You can also expect most interviewers to push you to explain the thinking behind your answers, especially when you offer up a short answer.*

**Candidate:** I think competition in the beer industry is driven by marketing. The big players have both marketing expertise and deep pockets, which presumably I don’t have. I wouldn’t be able to compete with them head to head, so I would probably have to target a different customer base to be successful, maybe not quite pursuing a national strategy, but a strategy of targeting specific markets nationwide, and drumming up a local following within those markets.

*The candidate shows that she has a bit of business intuition. Understanding the market opportunity involves understanding the numbers: Is the market growing and, if so, in what segments? But it also involves understanding the competitive landscape and the likely response of existing players. Here the candidate points out a key challenge: maneuvering around the big players, who have deep pockets, experience, and competitive instincts. She then jumps into a possible strategy that differs from a national rollout. Before offering up this possible strategy, she might have discussed the competitive advantages of the microbrewery. These might include differentiated product, off-brand appeal, loyal customers, and guerrilla marketing experience.*

**Interviewer:** I see. So more of a “multi-local” strategy. What kinds of markets would you want to target?

*Again, the interviewer is not satisfied with a general answer. You should always be prepared to take your analysis to the next level.*



**Candidate:** Well, college towns come to mind. And other markets with attractive demographics—young, urban, disposable income, affinity for beer, etc. I'd probably have the most success in bars and restaurants in those markets, so I think I'd start there instead of trying to fight for shelf space in liquor stores. I'd try to make a name for myself, and if successful, I would use a “pull” strategy to get shelf space.

*Note: A “pull” strategy focuses on getting customers to ask for the brand. It differs from a “push” strategy which would use incentives and other things to get distributors and retailers to offer the product.*

*This answer shows that the candidate has creative impulses. She also includes a few “action” recommendations. Even if you don't go to great lengths to explain the actions, it's important to offer conclusions that tie into recommendations for action. The candidate might have given a little more structure to her analysis, possibly suggesting a market study to identify the characteristics of current customers. She might also have explained her choice of different market segments more clearly. One other general suggestion: try not to use the “I would . . .” construction too much. It forces you to go down a specific path. An alternative way to phrase an answer is to say, “The options are a, b, and c—I might start with c for the following reasons.*

**Interviewer:** Okay. I think we've covered the competitive environment and your marketing strategy. What are some other things you'd need to think about before pursuing this multi-local strategy?

*On to operations issues!*

**Candidate:** Let's see. Well, I'd need to make sure I could manufacture the stuff to meet increased demand. What is the capacity of my current facility? Am I currently operating at capacity with my Seattle area sales? If so, then I'd have to think about adding capacity, which raises another set of issues. Where do I build the new plant? And how do I pay for this additional capacity? Presumably I'm not terribly cash-rich right now.

*The candidate focuses on production capacity issues—a perfectly reasonable path. She might also have talked about distribution issues or any of a number of other systems-related growth issues, including accounting systems, inventory controls, financial management, and even product quality control or staffing. If you brought up production scale when talking about the competitive dynamic, kudos to you!*

**Interviewer:** Let's say you're at capacity in your existing facility, and so you need to add capacity to expand your business. What are some of the issues around plant location? How would you think about making that decision?

**Candidate:** Well, there are a couple of options. One is to simply increase capacity at my existing plant. We already have brewing expertise in Seattle, and we could probably enjoy significant economies of scale in purchasing and in simply brewing bigger vats of beer. But on the other hand, beer is heavy and therefore costly to transport. And beer has a shelf life. These make it more difficult to manufacture product on the West Coast and ship it across the country. Depending on where my new markets are, I may want to add capacity closer to them. But then I'd have to build a new plant, train a new workforce, and spend large amounts of capital. Another option is to increase capacity in Seattle, transport the product in bulk and hire a bottler in my new markets. Any decision to increase capacity would require significant capital outlays, which I would only pursue after I had established significant demand in the new markets, of course.

*The candidate does a good job of touching on a number of different operational complications associated with national distribution. She doesn't go into any of them deeply, but she does show that she is aware of several different issues that would have to be explored. One way she could have showed a little more creativity in her answer is by discussing alternate, lower-cost ways to add capacity (e.g., by partnering with another company or renting production capacity).*

**Interviewer:** You said yourself that you weren't cash-rich. So where would you get the capital, assuming you had proof of concept in a few target markets?

*This question is a little odd, since most consulting clients aren't small and cash poor. If they were, they wouldn't be hiring consultants!*

**Candidate:** Well it depends on whether I'd be willing to give away a part of the company. If so, then it seems like a job for the venture capitalists. If the valuation were favorable, then it might not be so bad to give them a piece of the action. If not, then I'd try for bank debt. For example, maybe a local Washington bank would be willing to help a small business grow into a big business.

*Again, this candidate would have benefited by laying out her framework. A possible approach here would be to say something like: "Well, assuming you aren't churning out cash from the operation, you can choose between equity or debt. If the company chooses equity . . ." After a response like this, you can almost expect that the interviewer will ask you to compare and contrast the different options.*

**Interviewer:** Good. We've certainly covered a lot of ground. I hope this exercise hasn't convinced you to forget consulting and go into business for yourself!

## Case 6

The number-three athletic shoe manufacturer has hired your consulting firm to determine why its profits are declining while the profits of its two competitors are growing. Where do you start?

*Here's a good solid operations question. The interviewer wants to see whether you have an understanding of basic business relationships and whether you can push through the problem in a structured manner. This question could be asked of undergrad, MBA, or advanced-degree candidates.*

### Bad Answer

**Candidate:** Oh, that's an easy one. Its profits are declining because no one is buying athletic shoes anymore: the retro look is in, and everyone is wearing Pumas, Converse, and Pony's. Athletic shoes as you and I know them are out.

*Uh-oh! The candidate is starting to wobble! He has jumped right into the fray, proposing explanations without even thinking through the problem. Moreover, he has revealed a dangerous misunderstanding of some important business relationships. Profits don't necessarily relate to revenues ("no one buying"), and even worse, he hasn't listened to the question. The interviewer clearly explained that the profits of the two leading companies in the industry are growing.*

**Interviewer:** Well, actually, why don't we try to peel the onion here a little bit. Are profits declining because revenues are shrinking or because costs are increasing? What would you want to know to answer that question?

*Sweet! Although the interviewer smells trouble, she gives the candidate a gentle nudge in the right direction with the hope that he's just nervous.*

**Candidate:** Oh, costs! Then their costs are probably too high because they're spending too much on advertising. Do they have Shaq or T Mac on their

commercials? It's a waste of money. They should definitely cut back their advertising spending

*Again, a look-before-you-leap approach would have been much better. Instead, the candidate plunges right in and careens out of control, throwing up potential solutions without thinking through the problem or the answer. He's outta there!*

### **Good Answer**

*Okay, we now know what NOT to do. Let's think through this problem again. Right off the bat the interviewer has told you that profits are declining. So the best place to start is by showing your mastery of the basic profit equation:  $\text{profit} = \text{revenues} - \text{costs}$ . Pick one factor and start there. Don't forget that the interviewer just sets up the case; it's up to you ask the probing questions. A good interviewee will start by asking general questions and then getting more specific.*

**Candidate:** If profits are down, that's got to be a function of either revenues decreasing or costs increasing. Let's focus on the cost side: are the client's costs in line with those of its competitors? For example, are their manufacturing costs similar? Do they manufacture and assemble in low-cost offshore locations? What about selling and distribution costs? Is the client spending too much on a dedicated sales force when its competitors use independent reps? What about G&A? Does the client have flashy office space or overpaid executives?

*This is much better! The candidate gets off to a good start by setting up the answer effectively. The  $\text{revenues} - \text{costs} = \text{profits}$  equation is simple, but it provides a clear way to proceed through the problem. It lets your interviewer know that you understand a basic business relationship and that you have a plan for rooting out the answer. In addition, the candidate is asking good questions—at least half the battle in consulting is knowing what questions to ask.*

**Interviewer:** Those are all good questions. But the client's costs all seem to be in line with those of its competitors. Costs don't seem to be the problem. What would you look at next?

**Candidate:** If the cost side isn't the problem, then I would look at revenues next. Are sales declining?

*The candidate takes the hint and moves on to revenues.*

**Interviewer:** Actually, yes, revenue is down 6 percent from last year, and projections show another 5 percent dip for the coming year. How would you go about figuring out why?

*A pointed question from the candidate has brought forth more specific information that will help in the consideration of the case. The interviewer's answer means that the candidate will have to dig yet deeper.*

**Candidate:** I would try break sales apart into its relevant components: are sales of certain shoe models declining disproportionately to others, for example?

*The candidate might have talked about the two pieces that make up sales: price and units. However, he chooses to break down the sales picture into different product categories, which is also fine.*

**Interviewer:** Not really, most SKUs [shelf-keeping units equivalent to individual product styles] are actually declining at a similar rate. What would you look at next?

*Looks like another dead end. But don't get depressed—it just means that the recruiter has ruled out another possible explanation and narrowed the candidate's focus a little further. We're getting warmer.*

**Candidate:** If it's not a few laggard shoe designs driving the downturn for this company, and sales are just down overall, it looks more like people have just stopped buying their shoes, period. We need to figure out why. Who are their biggest customers? What's their target demographic? Are they just not buying athletic shoes anymore?

*Having checked a variety of possibilities, the candidate makes a preliminary hypothesis and proposes some ways to check this insight. Even better, she proposes some next steps for the inquiry.*

**Interviewer:** You've hit on the crux of the problem: The company isn't sure who its customers are anymore. Formerly, its biggest customers were serious athletes interested in high-performance shoes. But the company isn't sure whether that's true anymore. That's one of the biggest pieces of value we provided for the company—we told them who is buying athletic shoes. How would you go about getting that information?

*The interviewer reveals that the candidate has hit on a key piece of the puzzle. Without pausing for breath, the interviewer then checks the candidate's ability to turn her insight into action as well as her common sense.*

**Candidate:** Well, frankly, I'd go to the mall! I'd stand outside the Athlete's Foot and see who's buying athletic shoes, check what brand they're buying, and maybe even ask them why. By doing this, I'd be able to see what demographic group was buying the most athletic shoes and whether they were buying our client's shoes or not. If not, I'd try to draw conclusions as to why not. In short, I'd try to segment the athletic shoe market, and figure out how to target the most attractive segments.

*The candidate uses a common sense approach here, which is really good. Not only is her idea practical, it would be easy to implement and it would be relatively cheap to do. She also shows that she fully understands what information she needs to collect. Not only would she observe customer behavior, and ask them why, she'd also analyze the findings and try to draw general implications from them. Besides, consultants love going to the mall. Bain's headquarters is inside Copley Place in Boston!*

**Interviewer:** Well, that's exactly what we did—we went to the mall. And our field research showed that young adults in the 13- to 24-year-old age group

were buying 65 percent of all the athletic shoes in the market we looked at. That makes them the first priority market segment for our client. The next phase of this case is just beginning; we need to put together a plan to target this demographic group specifically. Do you have any ideas?

*Now the consultant is pushing into new territory, trying to see just how far this candidate can take the analysis.*

**Candidate:** Well, it strikes me that the demographic you've described is less concerned with high performance (the company's current focus, you said), and more concerned with the image of their shoes. Do they look cool? Does Michael Jordan wear them? That kind of thing. I would recommend putting together a marketing and advertising campaign to really pump up their image in the eyes of the young public.

*This comment is based more on the candidate's intuition and creative thinking, but it shows that she fully grasps the nature of the problem.*

**Interviewer:** That sounds on track with what we're thinking about. It looks like our final presentation will be exactly one slide long: Answer: Michael Jordan!

*Good job! The candidate sailed through this case interview. On to round two!*



## Case 7

**Your client has hired you to investigate and recommend an accounting and billing software package. You have to finish the project with a recommendation in 1 month. What should you do?**

*In addition to the high-powered, pretend-you're-the-CEO type stuff, consultants are often hired for a number of other more mundane assignments. This question doesn't really require any deep thinking; rather, it requires a good sense of process and prioritization. Although a recruiter asked an experienced-hire candidate this case question, it could also show up in an undergraduate or MBA interview.*

### Bad Answers

- I'd get them a copy of QuickBooks and hire a trainer to teach their accounting personnel how to use it.  
*Yeeeah. And we're paying you how many hundreds of dollars per hour?*
- Accounting? Never touch the stuff. My recommendation: Outsource it.  
*Excellent answer that may get a laugh, but, unfortunately, won't get you any points.*
- I think I'd first call up my accounting professor and ask for some ideas. Then I'd probably head down to Comp USA and try to find a sales rep to talk to me about accounting packages.  
*This isn't a bad start, but it goes about answering the problem in the wrong way. Unless the client is a small business, it probably needs a more sophisticated accounting product than the ones you could find at a standard computer software retailer. Also, an accounting professor might be able to give you specific feedback on the tax implications of certain accounting approaches. However, it's unlikely that she would have any idea about something as practical as a software package.*

### Good Answer

**Candidate:** Unless there's something I'm not aware of, I think this is a pretty straightforward project that will require several steps. Simply put, the process will require determining the specifications for the system, researching the various options available, measuring them against a set of criteria, meeting with the

possible vendors, and making a selection. An important follow-up to the actual selection would be management of the implementation phase.

*Good basic structure for the answer: We know exactly where the candidate is going. Though probably not a good idea to say this is straightforward; the interviewer probably spent at least six weeks on the project!*

**Interviewer:** Tell me how you'd go about determining the system requirements.

**Candidate:** The key problem is to determine exactly what the client is seeking from the new accounting system. So I'd start with a needs assessment. If they've asked you for help, they're probably experiencing problems with their current system. That's the relatively easy part. By asking people in the company what isn't working, you can get an idea about the critical needs for a new system. The harder part of defining the system is to determine possible future needs. This will require some investigation into the company's strategy and growth plans and the key parameters for the technology. It will also likely involve people outside the accounting division. In any case, I'd be working toward a specification sheet listing the required features for the system, their priority, and any constraints that would affect the decision.

*Bonus points for focusing on people! Remember, the most critical piece of a successful technology project is managing the human element. It's critical to spend time throughout the project with people that will be affected by it.*

**Interviewer:** What's the next step in the process?

**Candidate:** Actually, at the same time that I was researching the company's needs, I'd want to be out researching the marketplace. A logical place to start would be with similar or competitive companies. I'd like to find out what kinds of software and systems are being used by others. I'm assuming that the client would be looking for something more tailored to its needs than a standard, gen-

eral consumer-oriented software package would provide. I also suspect that there are a few primary vendors for this kind of customized software for the industry.

*Here's a good way of piggybacking on what other people already know. Certainly, a consultant could go out, meet with vendors, read technical publications, and do all the basic research herself. However, people in the industry will probably be much better informed about the names of the major players, their reputations, and the needs of people in the industry. In addition, depending on the industry, you might also gather useful competitive intelligence through this process.*

**Interviewer:** Let's assume that this is true. How would you go about finding the names of these vendors?

**Candidate:** Well, I'd start by asking people at the company. Chances are they've already received sales materials from at least one of the major vendors. I'd also check with the competitors. People at companies are usually willing to share information about vendors. Also, once you've hit on one vendor, it's usually possible to ask the salesperson for the names of major competitors and how they stack up.

*Good pragmatic approach. Start with the information that is most helpful and easiest to access.*

**Candidate:** In any case, based on the information I put together about the client's needs, I'd develop a grid for evaluating the potential packages. I'd include product features and cost, as well as training and support. I'd also probably have the top vendors come in for a presentation. Finally, I'd make a selection (in consultation with key personnel at the client).

*Having a systematic way of evaluating the technology will also be helpful. The specific categories might vary once an actual project is under way. However, the candidate shows that he has an awareness of the need to organize information for the assessment.*

**Interviewer:** Good. What next?

**Candidate:** Well, once the selection has been made and the terms of the deal negotiated, there's going to be an implementation period. In many ways, this is a much more challenging task than the software selection. The key questions here will involve timing for the changeover, conversion of current data into the new system, and, most importantly, training of staff. To help minimize the transition period, I'd probably want to start with a pilot test before rolling out the system across the company.

*The candidate doesn't go into great detail on any specific issue, but presents a range of specific challenges he expects to face.*

**Interviewer:** Good job!

## Case 8

The food-service spice division of a major food manufacturer has had flat or declining sales and profits over the past 5 years. What should it do to improve its performance?

*Here's a good, standard declining-profits question suitable for all candidates.*

### Bad Answers

- It should try to get into some new, higher-margin businesses. Get into the ethnic-seasoning business, for example, or start repackaging its products as gourmet spices and sell them through specialty stores.  
*Good thought, marginally creative ideas, horrible execution. The candidate jumps right into problem-solving mode without going through the requisite analysis. Even if these are correct intuitions, they will be much more compelling to the client/interviewer if there's a lot of data-driven analysis behind them.*
- Lay off its excess workers and reduce costs.  
*Not a good answer. The interviewer already knows you're an MBA and that you want to be a consultant! Besides, slash-and-burn makes poor cocktail banter.*

### Good Answer

**Candidate:** Declining sales could either be a sign that the market for spices is shrinking overall or that other players are capturing the growth. Which is it?

*Good start. The candidate grasps that there could be several causes for a decline in sales. Asking for more information will help the candidate isolate the problem and choose how to proceed.*

**Interviewer:** This division sells spices to food-service customers only (restaurants and industrial kitchens), and this market isn't shrinking. In fact the overall growth of spices to food service is around 7 percent CAGR (compound annual growth rate) over 5 years.

**Candidate:** That suggests that the company's competitors are doing a better job at capturing the growth in the market. So we need to figure out why. How is the company's product line? Is it competitive in terms of quality? Price?

*It's often helpful to proceed by probing possible explanations one by one. The candidate might have confirmed that the client's share of the market is declining before examining possible explanations.*

**Interviewer:** The company has two main product lines: commodity spices (salt, pepper, basil, etc.) and specialty spices, which are mainly premixed ethnic spices (Indian, Italian, Mexican). The commodity spices are priced competitively, and the specialty spices are priced at a premium. Customer interviews suggest that price is not a problem with either the commodity or specialty spices and that satisfaction with both product lines is high.

**Candidate:** It appears that neither the product nor the price is the problem. How are the products sold?

*This is a typical development in the analysis of a case problem; the easy answers aren't the right ones. When this happens, it's often wise to keep asking questions. In this case, the candidate wisely moves on to a more practical line of questioning. An alternate approach is to continue to look at more specific sales data for the different product lines. For example, the candidate might ask whether sales of both lines are increasing equally.*

**Interviewer:** Good question. The products are sold through the parent company's dedicated sales force. The sales reps sell a broad range of products (30 to 35 different types) to their customer base. They have regional sales territories.

**Candidate:** So you mean a single salesperson sells everything from coffee to chocolate to spices to a subset of restaurants or industrial kitchens in a specific region? Their customers mustn't need a lot of specialized sales help, because it seems unlikely that the sales force could know the nuances of every product they're responsible for.

*The candidate thinks out loud and draws implications from the information she has just received. Even if she gets off track, it is usually better to share her thinking with the interviewer. Often the interviewer will provide a hint or more information to help the candidate along.*

**Interviewer:** It's true for the commodity products—they pretty much sell themselves—but specialty spices are a more “technical” sell.

**Candidate:** And does the sales force provide that technical sell?

**Interviewer:** We spent time with a number of sales reps in various territories, and it appears that they aren't very familiar with the specialty spices, which are newer product lines for the company. So they focus primarily on selling their spice mainstays (salt, pepper, basil, garlic).

*Although the interviewer describes what happened, the technique she describes is a standard consulting technique that could be useful in answering another question. For example, the interviewer might have asked how the candidate would go about determining why one product line is moving faster than another.*

**Candidate:** So there's at least one big part of the problem! The spice division has spent all kinds of money to develop value-added and differentiated spices to start earning higher margins in a traditionally commodity business, but nobody told the sales force! Or at least nobody trained the sales force to sell them. So the customers are still buying the low-margin commodity stuff from our client, and its competitors are capturing all the growth in the specialty spices.

*Fortunately for the candidate, she has landed on a reasonable solution. But, she is a little hasty in pronouncing her solution. There are certainly alternative explanations. For example, the growth in the market may be coming from a segment other than the one the company traditionally reaches. Or, on a practical level, the compensation system might be rewarding the sales force for selling nonspice products. Rather than pouncing on the first thing that comes to mind, the candidate would do better by considering some of these alternatives as well.*

**Interviewer:** That's pretty close. So, what action steps would you recommend?

*Again, the interviewer is looking for recommendations for action that draw on the analysis.*

**Candidate:** I'd train the sales force immediately. Send a few people from marketing on some customer calls with the sales force—with the sales force's approval, of course—and teach those customers what they can do with our specialty spices. Get the test kitchen to develop some great recipes using the product and hand those out to customers too. I think a lack of education around the product is the problem here, and once it's fixed our client can hold its own again. And it may make sense to proactively examine other areas of disconnect between marketing and sales—we may have discovered a broader problem here.

**Interviewer:** Nice! The next sale!



# Business Strategy Case Questions

## Case 9

A beer manufacturer is thinking about manufacturing a green beer. It has hired you to help it decide what to do. What kinds of things would you think about to help it make the decision?

*This is actually a strategy and an operations question together. We have classified it as a strategy question because it has significant strategic implications.*

### Bad Answer

**Candidate:** Green beer? That's a ridiculous idea. That's one of those gimmicky things for St. Patrick's Day or something. A company can't manufacture that stuff for real. I'd tell them not to do it.

*And just how convincing do you think this would be?*

**Interviewer:** Well, your client is actually pretty serious about it, and they'd like you to look into some of the issues. Where do you think you'd start?

*If you get off on the wrong foot, the interviewer will often give you another chance by rephrasing the question or focusing on a different angle. It's always wise to take his or her hints.*

**Candidate:** I'd interview my friends, who would all agree that it's a bad idea, and I'd write up the interviews in memo form and tell them not to do it.

*This is an exaggerated response that is clearly not acceptable. However, the message here is that it's important to avoid starting with a strong bias as you go into a project. Also, if the ultimate recommendation goes against the client's initial intentions, it's especially important to have solid, credible data to back up your recommendation.*

**Interviewer:** I see. Well then, you said you were looking into banking as well?

### **Good Answer**

**Candidate:** I don't want to sound too by the book, but I think I would use a 3C approach here to look at the customer, the competition, and the company. To start with, I would need some information on the target customer for green beer. For example, is the company planning to sell the green beer to the same people who drink their regular beer? Or do they think that the color green will attract a whole new customer base? In other words, are they trying to grow the overall market for their beer by selling green beer to otherwise non-beer drinkers?

*This is a good use of a framework to set up the answer. When you do apply an off-the-shelf framework like the 3Cs, be sure that it is appropriate. Interviewers tell us that they really dislike it when candidates struggle to bend a problem to an ill-fitting framework.*

**Interviewer:** Okay, so you would want to know who the target customer for green beer is. How would you find out whether people would be interested in such a product?

*Here the interviewer is moving away from strategy to see if the candidate has solid intuitions about implementation. Some of the things he will be looking for are an ability to ask questions that will yield good information, sensitivity to cost and ease of implementation, and common sense.*

**Candidate:** I would do a survey of both beer drinkers and non-beer drinkers, and ask their opinions of a green beer product. This would help me to

determine whether green beer would tap into a whole new (non-beer drinking) segment of the population, thereby creating a new market for our client, or whether the company's regular beer drinkers would switch to green beer, thereby cannibalizing sales of the regular product. Cannibalization would be okay if the margins on green beer were higher than on regular beer, so I'd want some information on that too. Otherwise, we'd need to have a strong feeling that the market for green beer would be big enough to sustain a new product introduction. And, I'd consider seasonality. We may get an answer back that says the market is not large enough for us to enter, but 90 percent of beer is consumed during 2 months of the year. This would have significant operations implications on procurement and inventory.

**Interviewer:** Good. So market size as determined by customer preferences is a critical piece of data. What else would you want to know?

*The interviewer might have pursued the market-sizing piece of this even further by asking the candidate to estimate the market size for the product. The interviewer might also have asked the candidate what market size would be attractive.*

**Candidate:** Well, I would want to know how easy it would be for competitors to copy our green beer idea, if we were successful with it. Is the green dye proprietary? And if so, would red, blue, and purple beer be introduced by the competition with similar success? Or are there literally no barriers to entry? If not, then a marketing free-for-all would probably ensue (like in regular beer today), and we would need to be prepared to play or fold.

*The company's ability to thrive in the green beer business depends on its ability to develop a sustainable competitive advantage. The candidate might have focused a little more on the competitive response to the product, but this is a good answer and one that follows the 3C outline established at the start.*

**Interviewer:** What would you want to know about the company's ability to manufacture the new product?

*The interviewer's question leads right into the third C. He has chosen to focus on one operations issue (ability to manufacture the beer). He might also have asked about ability to distribute the beer to key markets, about the company's cultural willingness to make a green beer, or about the fit with its current brand name.*

**Candidate:** Ah, right. They would need to either have capacity in their existing plants or be prepared to build a new plant for green beer. If their current plants are underutilized, could they manufacture green beer with the same equipment? In other words, I'd want to know how similar the manufacturing processes are for green and regular beers. If their current plants are operating at capacity, we'd need to do an analysis of the economics of building a new plant for green beer, which would be largely based on whether we could sell enough to recoup our investment.

**Interviewer:** Well, that looks like a good start. Let's move onto a second case.

*The candidate gets off a little easy here. A logical and likely follow-up from the interviewer would be to ask the candidate how to make the plant investment decision.*

## Case 10

**A large integrated steel manufacturer is contemplating entering the specialty stainless-steel market. Should it? What should it think about to make its decision?**

*Here's a basic strategy question. The topic sounds straightforward, but clearly there's a lot of information missing. Half of the problem will involve getting the right information. This question is suitable for a variety of candidates.*

### Bad Answer

**Candidate:** Specialty stainless-steel sounds more expensive than regular steel. If it's a higher-priced, higher-margin business, then I think they should go for it.

*Whoa! Here's a shoot-from-the-hip answer. And just how convinced do you think the client would be with an answer like this, not to mention how happy the client would be that it's paying you consulting wages?*

**Interviewer:** What if I told you that the specialty stainless market was dominated by three large players? Would that change your answer?

*Hint! Hint! The interviewer hasn't ruled this guy out yet, but she's throwing him a softball, and trying to watch his swing. Maybe he's a bit nervous, or maybe he just doesn't know squat.*

**Candidate:** No way. If there are three players making good money in specialty steel, then our client should be able to do it, too.

*This may be true, but it's way too early to tell. Besides, the candidate hasn't even really heard the interviewer: she never said that the three dominant players are making money. The candidate should be asking for more data, not drawing conclusions.*

**Interviewer:** Do you need to know anything about the customer base?

*This is about as big a hint as you're likely to get.*

**Candidate:** Oh, right. The customers will be happy if we enter the market because we'll increase supply, which will automatically drop the price of specialty steel for them. It's simple economics.

*The candidate takes the interviewer's hint and runs with it—but in the wrong direction. Clearly, this person is not cut out to be a consultant. Case closed.*

**Interviewer:** Simple economics. I see . . .

*Okay. So, repeat after us: "Would you like fries with that?"*

### **Good Answer**

**Candidate:** Interesting questions. Before I start I'd like to ask you a few questions: Why is the steel manufacturer looking to enter a new market? Is its core business shrinking? Is specialty stainless steel a higher-margin business? Is the company just sitting on cash it wants to invest?

*This is a much better and safer approach. Before doing any analysis whatsoever, the candidate probes for more relevant information. It is completely acceptable, and even recommended, that you ask questions of your interviewer. In fact, it's probably a good rule of thumb to force yourself to always ask a question of your interviewer after hearing a case. It will almost never hurt you to do so.*

**Interviewer:** Well, yes, the core business is shrinking. The specific division we're working with makes the shiny trim that used to go around windshields on cars in the '70s and '80s that has since been replaced by a black rubberized material. The division is looking at specialty stainless to possibly replace this dying business, and since the selling price for specialty products is higher than for shiny trim, the division believes that it could be an attractive opportunity.

*The wealth of information from the interviewer provides the candidate with a much better starting point. One key insight that comes from this new information is that the real question from the client is broader than stainless. The real question is about how to replace a dying business. Stainless production is one possible approach.*

**Candidate:** Who are the major players in the specialty stainless business today? Is it dominated by any one company? What is the market for the products like? Is it growing, or is it at least big enough to sustain another competitor?

*Now the candidate starts exploring the context for the “go stainless?” question. Note that he still isn’t giving any analysis or advice—he’s just asking questions.*

**Interviewer:** Specialty stainless steel is a \$700 million market served by three main competitors who account for around 80 percent of sales. The market has been growing at about a 6 percent CAGR [compound annual growth rate] over the last 5 years.

*The interviewer responds to the questions, releasing a little more information each time. She doesn’t put any twist on the data—it’s up to the respondent to analyze and interpret.*

**Candidate:** That seems like moderate growth, but it scares me that three competitors have such a lock on the market. Who are the customers and what do they want? Technical innovation? Adherence to specifications? Bells and whistles?

*The candidate makes an observation about the information he has received and then continues to ask more questions. This time, he is checking out the opportunity for entry by another player. Is there any unmet customer need that the client might exploit to get a foothold in the market?*

**Interviewer:** Who would you guess makes up the customer base?

*Finally, the interviewer stops producing data and turns the question back to the candidate. She’s looking for some intuition and insights.*

**Candidate:** Let's see, stainless steel. I would guess that the customers are varied: some may use small quantities of the product as a component in a larger product—tools or medical instruments, for example—and others would use sheets of it to make kitchen appliances and things like that.

*This answer doesn't call for any mathematical gymnastics, highly analytical insights, or knowledge of the steel industry. However, it does demonstrate that the candidate can make good common sense observations about the world around him.*

**Interviewer:** That's exactly right. So what does that suggest about customer requirements?

*Now the interviewer pushes the candidate to take his observations a step deeper. What do they mean and what are the implications for the client?*

**Candidate:** It suggests that the requirements are as varied as the uses for the product. So maybe our client can focus on one part of the industry and leave the rest to the top three players? But wait, how do we know our client can even make this product? Is the process similar to that of the shiny trim they make now?

*Good, astute perception about the nature of the market. From here the candidate might be asked how he would determine whether there really is an opportunity in the marketplace. Or he might be given some additional complications and asked about the implications. Instead, he moves from examining the market opportunity to look at the client's ability to actually produce the goods. Note that the candidate is again asking questions.*

**Interviewer:** That's a good question. When specialty stainless is manufactured, sheets of unfinished metal are fed through rollers that flatten out the sheets and smooth their finish. The more times the sheet is fed through the roller, the lighter the gauge of the stainless, and the smoother the finish. Specialty stainless requires extremely light gauges and smooth finishes, and therefore it requires many passes through the roller. The problem is that light gauge stainless is thin



and fragile, and easily damaged in this process. Shiny trim typically requires only one pass through the roller.

*As is often the case in real consulting projects, the questions have elicited information that contains the seeds of a good, solid answer to the client's dilemma.*

**Candidate:** So let me get this straight: specialty stainless is a fairly large market with moderate growth, dominated by a few large players, which have presumably mastered a relatively complex manufacturing process. Our client wants to diversify into this business from a much lower-tech and even commodity-like product line that's seen better days. Is that accurate?

*The candidate uses a good tool here: summarizing and restating the information that he has pulled out. He checks with the interviewer to make sure that he has pulled out the right information.*

**Interviewer:** That's pretty accurate.

**Candidate:** If I were the client I would give serious thought to a few issues before jumping in. First, will we be able to effectively manufacture specialty stainless? Do we have the appropriate capital equipment? How long will it take our employees to be trained in the new process? What kinds of costs are associated with the startup (training, scrap, machine time, etc.), and can these costs be recouped once the product is sold? How much technical innovation and investment are necessary to remain competitive, and do we have the necessary resources? The second area of concern for me is in marketing. Do we have the ability to find a customer base to sustain this business? And finally, how committed are the competitors to this business and what are they willing to do to keep us out? I guess, generally speaking, I have my doubts.

*The candidate is now ready to pull the information together and offer a few pointers.*

**Interviewer:** I can see that. It looks like you've covered most of the issues. Now let me tell you what they really did . . .

*Note that the candidate actually offered very little advice throughout the case. Instead, he basically asked a series of targeted questions. One way he might have improved his answer is to have talked upfront about the framework for his inquiries. For example, he might have said that he would need to explore both the market opportunity and the client's ability to exploit that opportunity. Such a statement would have given the interviewer a better idea about where he was heading with his questions. The interviewer might also ask the candidate to brainstorm some additional growth opportunities—what do you think they might be?*

## Case 11

A large food manufacturer with dominant market share in rice cakes wants to increase the profitability of the product line. It is trying to decide whether to raise or lower the price. What are some of the things you would think about?

*Here's a specific business problem with key strategic elements. This question could go to any type of candidate—undergrad, MBA, advanced-degree—but the expectations for the answer would be different. MBAs would be expected to offer an answer with more depth and understanding of business concepts. Undergrads and advanced-degree candidates would still be expected to hit on basic themes, but they might get a little more prompting from the interviewer.*

### Bad Answer 1

**Candidate:** Definitely don't raise the price! This is another case of the manufacturer trying to milk the consumer, and at some point, the consumer will rebel! This is exactly the behavior by manufacturers that put generic brands on the map. And lowering the price just erodes the value of the product in the consumer's mind. They should just hold price steady and think of some other way to improve profits—like lower costs or something.

*Uh-oh! The interviewer is thinking that this candidate is really a consumer activist—and not a very bright one at that!*

**Interviewer:** Are there any cases you can think of where a price increase would be justified?

*The interviewer prompts the candidate to try to get her back on track.*

**Candidate:** Well, sure. I mean manufacturers have to make money, right? So they should be able to raise their prices at the rate of inflation. No more, no less.

*Okay, not a consumer activist—just not very bright.*

**Interviewer:** I see.

## **Bad Answer 2**

**Candidate:** Well, to increase profits you've got to raise the price. That way, the sales price will be greater than the cost, and profits will go up. Or, wait . . . let's see. How about if I draw a demand curve and figure this one out. Now, if the demand goes up, the price will go up. So, I've got to get the demand up, so there are several things to do here. You could advertise the product, you could do some other promotions, you could have a study done showing the health benefits of rice cakes. All these things would probably increase consumer demand for the product and thereby raise the price.

*This is a sincere goof. The candidate immediately jumps on a solution (raise prices), then realizes that she hasn't hit on the answer. She backs up, twists around, struggles to put a framework in place, and ends up in a mess. The lesson here: if you aren't really sure of what you want to say, avoid the bait! Instead of jumping into a solution, it's far better to gather more information, or, alternately, to lay out a process for reaching the answer. Also, unless you're really familiar with a specific tool, you're probably better off not trying to use it. We guarantee you: it will be awfully hard to knock the rust out of your memory in the heat of an interview.*

## **Good Answer**

**Candidate:** You said they want to increase profitability on the rice cake product line. That brings us back to the old profit equation: profit = revenues – costs. Before jumping headfirst into the pricing question I'd want to take a look at the basics: costs and revenues. Is there any leverage on the cost side? In other words, can they reduce their cost structure (manufacturing, selling, distribution, G&A, etc.) so that they can increase profitability by operating more efficiently instead of passing a price increase on to the consumer?

*Here's what the previous bad answer could have been. Instead of taking the bait, the candidate backs up, identifies a useful framework, and poses a couple of highly relevant questions.*

**Interviewer:** That's a good fundamental question. But both the client and our consulting firm have examined the cost structure of rice cakes extensively, and it appears that they are currently operating pretty efficiently. In fact, we did a large cost reduction study for them about 18 months ago and successfully removed all the "fat" from the operation. So the cost side provides no leverage in increasing profitability.

*The interviewer answers the candidate's question directly and helps focus the discussion further.*

**Candidate:** Okay, then we'll focus on the revenue side, which is basically price and volume. Has the company examined attempting to increase volume without affecting price, through increased promotions or more shelf space, for example?

*The candidate quickly jumps to the second piece of analysis and identifies a second relevant (and simple) framework: revenues = price X units.*

**Interviewer:** The company feels that it has saturated the channel (i.e., shelf space is not a problem) and that it is getting all the possible mileage out of both consumer and trade promotions. Volume, therefore, will not be easy to increase without playing with price.

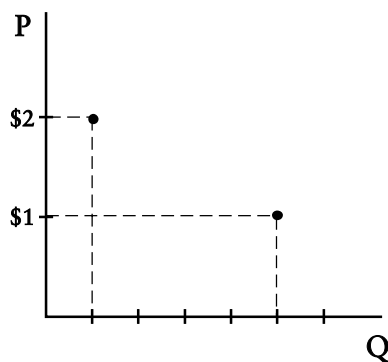
*Okay, so the easy things have been ruled out.*

**Candidate:** So price really is the only lever left. Well, okay. Then we need to figure out what the optimal price for rice cakes is. In other words, we need to set the price of rice cakes at the point where the profit is greatest.

*One trick to buy a little more time in the interview—although you should be careful to not overuse it—is to give a quick summary of the situation or to repeat/confirm your understanding of the information conveyed by the interviewer.*

**Interviewer:** Good. So how would you go about figuring that out?

**Candidate:** Well, in theory, each price point has a certain volume associated with it—that's called the rice cake demand curve. In general, there will be higher volume at lower price points, and lower volume at higher price points. To maximize revenue you would set the price at the point at which  $P \times Q$  was greatest. So for example, if you could set the price at either \$1 or at \$2, and the demand associated with each price point was 500 units and 100 units respectively, then you'd set the price at \$1. Because even though the price is lower, the total revenue is greater at the \$1 price point. Graphically, it would look something like this:



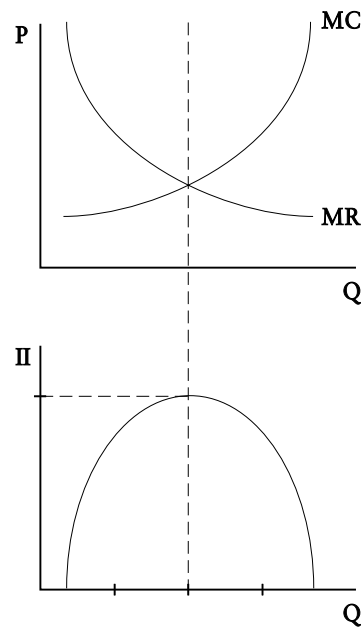
*It's often an excellent idea to pull out pen and paper and draw a graph or figure if it helps you answer the question. Consultants really do like to use graphs, frameworks, and other visual tools. In this case, it would also be good to write out the revenue equation on the same sheet of paper. The candidate doesn't mention "price elasticity," but this is a basic concept that affects the overall revenue implications of the pricing strategy.*

**Interviewer:** Well, that's a good start. But the company doesn't want to maximize revenue, necessarily. It wants to maximize profit. How does that change your answer?

*Interviewers love to change the focus slightly or alter the assumptions to see whether you really understand the implications of your answer. If you do use a graph or other device, you can almost expect that the interviewer will ask you questions about how the chart would change under different circumstances.*

**Candidate:** Right. Well, the concept is the same—except that, to figure out the maximum profit, you'll have to incorporate information about costs. In other words, you'll need to subtract the costs from the revenues. If you want to think about this graphically, put profits along the y-axis and price along the x-axis. Assuming this is a relatively typical product, with marginal costs of production that fall and then increase, you'll get a parabola like this.

The maximum profit on the product comes at the apex of the parabola. This marks the point at which the marginal cost of production equals the marginal revenue from each sale. Up to that point, you've been getting additional profit for each unit sold. To determine exactly where this point would be, you'd have to figure out your marginal cost curve. This should be possible if the client has good cost accounting systems in place. Since we're presumably dealing with some level of fixed capacity, the costs will likely rise as you try to squeeze more production out of the plant.



*Again, graphs can help you explain your answer to your interviewer. If you do use them, it's a good idea to give a brief explanation of what you're drawing and the implications.*

The trickier part is to determine the revenue side of the picture. This depends in large part on the behavior of your consumer. As we've already discussed, as the price for the rice cakes goes up, the revenue per cake rises, but the units sold will likely fall. How fast this effect occurs (i.e., the elasticity of demand for the product) will determine the degree to which you can raise the price.

*The candidate has done a really good job of walking through a microeconomic analysis of how to maximize profits. Although she hasn't gone into a great level of detail, she has explained the basic concepts in terms that a client can understand.*

**Interviewer:** That's an excellent textbook analysis of the problem. But now let's put ourselves out there in the marketplace. What happens if, based on your analysis, you jack up the price significantly?

*The interviewer may or may not ask you to explicitly discuss real-world concerns as part of your analysis. Whether or not you're asked, it's often a good idea to keep these issues in mind. Remember, the most elegant academic analysis won't mean diddly to your client if they think you haven't understood the reality of their business.*

**Candidate:** Well, assuming we've done a careful job analyzing the costs and consumers, profits should go up. Setting aside the question of whether we've done our analysis correctly, the other thing I'd be most concerned about is the competitive response to our moves. If we really are the dominant market player, we probably have some ability to set prices. However, our competitors will likely have a response. They may follow our price lead, or they may choose to compete against us on price or other aspects. As our profits go up, we can expect others to be more interested in the market and to try to compete with us more aggressively. Their success at this will depend in large part on exactly how much market power we have.

**Interviewer:** Good, well that's certainly something we'd want to look at in our analysis as well.



## Case 12

A company has invented a lightbulb that lasts 50 times longer than ordinary lightbulbs but only costs 50 percent more to make. What should the retail price be if regular bulbs sell for \$1?

*This is a brainteaser with a little bit of a strategy and economics twist. Although there are a number of reasonable answers to this problem, the interviewer is likely looking for both creativity and a sense of business. This question is good because it can be answered in varying levels of detail, depending on the candidate's background and inclinations.*

### Bad Answer

**Candidate:** If I were the company, I would charge a fortune! Maybe \$50 or \$100 for a bulb that lasted that long. Let's face it, soon enough someone will market a bulb that never burns out, and then they'll make the big money, so in the meantime this company should milk customers for as much as possible.

*This applicant actually isn't totally off base. Indeed, he reveals one or two small insights. He seems to understand that an early mover can usually charge a premium for innovative products, but that subsequent producers will eventually drive the price down. However, he commits several fatal flaws. He starts spouting without really knowing; he gives an answer without any backup or analysis; and he seems to have a bad attitude. Together, or even separately, these mean that he won't be asked back for another round of interviews.*

### Good Answer

**Candidate:** This isn't quite as straightforward as it might seem at first. There are three different pieces I'd want to consider in developing my pricing strategy. First, I'd want to look at the economics of the pricing decision from the company's internal perspective. Second, I'd want to consider the customer's reaction to different pricing strategies. Finally, I'd want to think about the likely competitive response to the product and the pricing.

*The candidate is off to a good start. He has clearly set forth a framework for his answer. Although he didn't use the C-word, his answer is taking shape as a 3C analysis (customer, company, competition). By listing the three areas he will be analyzing, he has given himself a roadmap for the answer. Also, if the interviewer wants to jump right in on a particular angle, she can easily do so (e.g., "Let's go straight to the competition. What do you think might happen?").*

**Candidate:** Let's look at the economics of the pricing decision. Although the current market prices of the old bulb and other bulbs in the market are important reference points, they don't really tell us much about the economics for the new product. For one thing, we don't even know if the current bulb is actually priced correctly. From the company's internal perspective, it's important that we know the price at which the new product is a break-even proposition. From a purely microeconomic perspective, this will happen when the product sells at a price greater than its cost of production. (Actually, the marginal revenue should be greater than the marginal cost of production.) As long as this holds true, the company is making money on each bulb sold. Knowledge of these numbers will be especially important as we start to consider the impact of competition. However, it won't tell the company how to maximize its earnings from the new product.

*The candidate begins with the first point in his framework: the company's internal perspective. He chooses to talk about microeconomics (other angles are also possible). This also helps him identify and discard the information about the current bulb's pricing because it's irrelevant to the point he is making here. One note of caution: in a real interview setting, it's entirely possible that the interviewer will choose to pursue the angle about marginal cost/marginal revenue and really test out the candidate's microeconomic knowledge. Therefore, if you do sprinkle a little theory on your answer, be prepared for the consequences!*

**Candidate:** Fortunately for consultants, the world never quite works like it does in the textbooks. Therefore, beyond the cost structure, the company will need to understand how the consumer will react to different pricing strategies.

The company can look at pricing the lightbulb in at least two ways. First, it can price according to how much value the product gives to the consumer—aptly called value pricing. If the new bulb lasts 50 times longer than the original bulb, it can be said that the new bulb gives 50 times more value to the consumer, with value defined in this case as light bulb longevity. If the original bulb sells for \$1, then in the spirit of value pricing, the new bulb can sell for 50 times \$1, or \$50.

*This is good. The candidate continues to draw on his framework as he moves through the answer. He explains “value pricing” and then goes on to state specifically what the product price would be under this strategy.*

**Candidate:** Alternately, the company can simply look to maintain the margins it earns on the regular lightbulb, and price accordingly. In other words, if it costs 50 percent more to make the new bulb, to earn the same gross margins as on the original bulb, the company would have to charge 50 percent more, or \$1.50. In this way, the company could preserve a decent, if not exorbitant profit margin.

*It’s always a good idea to use specific examples when answering a question. In this case, the candidate mentions specific figures to give the interviewer a more visual understanding of the proposed solution and confidence in his grasp of the simple math involved.*

**Candidate:** Now, the different pricing strategies could have very different revenue implications, depending on the price and unit sales for the product. If the company opted for the first approach, the value pricing approach, unit sales would likely decline (because of the longer lasting life of the new bulb), but overall revenues might increase (because the price per unit is so much higher). If current customers merely switched over to the new bulb, there would soon be something close to a 50:1 drop in sales. (It would be slightly less than 50:1 because not all purchases are replacing bulbs that died of old age.) However, the new technology would also undoubtedly attract new customers. As purchasers of competing “old bulb” technology came over, the company’s market share would likely increase.

*The candidate chooses to analyze the implications of one of his recommended pricing strategies. As he does here, it's important to draw implications from his recommended strategies. He also demonstrates several other good things here: an understanding of a basic business relationship (price  $\times$  units = revenues), the importance of other factors on customer behavior (replacement and substitution), and an ability to draw some quick common-sense implications of the proposed value pricing approach. He might also have discussed customers' purchasing behavior when faced with different pricing scenarios.*

**Candidate:** I could talk about the implications of the other pricing strategy, but I want to touch briefly on the third area of analysis: competitor reactions. The appropriate pricing strategy will be greatly affected by the company's position vis-à-vis competitors. If the new bulb is a proprietary technology and it is the first one on the market, the company will likely be able to charge a premium for its technology. There is certainly a lot of value in a bulb that will last 50 times longer. Whether customers would be willing to pay 50 times the price of the old bulb is another question. However, they would almost certainly be willing to pay more than \$1.50 for the bulb. The company would be able to continue charging a premium until its competitors came in with a response: a substitute long-life product, a different pricing strategy on the old bulbs, or something of the sort.

*Although the candidate chose to explain the logic behind his answer, he might also have used a few standard microeconomics graphs or charts demonstrating monopoly profits and consumer surplus. This might impress the interviewer, but more important, it might help clarify his answer. One other possible line of inquiry here would be for the interviewer to ask the candidate how he would research these questions. Good answers might involve doing customer research through surveys or focus groups. Note here that the interviewee did all the talking. This isn't likely to happen—the case is supposed to be a dialogue. But if you get a silent interviewer, don't worry. You'll be interrupted if you're way off course.*

# Resume Case Questions

## Case 13

**I see that you worked for Goldman Sachs before business school. Describe for me your most complex financial model. How did you structure it? With hindsight, what could you have done better?**

*This is a good, straightforward question for an MBA. Although the question would be slightly different, an undergraduate or non-MBA might also get a question like this based on his or her own experience, as reflected on the resume.*

### Bad Answers

*A bad answer here would be one mired in technical or financial mumbo jumbo or, on the other hand, one that didn't go into quite enough detail. When talking someone through a model, it's easy to get trapped either discussing every line item or glossing over the details a little too much. Beware of either of these extremes. You want your interviewer to be able to follow your thought process through a complex set of variables, while keeping an eye on the bigger picture. Remember, you know this stuff like the back of your hand, but the interviewer is hearing it for the first time. Be logical!*

### Good Answer

**Candidate:** My most complex model was actually 10-year cash flow projection for a startup cellular telephone company. I worked on it when the industry was very young, so there wasn't much industry research available on how these companies would actually perform. The company had no cash flow, and there were no commonly used industry multiples to fall back on. As a result, I had to build

my model from the ground up. We were looking for a simple form of free cash flow, defined as EBIDT (earnings before interest, depreciation, and taxes) less capital expenditures. We assumed the company wouldn't be paying taxes for years to come because of the huge operating losses it would sustain from the depreciation expense associated with the startup of such a capital-intensive business.

*This is an excellent start. Most important, the candidate has given a brief, one-sentence introduction that puts the interviewer in the appropriate time and place ("10-year cash flow projection for a startup cellular telephone company"). Always give the interviewer a brief topic sentence that sets the stage. After that, the candidate explains a few of the general features of the model. Although this level of explanation is appropriate for a consulting interviewer, advanced-degree candidates should be sure to explain any necessary technical aspects of their research in laymen's terms. For one thing, there's a chance your interviewer won't understand your research, and, for another, your interviewer will be checking you out to see if you look like you would be able to communicate in a business context.*

**Candidate:** As with any cash flow model, I needed to look at both the revenues and the costs for the company. To project revenues, I needed to determine how many people would sign up for the service and at what price. I began with the population in each of the cellular markets for which the company had the rights, and I made a few general assumptions about how much of the population would actually sign up for the service (known as cellular "penetration"). I did this by researching the demographics of the regions, and based on household incomes and the concentration of various professions, I deduced what percentage of the population was likely to be early adopters of cellular service. I grew this percentage slowly for the first 5 years of the model, and more quickly in the last 5 years, assuming that as the technology became more accepted, penetration would increase. I also had to make assumptions about the price of cellular service, which interestingly, was projected to actually fall over the 10-year period.

*The candidate does a good job of taking her interviewer step-by-step through the model. Again, an important factor in crafting a successful answer to this type of question is to explain it in a way that the interviewer can follow. In your consulting career, you'll be responsible for explaining models to clients, so this is a good test.*

**Candidate:** For the cost side, I worked closely with the company's management to derive projections for their operating costs and their capital expenditure budget. The resulting cash flow model allowed us to structure Goldman's first cellular telephone deal and was used as a tool to educate other members of the deal's syndicate on the cellular industry. It's been used on subsequent deals.

*With the revenue side explained, the candidate moves on to costs, following the outline she set up at the start. She also points out how the model was used. This is better than getting completely mired in the mechanics of the model. A note for PhDs: if you can think of a real world application or analogy for your research topics, even the most esoteric research will come to life.*

**Candidate:** Unfortunately, I didn't have time to take the "Advanced Modeling in Excel" class offered at Goldman until after this deal was over. So with hindsight, I found lots of spreadsheet tricks I could have used to make my job easier—all of which I employed in the second iteration of the model when the company came back to refinance!

*The candidate doesn't forget an important part of the initial question: how she could have done better.*

## Case 14

I see that you worked for Procter & Gamble in product management for Pampers Premium. Describe the market position of your product. What was the most significant contribution you made to the product? Assume you were VP of marketing at the biggest competitor; how would you respond?

*This is a really typical resume question. Not only does the interviewer ask for details about one of your past projects, she asks what you would have done had your position or the circumstances been different. It may not be possible to prepare for every possible scenario related to every item on your resume, but consulting interviewers highly recommend that you go through every item on your resume before your interviews and jot down the basic outline of what happened. Nothing looks quite as bad as being unable to recall the superhuman feat to which a specific line item on your resume refers.*

### Bad Answer

**Candidate:** Pampers Premium is the top-of-the-line P&G diaper. It is meant for the consumer who believes she cannot spend too much on the comfort of her baby, and it has lots of bells and whistles that make it cost a lot more than the regular Pampers product. It has Velcro closures and a soft outer cover, which customers seem to like because it reminds them of cloth diapers. Pampers has actually been hurt by the recent resurgence in the usage of cloth diapers as a more environmentally conscious alternative to disposables and has spent a lot of money researching environmental impacts of both. They found that it is true that disposable diapers take a long time to degrade in landfills, but the bleaches and detergents used in the laundering of cloth diapers also have a detrimental effect on the environment.

*All very nice information, but completely unrelated to the question.*



Anyway, I crunched the numbers on a promotion for Pampers done through hospitals, and found that it was a good way to target new diaper users. If I were Huggies, I would probably cut price, just to steal market share away from Pampers.

*When this candidate finally gets around to answering the question, the response is totally insufficient.*

### **Good Answer**

**Candidate:** Pampers Premium is the number-two premium brand of diapers, behind Huggies Supreme. Both brands are the Rolls-Royce of diapers: thin and ultra-absorbent with a clothlike cover and reusable Velcro closures, costing up to 40 percent more than regular diapers. P&G has invested heavily in the Pampers Premium product, allocating a sizable portion of its annual R&D budget to the product each year. However, despite the product's "technical" advantages, it remains stuck in the number-two position behind Huggies, a Kimberly-Clark product that has enjoyed the benefits of an advertising and promotional blitz over the past 2 years. Heavy print advertising including coupons coupled with retailer incentives have propelled Huggies Supreme solidly into the number-one slot.

*In this answer, the candidate immediately answers the interviewer's question. He also gives a nice synopsis of why the brand is considered a "Rolls-Royce," as well as a good description of the number-one brand and chief competitor.*

**Candidate:** While I was at P&G, I helped assess a targeted consumer promotion in the midwestern United States. Focusing on maternity hospitals, the promotion included free samples and coupons for Pampers Premium packaged in a small diaper bag emblazoned with the slogan "The Best Way to Pamper Your Baby." These bags were given to all departing maternity patients over a 6-month period in ten midwestern cities. I was responsible for determining the effectiveness of this campaign by determining the "lift" (the increase in sales) in

the ten targeted markets during and after the promotion. This required heavy data analysis and detailed utilization of Nielsen data sources, as well as field interviews of consumers and retailers. My analysis showed that this targeted promotional campaign provided significant lift (5 to 15 percent). My field research suggested that new mothers are a malleable decision-making unit and will purchase the products they believe their doctors and hospitals endorse, remaining fairly loyal to those products. Both the quantitative and qualitative research proved the effectiveness of this promotion, and I recommended that it be rolled out in more cities as soon as possible.

*After describing the market position, the candidate immediately moves on to the next part of the question: his most significant contribution to the product. Never mind that the actual contribution might or might not have been of earth-shattering importance to the product.*

**Candidate:** If I were the VP of marketing for Huggies, I would respond quickly. I would do a lift analysis of Pampers Premium over the time frame of the promotion (Nielsen data can be purchased by anyone), and once I was convinced of the effectiveness of the promotion, I would attempt to lock in agreements with maternity hospitals in other parts of the country. I recommended that P&G act quickly to capitalize on its first-mover advantage, to neutralize any head-to-head threat by Kimberly-Clark.

*The answer is clear and to the point. It effectively conveys the required information in a manner that isn't too specific to be understood by an interviewer who may or may not have the dirt on the diaper industry.*

## Case 15

**Describe some of the biggest challenges facing a new dean at Harvard Business School. How would you handle them if you were dean?**

*Case interviewers love to ask questions focused on college or business school administration, especially for undergrads and non-business school grad students. This topic is immediately accessible to candidates and often has interesting strategic dimensions.*

### Bad Answers

- His biggest challenge is how to improve the food at the dining hall. If I were him, I would just hire the chef from the Four Seasons. I mean, with all the tuition we pay . . .  
*You're obviously high maintenance (i.e., you just failed the airplane test).*
- Why are they letting in all those young kids right out of college? They have nothing to contribute to the class. Dean Clark should reverse that policy ASAP!  
*A potentially valid issue, but said in a nagging and negative tone.*
- Oh, don't even get me started. If I had only known about all his challenges, I'd have gone to Stanford. But I didn't get into Stanford. Which brings me to the complete injustice of the admissions process . . .  
*Naturally, the first part of this answer would appeal to any interviewer with a Stanford MBA, but then again, if you're interviewing at Harvard, chances are that you wouldn't have a Stanford interviewer. Besides, it's never a good idea to sound like you have a chip on your shoulder.*

### Good Answer

*A good answer here has simplicity at its core. Don't try to cover all the issues facing HBS today, and don't try to solve them all with one-sentence platitudes. Pick two challenges, or at most three, and give some thought to how they might really be handled. Not by you, the student, but by you, the Dean. The interviewer here is trying to get you to role play the part of the Dean, just as in consulting you are often asked to role play the part of the client. So . . .*

**Candidate:** I think the two most significant issues facing Dean Clark right now are (1) the perception in the corporate community that HBS is not changing with the times, and the resulting risk of “brand erosion,” and (2) student dissatisfaction with the academic curriculum and the quality of the HBS experience as a whole. Clark is obviously facing other important issues as well, but I believe that these are the most important because they affect the long-term viability of the school itself. Leaving them unaddressed could do significant damage to the school’s reputation among both CEOs and applicants.

*It’s not necessary to choose a long list of issues or problems, or even to choose any specific problem. Especially for a question like this, there is no single right answer. However, it is good to pick a topic that is relevant and will provide enough substance for an analysis and discussion. The candidate picks two nice, meaty topics that focus on two different constituencies at HBS. She also adds a brief explanation of why she thinks they are important. One final note: after identifying the issues, she stops talking and waits for guidance from the consultant. Many candidates have a tendency to ramble during their answers. Interviewers tell us that a succinct answer—as long as it contains the right information—can be far more effective.*

**Interviewer:** Okay, so you are Dean Clark. What would you do about them?

**Candidate:** Well, first let me give a couple of points of context. For one thing, the dean is the head of HBS the institution, and, as such, has important political and symbolic powers. That said, an academic institution—especially HBS—is composed of a number of different constituencies that are very powerful in their own right. Thus, it’s going to be important to involve the faculty, students, recruiters, alumni, and others in the decision-making process. Fortunately, all of these groups have a strong, vested interest in avoiding brand erosion of the HBS name. This brings me to a second critical contextual issue. HBS is really in a time of flux right now. Other business schools seem to be revamping their curricula, and HBS risks being labeled archaic if changes are not made, and

soon. Although it would be possible for me to dictate a new approach for the school, I believe that it would be better to set up a process that brings about more buy-in and support from the key constituencies.

*There are many different approaches to this question. This candidate decides to talk about process. As a background, she identifies the context for the discussion. If there are key contextual issues that affect your answer, it is usually a good idea to identify them—don't just assume that your interviewer knows what you are thinking.*

**Interviewer:** What sort of process would you establish?

*An important part of any consulting study is setting up an effective work plan that will successfully and cost-effectively produce the data necessary to provide the answer to the problem. Here the interviewer pushes the candidate to explain just how she would go about the actual study.*

**Candidate:** I would choose a task force of faculty members, recruiters, and students to map out the future of HBS. I would have them study the two issues I mentioned: one external, concerning the perceptions of HBS from the outside, and one internal, the experience of HBS students as they go through their MBA program at Harvard. I would also give them a few general boundaries to help frame their analysis and discussion—for example, I believe that HBS must maintain its position as the single best MBA program in the world. Then, I'd have the task force do some solid market research. The members should be out bending the ears of the top CEOs (and this is where Dean Clark can add lots of value), determining what companies today want from their MBA hires. And on the other side, they should be talking to lots of prospective and talented MBA students to figure out what they want out of an MBA program. Of course, current students are an invaluable source of information here, as are students at other MBA programs.

*The candidate does a good job of pointing to her basic framework for the question: internal issue, external issue. She also outlines a process that would be relatively easy to implement and that incorporates her concern about involving the various constituencies.*

**Interviewer:** Okay, so once all this research is done, what do you do with the information, Dean Clark?

*The interviewer is eager to see whether the candidate has an orientation to action. Remember, static analysis is never enough to justify a consulting firm's wages. Nor is it enough to land you an offer.*

**Candidate:** I have three jobs. The first is to facilitate the discussion of the data we have collected to forge a consensus on the future HBS. The second is to sell the vision to all of the key constituencies at the school. The third is to create an effective plan for implementing the vision and to put the right people in charge of getting these programs rolling. I think that all of these steps will benefit from a process like the one I have outlined, where the different constituencies are involved in analyzing and creating the solutions.

*The candidate does a good job of framing her answer by using a specific number. By doing so she demonstrates that she thinks in a structured fashion. She also gives the interviewer a good idea about where she is going.*

**Interviewer:** Okay, that's a good job on the process side of the question. But let's go back to one of your top concerns: brand erosion. What specific types of programs might be used to address this issue?

*Since the candidate identified this as one of the two most pressing issues facing HBS, it's reasonable to assume that she has thoughts about what needs to be done. If you choose to offer a process-oriented answer such as this one, you can assume that interviewer may try to draw you into the specifics at some point in the interview.*

**Candidate:** It's important to think about the reasons for the problem. As I mentioned, I think that HBS risks brand erosion if it isn't perceived as changing with the times. This could be coming from two things. First, HBS might not be changing with the times, in which case we need to be more responsive to the

needs of the workplace today. For example, if we hear from CEOs that MBAs need to have more hands-on operations training, then we could start a co-op program with participating local manufacturers. Second, it could be that we haven't done a good enough job publicizing our approach to management training and why it is the best training for today's managers. On that front, we could conduct and publicize research showing the changes in HBS's management training and how the program is helping to effectively train tomorrow's leaders. I suspect that a publicity campaign targeted at HBS alums would generate a lot of excitement and interest in the corporate community.

*The candidate does a good job of tying the discussion in with her initial assertion. She also does a good job of moving from the general statement to specific examples. It's important to remember that the interviewer may jump in with a question or cut off the discussion at any point during your answer. Therefore, it's usually better to front-load the key information rather than getting bogged down in specific examples before moving on to another main point.*

**Interviewer:** It sounds to me like Dean Clark has his work cut out for him.

# Tips from Case-Interview Survivors

“In general, interviewers are looking for structure and closure. Justify your thinking and take a position. (If you’re hesitant to do so, the interviewer will make you!) Read the interviewer’s signals to see if you are headed in the right or wrong direction.”

“I recommend you read articles by those who are partners and work for your expected office before your interview, because they may be interviewer for you and, in this case, it’s really useful to better understand the interviewer’s current view.”

“As is written at the entrance to the Oracle in Delphi, ‘KNOW THYSELF’: You cannot BS recruiters into thinking you are something you are not. Take good inventory of your strengths; know and appreciate your weaknesses both in skills and resume holes. Given this information, you should definitely take charge in the interview. Most interviewers are tired of the same old rigmarole, and if you prompt them to ask you questions that speak to your strengths, they will be happy to do so, and you will come out on top.”

“Practice, practice, practice! Absolutely the best way to get good at interviewing is to practice . . . a lot! The more interviews I had, the more comfortable I felt, and the better I became at answering the questions.”

“I was an engineering student applying for a business job, and the company said it would not be testing me on my business skills. This was not the case. Without having done many months of preparation, reading a textbook on strategic management, and reading books like Porter’s *Competitive Strategy* and



Hammer and Champy's re-engineering book, I may not have had enough background to answer the case studies in an organized, intelligent manner."

"If you are new to business-case interviews and you want a consulting job, ramp up a month before interviews and really practice those cases with someone who knows how it's done."

"Read the *Wall Street Journal* or *The Economist* around the time of your interviews. You're going to need to be up to speed on what's going on in the business world."

## **WETFEET'S INSIDER GUIDE SERIES**

### **JOB SEARCH GUIDES**

Getting Your Ideal Internship  
Job Hunting A to Z: Landing the Job You Want  
Killer Consulting Resumes  
Killer Investment Banking Resumes  
Killer Resumes & Cover Letters  
Negotiating Your Salary & Perks  
Networking Works!

### **INTERVIEW GUIDES**

Ace Your Case: Consulting Interviews  
Ace Your Case II: 15 More Consulting Cases  
Ace Your Case III: Practice Makes Perfect  
Ace Your Case IV: The Latest & Greatest  
Ace Your Case V: Return to the Case Interview  
Ace Your Interview!  
Beat the Street: Investment Banking Interviews  
Beat the Street II: I-Banking Interview Practice Guide

### **CAREER & INDUSTRY GUIDES**

Careers in Accounting  
Careers in Advertising & Public Relations  
Careers in Asset Management & Retail Brokerage  
Careers in Biotech & Pharmaceuticals  
Careers in Brand Management  
Careers in Consumer Products  
Careers in Entertainment & Sports  
Careers in Human Resources

Careers in Information Technology  
Careers in Investment Banking  
Careers in Management Consulting  
Careers in Manufacturing  
Careers in Marketing & Market Research  
Careers in Nonprofits & Government  
Careers in Real Estate  
Careers in Supply Chain Management  
Careers in Venture Capital  
Consulting for PhDs, Doctors & Lawyers  
Industries & Careers for MBAs  
Industries & Careers for Undergrads

#### **COMPANY GUIDES**

Accenture  
Bain & Company  
Boston Consulting Group  
Booz Allen Hamilton  
Citigroup's Corporate & Investment Bank  
Credit Suisse First Boston  
Deloitte Consulting  
Goldman Sachs Group  
J.P. Morgan Chase & Company  
Lehman Brothers  
McKinsey & Company  
Merrill Lynch  
Morgan Stanley  
25 Top Consulting Firms  
Top 20 Biotechnology & Pharmaceuticals Firms  
Top 25 Financial Services Firm

## **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](http://www.WetFeet.com)

