

BERKELEY-HAAS CONSULTING CLUB

INTERVIEW PREPARATION GUIDE AND CASE BOOK



The Berkeley MBA
Haas Consulting Club

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Before you begin...



- This guide is meant to supplement and help you structure your thinking about the consulting recruiting process. The contents of this guide reflect the authors' best thinking but do not claim to be universal truths held by all firms and all interviewers everywhere.
- While studying how to do cases and identifying best practices is helpful, you must develop your own style to succeed. For example, interviewers can easily identify “canned” frameworks.
- When using this guide (and other resources), always ask yourself if this makes sense for you. It is best to take in information from a variety of resources and synthesize.

Contents

- 1) Management consulting recruiting process
- 2) The case interview
- 3) The behavioral interview
- 4) Practice cases

Recruiting for consulting has two critical workstreams

1

Get the interview

- Building consulting-tailored **resume & cover letter** that highlight the right skills and characteristics
- **Networking** to show interest and gain insights
- **Research** to see which firms / offices / practices to apply to

2

Ace the interview

- Prepare for the **case interview**
- Prepare for the **behavioral interview**
- Prepare for **other assessments** as necessary

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- There is a lot to do, but **there are resources to help**; use them!
 - **Do these workstreams simultaneously**, not sequentially
 - Don't wait until you have an interview invite before you start preparing. Regular preparation starting in Fall B (at the latest) will be far more fruitful and allow you time to incorporate feedback.
 - **Case interview preparation (typically) is the most time-intensive item** and requires a fair amount of lead-time

Knowing what the firms are looking for helps you prepare

High-level assessment areas:

Value addition

Solving problems, driving solutions

- Structured thinking
- Analytics / quant
- Reasoning / problem solving
- Creativity

Communications

Sharing information

- Crystalizing the message
- Delivering effectively

Team

Working with others

- Cultural fit
- “Airport Test”

-
- Get clarity on each firm’s focus areas by talking to people from that firm; there are a lot of similarities but each firm has its own flavor best uncovered through networking conversations and to a lesser extent, marketing materials (e.g. website)
 - When preparing for interviews and drafting your resume, ask yourself “am I highlighting consulting-relevant skills?”

Getting the interview

Getting the interview

1 Resume & Cover Letter

- Invest time tailoring to consulting
- Look at the career center's resume book
- Get this out of the way early
- Put yourself in the reviewer's shoes and ask: am I conveying the message I want?

2 Research

- Key items to research:
 - Firm-specific: How do firms differ, both technically (e.g., staffing, travel) and culturally?
 - Office-specific: What is the work mix among functions and industries?
- Go beyond the web – use networking

3 Networking

- Above all be genuine in your interactions
- Don't ask questions that you can find answers to on the web
- Demonstrate interest by asking questions that show you did your homework
- This portion of the process can be as evaluative as the interview – be yourself!

So what exactly is “Networking”?

Networking is more art than science - not hard to be good, but easy to be bad!

- At its core, networking is the act of building connections with others
- Networking does not mean trying to build lifelong relationships in 10 minutes; rather networking accomplishes two things:
 - Get “insider” information about the firm, which may be helpful in crafting your answer to “Why this firm?”
 - Show initiative and interest in a firm, which also facilitates name recognition during initial resume screens

DOs

- Start off with simple questions: How long have you been at X? Why did you choose X? What types of projects have you worked on?
- Ask for a business card at the end – this is a natural way to bring a conversation to a close
- **Send a thank you note!** It shows that you appreciate their time, and this is a golden opportunity to implant your name

DON'Ts

- Corner a recruiter/partner/etc. and monopolize the conversation. This is just as awkward for them as it is for your peers.
- Ask obvious questions or bring up inappropriate topics (compensation, projected hiring, competitors)
- Spend too much time with one individual. Even if the conversation is going great – end on a high note, meet some other people, and give your peers a chance to move around

Acing the interview

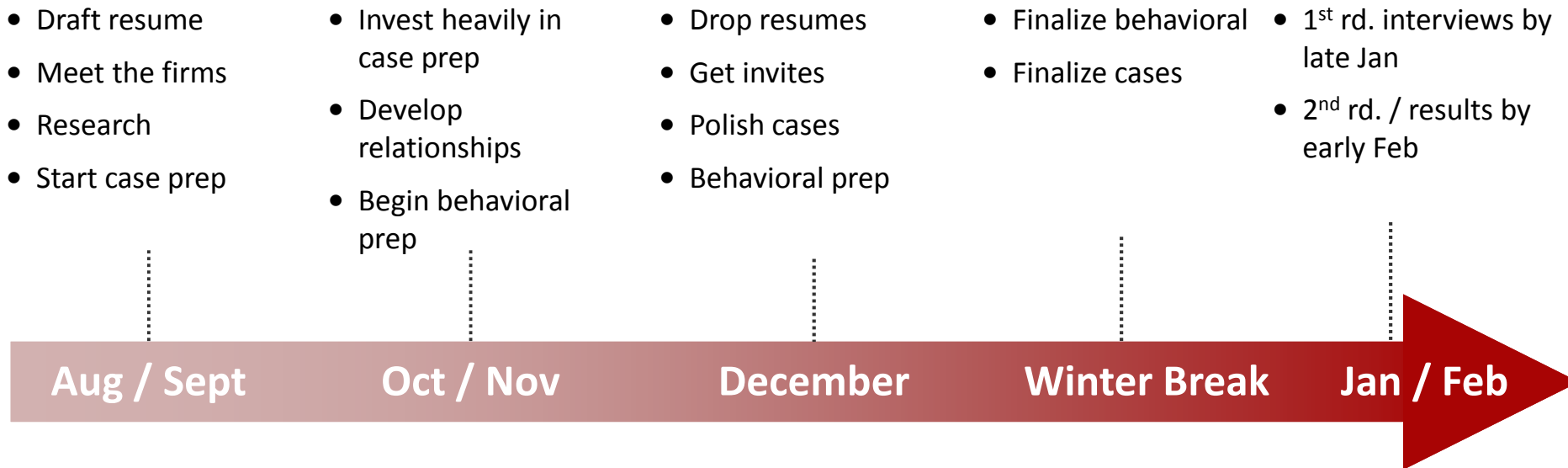
- **Case:** Practice, practice, practice
 - Structured approach to problem solving
- **Behavioral / Experience Interview:** PARs*
 - Identify typical questions
 - Identify your best stories
 - Prepare answers to the questions
- **Other:** Keeping up with pleasantries
 - Questions for them
 - Chitchat



* Note: PAR = “Problem Action Result”. PAR is framework for sequencing answers to behavioral questions

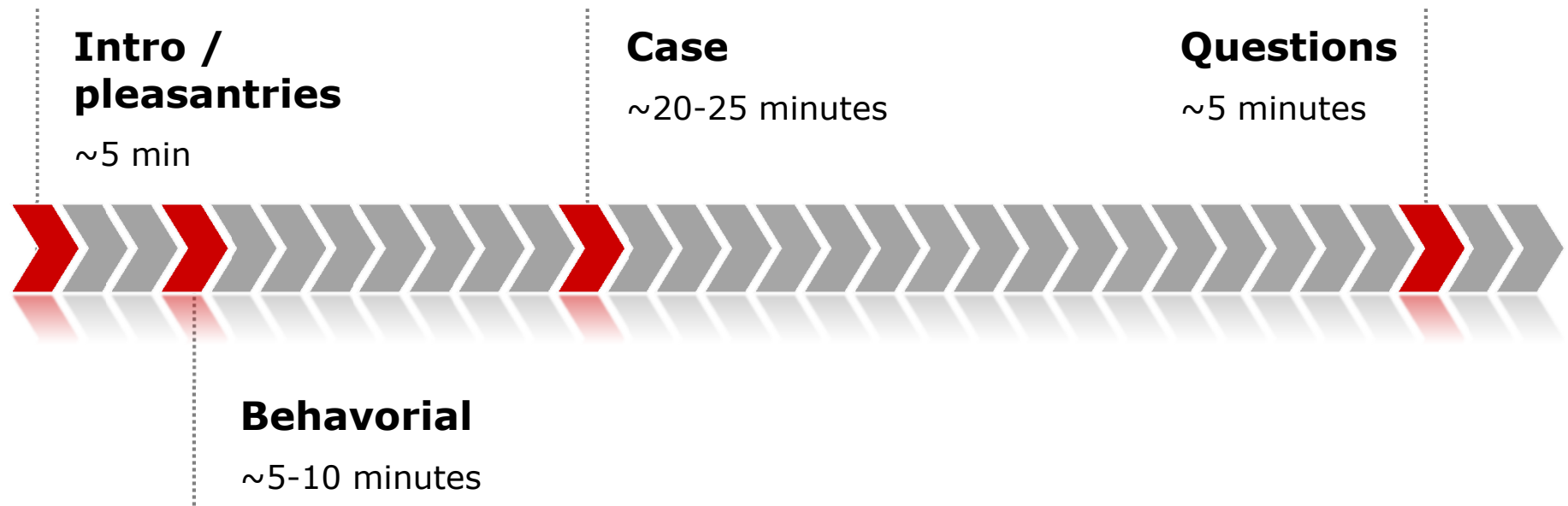
Internship recruiting timeline

Indicative internship recruiting & preparation timeline



- This is a long-term project; invest time upfront designing a good plan!
- Procrastination takes a heavy toll. Think about making an “interview prep” buddy, as peer pressure is a great way to keep each other on track.

Interviews are ~45 minutes & have behavioral and case components



- This is the most common interview format, but there are firm / interview round variations

A framework for a successful job search

1 PRIORITIES: Know what you want

- Haas is full of awesome, worthwhile ways to spend your time and you can't do all (or even most) of them
- If you don't have your priorities straight you'll wind up over committed, overstretched, and you might not reach your goals
- Give yourself permission to say no to things so you can focus

2 PEOPLE: Recruiting is a team sport

- Your job search is too important to leave managing it exclusively to yourself!
- Leverage your fellow classmates who are consulting job seekers to share resources, hone your thinking (e.g. debate the ideal profitability framework), and practice interviews
- Cultivate coaches who have gone through the process and can guide you

3 PLAN: Know what you need to do

- Consulting recruiting is a "solved problem" – before you draft your plan, ask several people who were successful what they did
- Draft a rigorous plan that will get you to success and continuously revisit it as you learn more

4 PERSISTENCE: Work hard

- For most people, the consulting job search is a lot of work; accept it, plan for it, and do it
- Think marathon, not a sprint – much better to chip away every day than cram right before the interview
- The work pays off – on average, people who (intelligently) put the time in do better than those who invest less time

Common pitfalls – and solutions

1 Starting late

- Many people fall into the trap of starting prep late, often thinking that they “can crank it out over winter break”
 - However, some of the best resources for effective prep (career coaches, firm “coffee chats”, other preparing students) are only really available during the semester
 - **Solution:** starting early helps!
-

2 Don't prepare effectively

- Your goal isn't to work hard preparing; it is to actually improve
 - People can get into cycle where they do a lot of “low quality” cases without learning from them
 - **Solution:** if you do a case, do it well. Seek high-value case partners, know what skills you need to focus on as you progress, and spend time after the case redoing areas that were weak the first time through (example: redesign / represent your framework, redo your conclusion)
-

3 Under-index on behavioral prep

- People typically “respect” the case prep process since it is a new skill, but people are often overconfident with their behavioral prep (and are more likely to go in cold)
- **Solution:** spending enough time to nail your behavioral prep is worth it! It takes less time than case prep but is very important – even a few hours can go a long way

Outline

- 1) Management consulting recruiting process
- 2) The case interview
- 3) The behavioral interview
- 4) Practice cases

Case interviews require you to solve a problem

Behavioral / experience interview

- Requires you to describe **what you did or will do**
- Shows your **ability to answer questions** clearly & powerfully
- Demonstrates “**story-telling**” skills
- Typically **multiple questions**

Case interview

- Requires you to **solve a problem**
- Shows **ability to perform**
- Typically **one major question or topic**

-
- Cases interviews test your ability to take a complex problem, break it down into a reasonable approach, and then drive for a solution
 - Case interviews are often new to applicants so they typically require the lion's share of preparation time

Case interviews vary widely in format

Interviewee Led Case

- Most common
- The interviewee directs the case, with prodding from the interviewer
- Most practice cases are written in this format
- Example: Bain, BCG, Deloitte, ATK

Interviewer Led Case

- The interviewer presents the interviewee with specific stages / phases with specific questions
- Similar to, but more structured than, an interviewee led case
- Example: McK

Written Case

- Requires you to quickly analyze a large amount of written information, answer questions, then present / defend the results to interviewers
- Example: Bain, LEK, ATK

Other

- Deloitte / Monitor: Group written case
- Typically reserved for second round

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- While the formats vary, the skills tested are the largely the same. That said, it is still worth your while to get comfortable with each format you expect to encounter

Typical differences between first round & second round cases

First Round

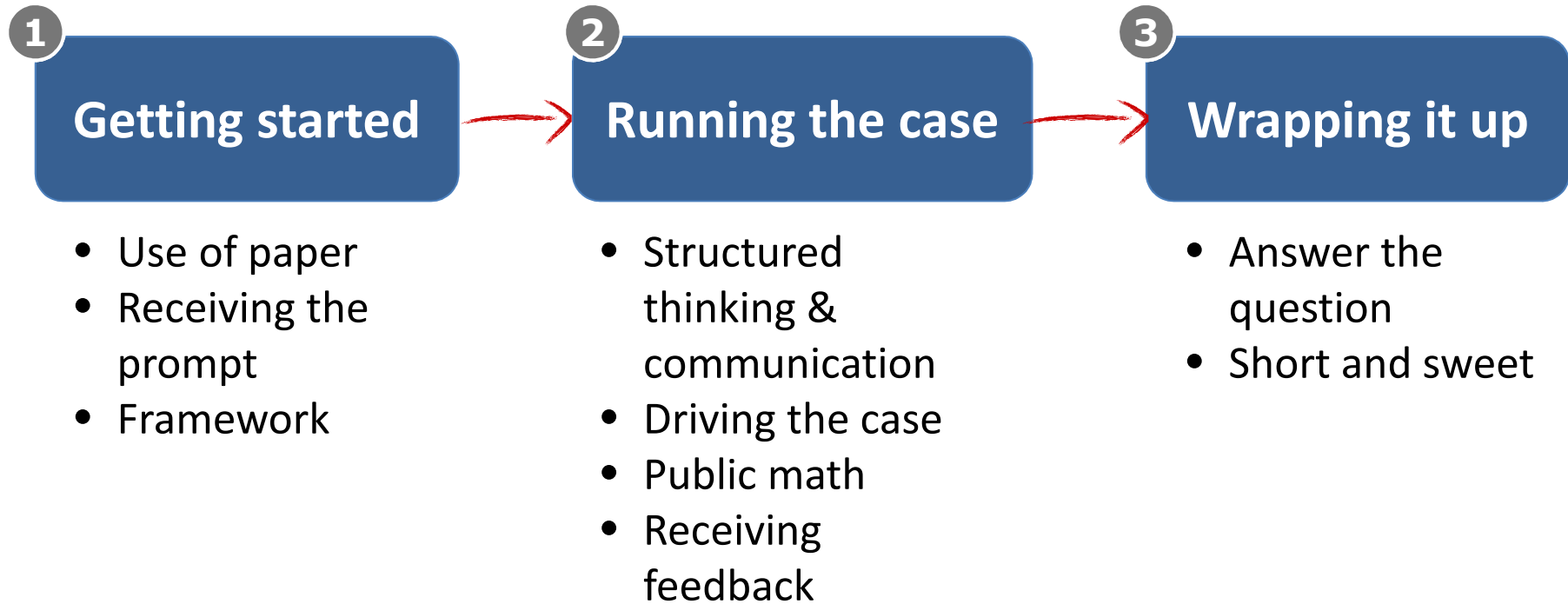
- Interviewer: managers
- Standardized cases
- More handouts
- More often “typical” case topics

Second Round

- Partners, senior partners
- Less standardized cases
- Less handouts
- More often “oddball” case topics

-
- Cases tend to be less structured in second round interviews (but not always)
 - Still need to show breadth and depth of thinking & apply structured thinking to problems

Components of a case



Example case: “Carlos’ Rafting Business”

The goal of this section is to demonstrate what a case interview looks like and call out focus areas. See example mock case interview video [here](#)* and track with comments below.

Section & Timestamp	Comments
Receiving the prompt – 0:41	<ul style="list-style-type: none">You will have a lot of information thrown at you, so make sure you effectively use your paper and take concise notes. Develop your own short handConsulting skills highlighted: taking in a lot of information effectively
Summarize & clarify the prompt – 1:12	<ul style="list-style-type: none">Summarize: You need to make sure you know exactly what you are being asked; it is surprisingly easy to answer the wrong question! Make sure you understand the question by briefly restating it back to the interviewer. “Brief” means ~1-2 sentencesClarify: You can ask a few questions before developing your framework. These should be focused on giving you enough info to develop a framework, not enough for solving the whole case. Keep these questions at the appropriate level (if you need them)Consulting skills highlighted: honing in on the key issue, asking relevant questions
Draft your framework – 1:46	<ul style="list-style-type: none">Signal you are ready to draft your approach to the problem and take some time to do so. Good to be under 60 seconds (and better to be under 45 seconds).Consulting skills highlighted: working quickly, structured thinking & problem solving, being MECE

* URL: <http://youtu.be/hudXW7nv4sA>. Original source: Tuck Case Book 2009, “Carlos’ Rafting Business”

Example case: “Carlos’ Rafting Business” (cont’d)

Section & Timestamp

Comments

Presenting your framework – 2:55

- Now you get to present your approach to the case. Note that the paper you just drew out only exists to help your communication with the interviewer, so don’t spend your time looking down at it. Similarly, it is ok to speak to things that aren’t explicitly written down, as long as it “fits” with what you have on paper
- As a rough rule of thumb, try to present your framework in under 90 seconds (excluding questions the interviewer asks you)
- If your interviewer provides comments or feedback, it is a good idea to incorporate this into your approach (but don’t need to redraft your framework)
- It is good idea to set the initial framework slide paper somewhere off to the side where you can refer back to it throughout the case
- Once you’ve presented the framework and checked it with your interviewer, it is good to show initiative by picking where you want to start (ideally, it will be the first area in your framework)
- **Consulting skills highlighted:** structured communication and general communication skills, taking feedback, taking initiative

Driving the case – 4:22

- This section of the case (i.e. everything after presenting the framework and before presenting the conclusion) is case-specific. However, some best practices are highlighted and time-stamped where applicable
- **“Give first then ask”:** sometimes you want to get more information from the interviewer. Instead of just asking for specific data-points, lay out your approach to a particular problem then ask for specific pieces of information

Example case: “Carlos’ Rafting Business” (cont’d)

Section & Timestamp	Comments
Public math / case math – 5:40	<ul style="list-style-type: none">• Don’t sit in silence while you do your calculations. Instead, talk through your steps (unless something is trivially easy). Your interviewer will most likely help you if you make a mistake!• Consulting skills highlighted: structured communication, analytic skills, making reasonable estimates, rounding
Clarify level of detail – 11:45	<ul style="list-style-type: none">• Case interviews are often pretty high level – in a ~20 minute interview you can’t go into full detail on everything. If you identify some analysis that you think may be too much detail, ask the interviewer before wasting valuable time. This also highlights your thinking without actually having to go through it.• Consulting skills highlighted: asking the right questions, driving to a solution
Make smart assumptions – 13:00	<ul style="list-style-type: none">• In this case, the interviewee is valuing the business using the “Perpetuity Growth Method”, where $\text{Value} = \text{Cashflow} / (\text{Discount Rate} - \text{Growth Rate})$. Given the interviewer told him that the growth rate was 3%, assuming the business’s discount rate / cost of capital is 13% simplifies his math substantially• Consulting skills highlighted: comfort with numbers
Take the hint – 16:20	<ul style="list-style-type: none">• Your interviewer may drop you a hint when they are looking for more information or insights. Detect this and respond accordingly• Consulting skills highlighted: people skills / reading the situation

Example case: “Carlos’ Rafting Business” (cont’d)

Section & Timestamp

Comments

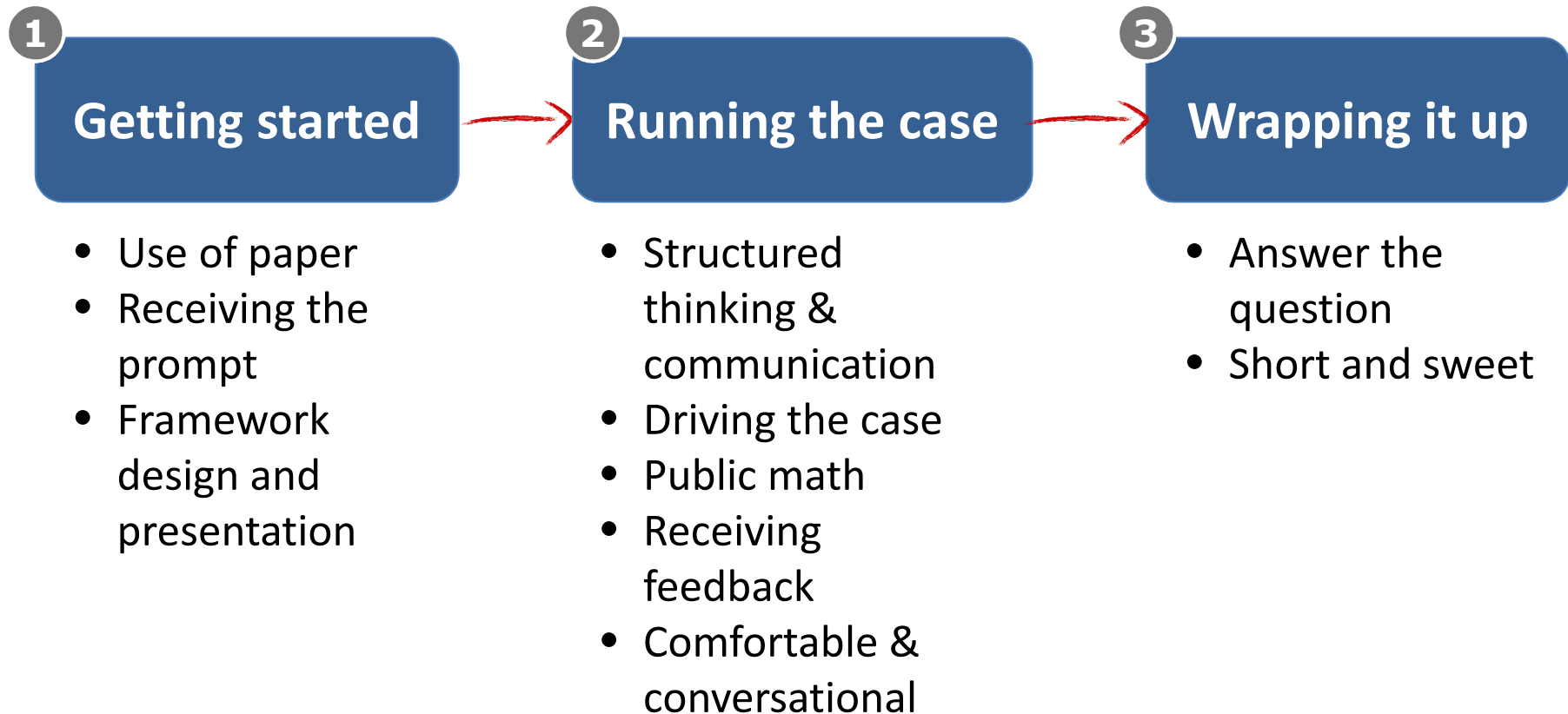
Conclusion – 17:10

- When you have enough information and feel reasonably confident you have gone through the entire case, offer to present your conclusion. Try to have it be “answer first” – based on what you did, lead with the answer. Then backup with data, and conclude with areas for follow up (hint – this is a good place to highlight creativity)
- As a very rough rule of thumb, target ~45 seconds for the conclusion. You want this crisp and punchy, but don’t skip crucial facts just to shorten it
- **Consulting skills highlighted:** structured communication, problem solving, big-picture thinking

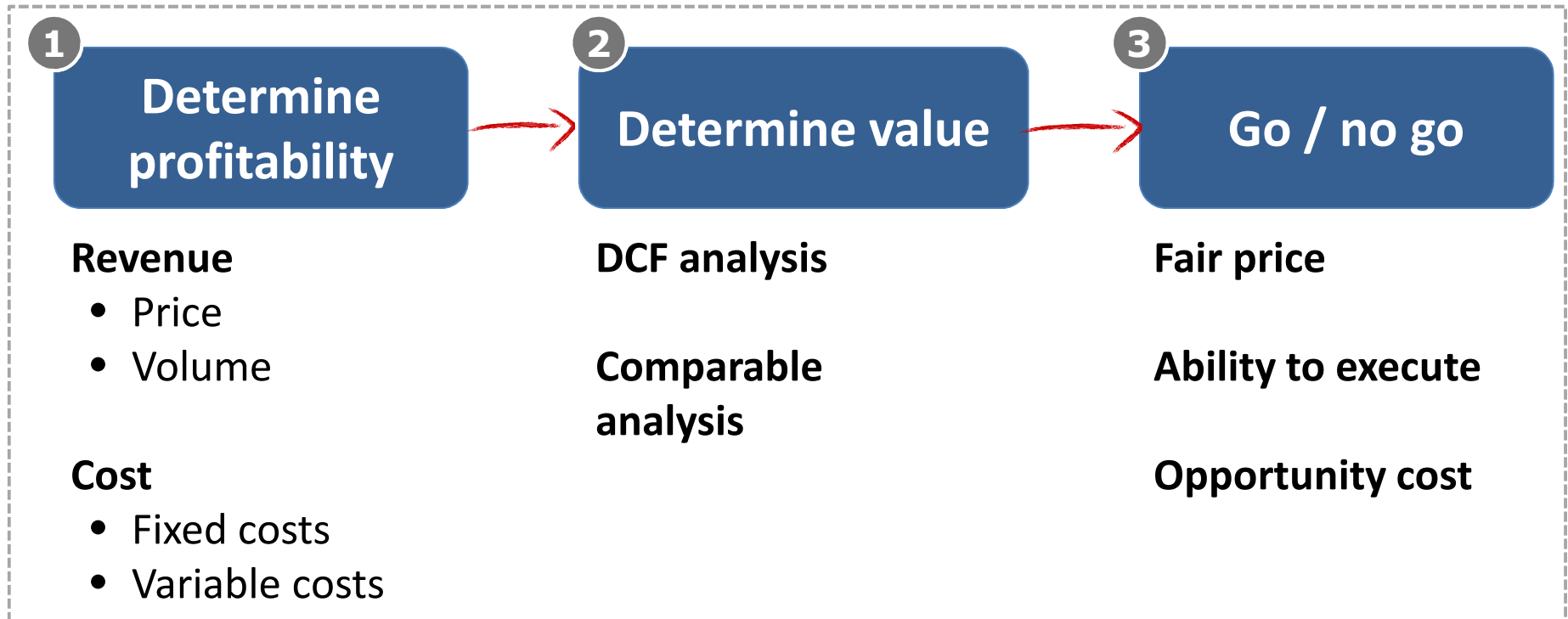
Highlight your personality (appropriately) – 18:10

- Remember that consulting is a client services business, and that you will be the product. Where appropriate, humor can be an effective way to put both you and the interviewer at ease. However, if you are unsure if something is appropriate, don’t say it.
- **Consulting skills highlighted:** “team” skills, building rapport

Example case: what was good about this case?



Example case: why was the framework good?



Coherent structure
(reason for the order)

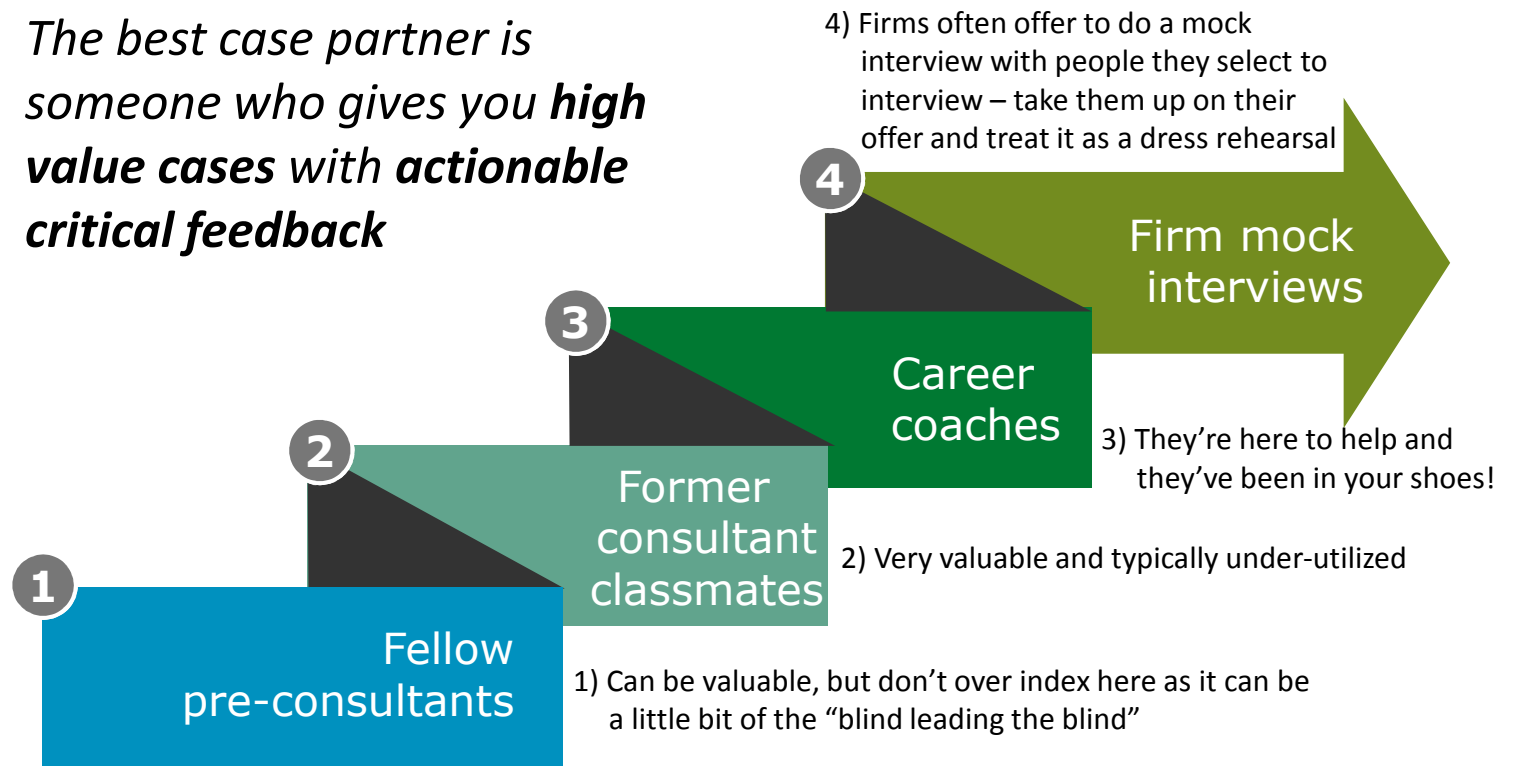
Moderately MECE
(mutually exclusive,
collectively exhaustive)

**On topic and
appropriate depth**

There are resources available to you to help with case prep

Who to practice with?

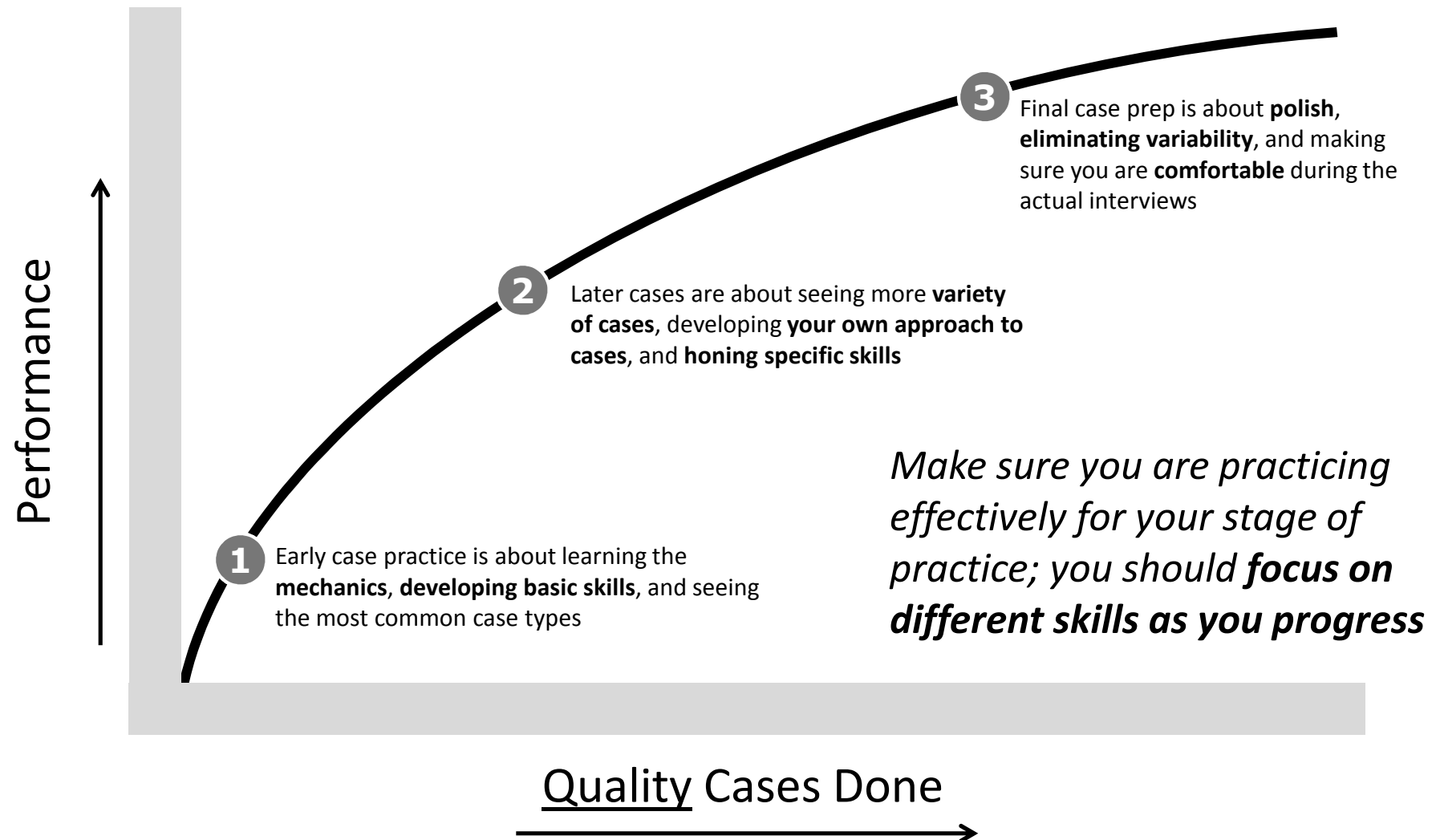
*The best case partner is someone who gives you **high value cases** with **actionable critical feedback***



Where to get cases?

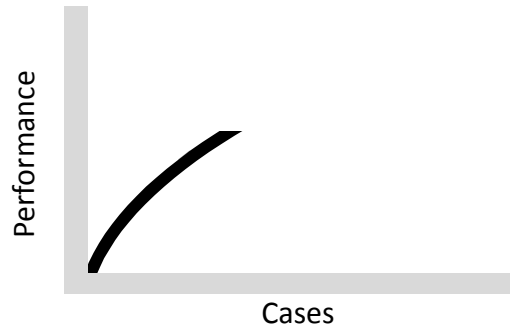
- **School case books (HCC Website)**
- Firm websites
- Prep books (*Crack the Case*, *Case in Point*)
- Make your own mini-cases or case parts ("what is Café Strada's daily revenue?") → great for framework drills

Case prep: relationship of practice and performance



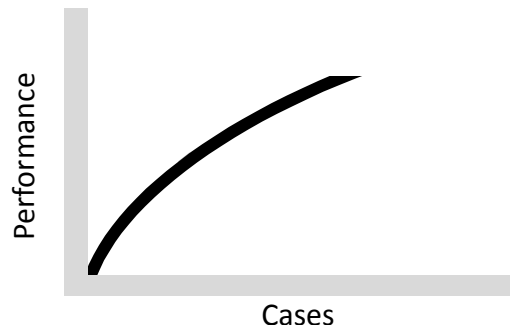
Case prep: common issues illustrated

Not
enough
case prep



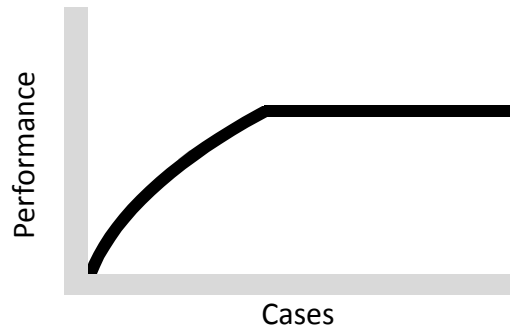
- Some people get started late and don't have time to get past the basics
- **Be sure to give yourself enough time to prepare**

Missing the
final polish



- Some people have invested a lot in case prep but leave off the final polish
- They know cases cold but sometimes nerves get them in the actual interview
- **Practice enough so that you won't get nervous; the final stage reduces variability in your performance**

Flatlining



- Some people do a ton of cases – but do low value cases (i.e. aren't focused on learning / incremental improvement at each stage of prep)
- They often flat line after a while, with limited incremental improvement per case
- **Don't just practice; practice consciously, with specific goals in mind**

Case prep: how to practice

Read this slide carefully!

Case skill

=

Number of cases

*

Avg. improvement / learning per case

Have a structured approach

- Set a goal for the number of cases you will do and by when
- Block off time for case practice early – time disappears later in the semester

Depth

- Some case types (like market sizing and profitability) are seen over and over again. Know these cold

Breadth

- See a large variety of case types to develop your pattern recognition

Have a structured approach

- Use a case log to keep track of which cases you do, your performance level, and areas for improvement
- Seek out high-value case interviewers
- Seek to give cases as well – you learn a lot by seeing things from an interviewers perspective
- Keep a case / framework journal to remember interesting approaches to problems

Get the most from every case

- Before: Setup enough time to do the case well and get good feedback (i.e. no less than 45 min total)
- Before: Be aware of what your top areas for improvement are so you can focus on them during the case
- After: Always redo and represent your framework and your conclusion to your interviewer, even if it was pretty good the first time. You will need to show these components in most cases so you need to get really good at each
- After: Log the feedback you get and record your framework you came up with (if it is interesting)

Always remember what you are solving for

- You don't get "credit" for doing more cases if they don't help you; you need to always ask "am I getting better in the areas the firms will be evaluating me on?"
- Focus on "deliberate practice" with specific sub-goals in mind

Case prep: use a case log to keep track of your feedback

Why use a case log?

- Helps you keep track of your performance over time
- Helps you identify focus area later (“wow, my conclusions have been weak – let’s focus there”)
- Helps you track what case types you do so you can get breadth

Example Excel-based case log

Cases Received

55

						Feedback		
Date	Case	Source	Case Type	Interviewer	Performance	Item 1	Item 2	Item 3
9/7/11	VieTire	HBS case book	Market entry, operations		2			
9/14/11	Chicken Pox	Tuck Case Book	Market sizing		3			
9/21/11	Fine China	Tuck Case Book	Operations		4			
9/21/11	Chateau	Tuck Case Book	Investment (Operations & Sizing)		2	Finance was off		
9/23/11	Chemical Manufacturer	HBS case book	Operations & Profitability	Dave Felts	3			
9/28/11	Book Retailer	Michigan Case Book			1	Mental math	Missed	
9/28/11	Sheep Auction	Michigan Case Book	Market sizing	Bryan Rieber	3	Write too small - use more	Got tripped up on mental math	
10/5/11	Cement It	Tuck Case Book	Acquisition & Monopoly	Bryan Rieber	3	Write too small - use more	Left out "Market" from framework	
11/1/11	Rafting	Tuck Case Book	Acquisition	Bryan Rieber	3	Get to the point quicker	Getting the whole cost st	Don't walk through ment
11/2/11		McKinsey Case Book	Profitability	Nikita Kiselev	4	Overall, good, smooth an	Make sure to understand	Understand precisely wha
11/2/11	New York Taxi Driver	Tuck Case Book	Profitability	Bryan Rieber	3	Framwork was too detaile	Draw line, don't do dotte	Strong assumptions
11/2/11	Great Burger	McKinsey Case Book	Acquisition & Profitability	Kota Fukasaw	4	Good communication & s	Take time to walk throug	Look relaxed - don't jump
11/3/11	Footloose	Monitor Website	Market sizing, Segment an	Dan Tavares	2	?		
11/3/11	Switching Cost	Tuck Case Book	Profitability	Bryan Rieber	3	Good overall	Forgot competitors!!!!	Summary should be tigher
11/4/11	RetailCo	Jay Beerman	Human Capital	Jay Beerman	4	Good - see journal		
11/4/11	Turnover in Oil Cmpany	Jay Beerman	Human Capital	Jay Beerman	4	Good - see journal		
11/4/11	Wrapping Paper			Minnie Fong	3	Got tricked - the sheet was not all of the info I should have asked for		
11/4/11	Got Gas?	Tuck Case Book	Market Sizing	Bryan Rieber	4	Overall good - could have been amazing by tying in some other outside know		
11/8/11	Liquor Packaging	Adi	Marketing, Profit, Operati	Adi	3	Use paper more effective	Comprehensive frameworks	

Case prep: use a framework journal to remember good ideas

Why use a framework journal?

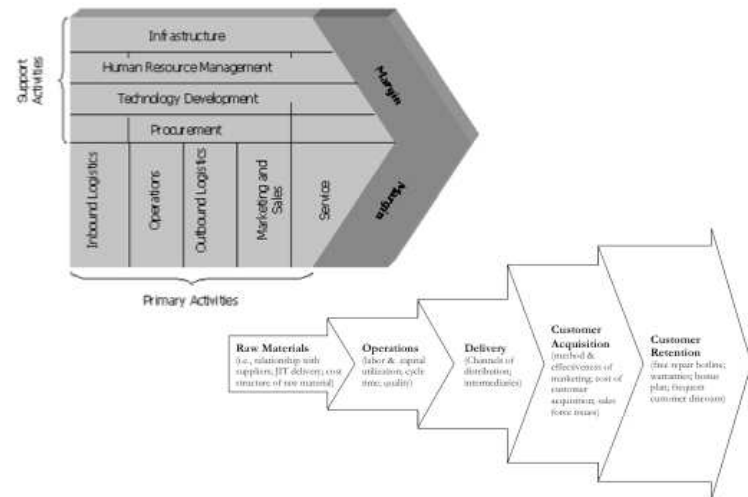
- You are going to come up with good ideas when you do (or give) practice cases – this helps you remember
- A little thinking and cleaning up after doing a case helps you learn more overall
- Also a good repository for other related concepts – can just paste screenshots from lecture slides and other sources into a file

Example PowerPoint-based framework journal

Miscellaneous Framework Roadmaps

Turnaround	Launch Biz Go / No Go	Profitability Variant	Profitability vs. Competition
<ul style="list-style-type: none">• What wasn't working (i.e. symptoms)• Why wasn't it working (i.e. issues)• How to fix it (i.e. solutions)	<p>Options</p> <ul style="list-style-type: none">• Yes (sub options)• No (sub options) <p>Criteria</p> <ul style="list-style-type: none">• Startup Costs• Profit when Operational• Evaluation Criteria (DCF, Payback, capital constraints)	<p>Econ / Market</p> <ul style="list-style-type: none">• Econ Trends• Size• Growth• Segments <p>Operational</p> <ul style="list-style-type: none">• Revenue• Costs <p>Non-Operational</p> <ul style="list-style-type: none">• K-Structure	<p>Financial Differences</p> <ul style="list-style-type: none">• $\Pi = R - C$<ul style="list-style-type: none">• $R = \# * \text{Price}$<ul style="list-style-type: none">• $\#$ (Mix)• $C = F + V + \text{Other}$<ul style="list-style-type: none">• V ($\# * V\%$)• $\text{Other} = K + \text{Taxes}$ <p>Operational Differences</p> <ul style="list-style-type: none">• Revenue Related<ul style="list-style-type: none">• Market Segments• Sales / Marketing• Pricing• Expenses<ul style="list-style-type: none">• Cost of Doing Business• Operational Efficiency• Cost of Capital• Tax rate

Firm Value Chain



Frameworks: the “framework game” is a way to practice coming up with frameworks

1

Pick a question

- Any topic (not exclusively business)
- Newspapers, politics, classes, etc.

2

Devise & present a framework

- Give yourself time limits (20-60 sec)
- Go through the presentation process and keep to ~30-60 seconds

3

Evaluate framework

- What's it missing?
- Where is it not tight?
- How can it be better?

4

Redesign & represent

- Doing it over again reinforces “proper behavior”

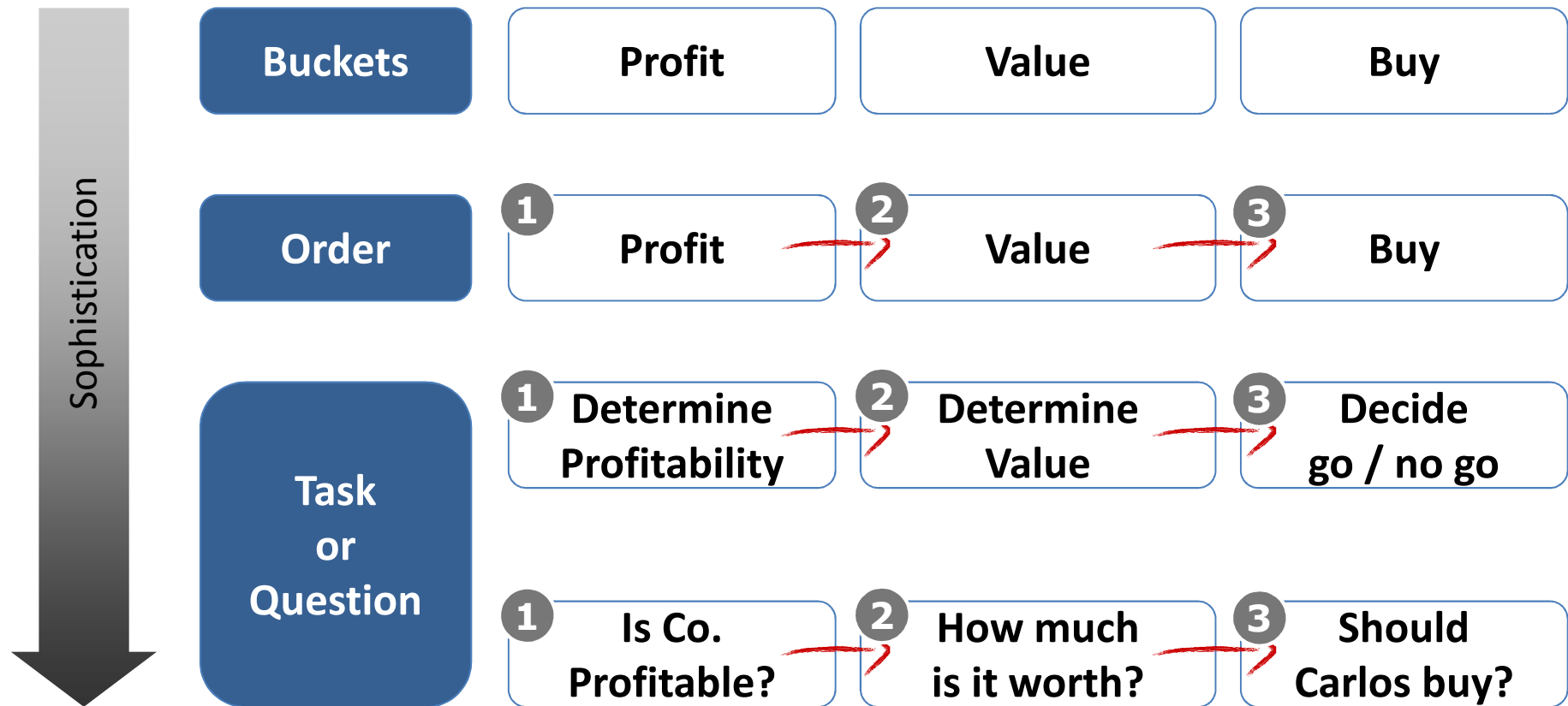
Can be done
alone,
better with
a partner

Frameworks: example “framework game” prompts

Try making a MECE framework to approach the following questions

- 1) Your classmate Julie doesn't know how to approach her career search. Build Julie a framework that will help her decide which career paths she should pursue.
- 2) You are deciding where to eat for dinner Saturday night. How should you think about this?
- 3) Your client, a Singapore-based private equity firm, recently acquired a Vietnamese shoe manufacturer (“ShoeCo”). ShoeCo has experienced declining profitability over the past several years. Your client would like to know what has driven the decline in profitability and what can be done to address it.
- 4) Your client, a US-based apparel company, has experienced slowing revenue domestic growth and wants to know how to combat this trend. How should your client think about increasing revenue?
- 5) Your client, a Japan-based automaker, has recently experienced a sharp decrease in profitability. Management thinks it has a good handle on how to increase revenues and wants you to focus on costs. What is your plan?
- 6) Your client, a US drug store chain, has seen a sharp decline in profit margin over the past two years. What is going wrong and what would you advise they do?
- 7) Your client, a global hard-disk drive manufacturer, is evaluating acquiring a competitor and would like your recommendation on how to proceed. How should they look at this?
- 8) Your friend has just invented an everlasting car battery. She is a brilliant scientist but doesn't know the first thing about business. How much is this idea worth and what should she do?

Frameworks: you can make frameworks more sophisticated by highlighting order and the question



Frameworks: one good way to present a framework is to first go across, then go down

1

Restate question

2

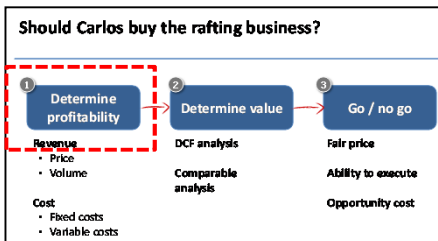
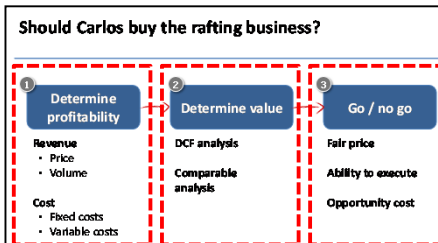
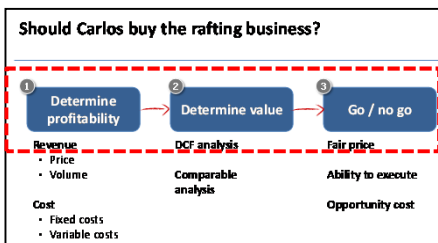
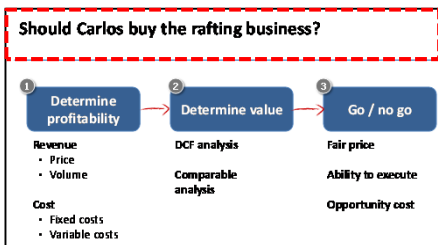
Show structure

3

Show depth

4

Pick starting place



- Paraphrase, don't repeat
- “I'd like to approach this in three ways...”
- “To assess profitability, I'd like to focus on...”
- “I'd like to begin by addressing revenue”

Math: a few thoughts on case math

Your goal

- Your goal is to show that you can reason with numbers and can communicate effectively with them
- Don't need to be a math genius, do need to be numerate
- Vast majority of cases involve numbers to some degree

Common mistakes

- Don't show thinking
- Don't approximate / use units
- Take too long

A good approach to calculations

1

Lay out your approach

- Use paper
- Make sure you are speaking

2

Walk through your steps

- Use paper (unless calcs are very easy)

3

Sanity check the results

- Does the answer make sense?

A few good math tips

1

Approximations

- Use round numbers
- Use approx. calcs

2

Math tricks

- Easy to manipulate 10s and halves
- Use letters for thousands (K), millions (M), etc.

3

Structure data

- Put large lists of numbers into tables

Math: quick review of the income statement

IS Item	Margin	Drivers
Sales	NA	Volume, price, mix (product, geography, etc.)
Less Cost of Goods Sold (COGS)	COGS Margin	Cost to produce (raw goods, labor, etc.)
= Gross Profit	Gross Margin	All of the above
Less Operating Expenses (OpEx)	OpEx Margin	Cost to operate business (sales, G&A, etc.)
= Operating Profit	Operating Margin	All of the above
Less Non-Operating Expense	Non-Operating Expense Margin [Rarely seen]	Other items (interest income, interest expense, etc.)
= Pre-Tax Income	Pre-Tax Margin [Rarely seen]	All of the above
Taxes	Tax Rate (Taxes / Pre-Tax Income)	Tax rates
= Net Income	Profit Margin	All of the above

Math: some math drills

- 1) Estimate the number of men age 40-49 in the US that have prostate cancer assuming:
 - 309M people in US
 - Life span of ~80 years w/ even distribution across that span
 - 150 / 100K incidence rate in men 40-49 years of age
- 2) Calculate total company net income given the following information:
 - Hair dressing segment has revenue of \$502M and GM of 29.2%
 - Enterprise software segment has revenue of \$1.05B and GM of 71.4%
 - Auto segment has revenue of \$2.98B and GM of 18.9%
 - Corporate overhead of 3% of total sales
 - Tax-rate of 35% of pre-tax income
- 3) Calculate auto manufacturer segment profit given the following:

Company	Segment	Sales	Margin
Company A	Auto Man	\$4.9B	5%
Company B	Supplier	\$2.7B	10%
Company C	Auto Man	\$6.1B	6%
Company D	Supplier	\$3.3B	11%
Company E	Auto Man	\$3.0B	4%

Presentation: A few thoughts on communicating and presenting

Interviewer's internal monologue

- Can this person communicate in a structured, well organized fashion?
- Will this person work well within a case team?
- Can we put this person in front of a client?

Areas to focus on

- Professionalism
- Response to feedback
- Communication skills
- Body language
- Eye contact

Areas to highlight within a case

Presenting your framework

- Good timing?
- Reasonable flow?

Presenting your conclusion

- Get to the point?
- Support with data?
- A good approach is:
 - 1) answer question
 - 2) support w/ evidence
 - 3) follow up / next step

Remember that these areas (like all parts of the case) are about both *Content* and *Presentation*. Evaluate yourself on both these dimensions. Get really good at presenting frameworks and conclusions

Giving cases: some pointers

Give real feedback

- Your partner needs to improve – tell them where you think they should focus
- You aren't helping anyone by holding back valuable feedback

Learn from others

- What looks good that you aren't doing?
- What looks bad that you are doing?
- What innovative frameworks / approaches are there?

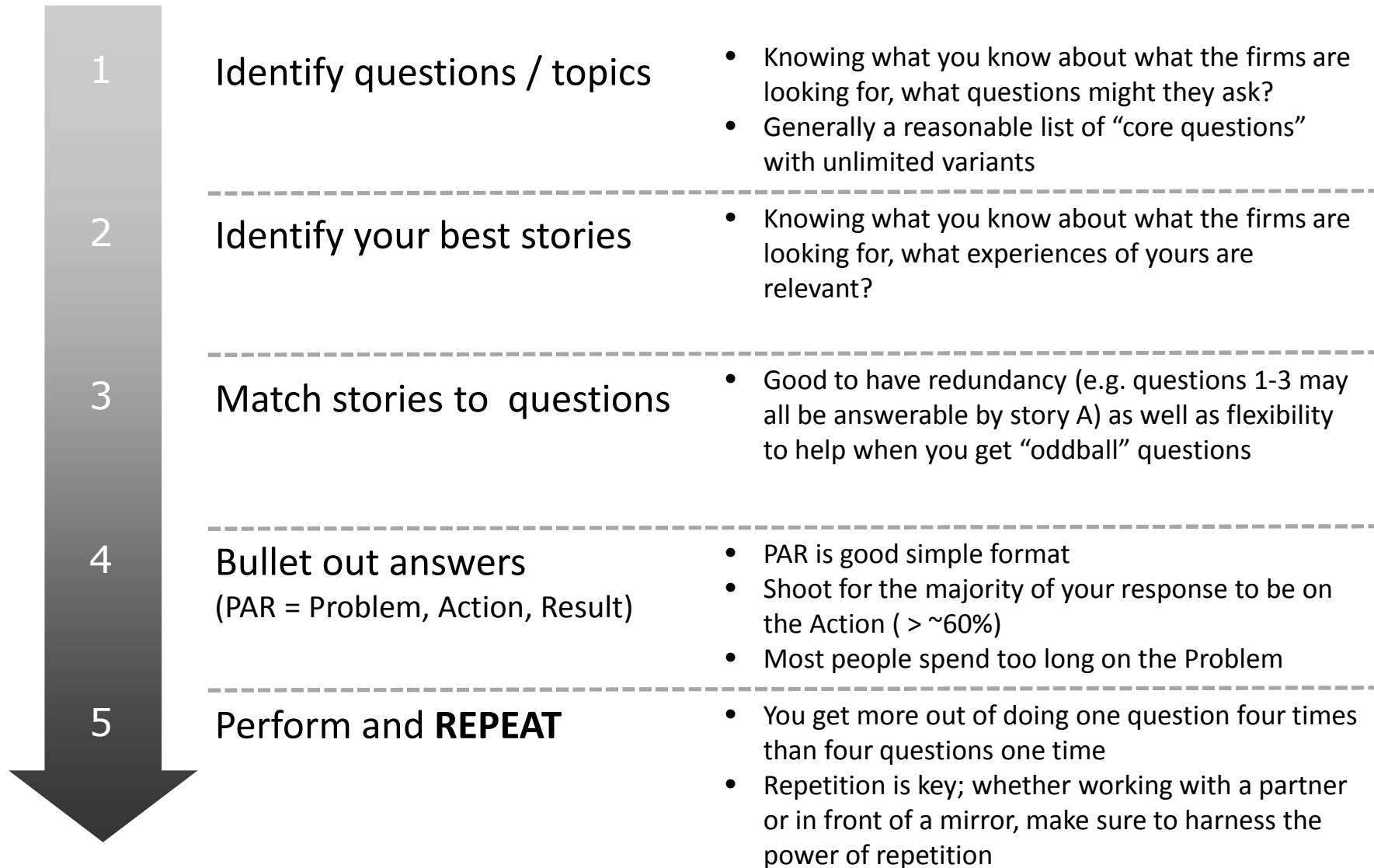
Tips for giving cases

- 1** Focus on learning, not following the case “script” – OK to deviate
- 2** Let them flail, then push on track; you want to strike the balance between being too directive and too hands off
- 3** When in doubt on what feedback to give, focus on intro (framework) and conclusion; these high value sections appear in every case interview and so are worth focusing on

Outline

- 1) Management consulting recruiting process
- 2) The case interview
- 3) The behavioral interview
- 4) Practice cases

Five steps to behavioral preparation



You can tailor one story to answer multiple experience questions

Typical questions in consulting interviews (NOT EXHAUSTIVE)

Introduction

- Tell me about yourself
- Walk me through your resume

Fit

- Why are you interested in consulting?
- Why are you interested in this firm?
- What are your career goals?

Strengths / weaknesses

- What are your top strengths / weaknesses?
- What feedback did you receive at your last performance appraisal?

Problem solving

- Tell me about a time when you faced a very complex problem

Leadership

- Tell me about a time you had to lead a team / lead without authority

Personal impact & achievement

- Tell me about a time you made a significant impact
- What achievement are you most proud of?

Persuasion & conflict

- Tell me about a time you had to persuade people under challenging circumstances
- Tell me about a time when you handled conflict at work

Failure

- Tell me about a time you failed

B-school essays and interview prep are a good place to start – you've probably come up with some of these stories before

Behavioral Prep: use a “PAR Matrix” to help with behavioral answers

Why use a PAR Matrix?

- Helps you make sure you have covered all of the relevant question types
- Forces you to think through your “portfolio” of stories and judge which are the best
- Gets you thinking about how to deliver each story in a structured, thoughtful way

Example PAR Matrix

Story Title	Relevant question types	Problem	Action	Result
Big assignment in international office	- Leadership - Personal Impact	Local team didn't trust the visitor from corporate HQ	- Listened to concerns - Met people halfway - Championed the solution	- Earned credibility with local team and built lasting friendships - Delivered HQ solution on time and under budget
Failure in communication	- Failure story
Non-profit turnaround	- Leadership - Problem-solving

Outline

- 1) Management consulting recruiting process
- 2) The case interview
- 3) The behavioral interview
- 4) Practice cases

Table of contents

Cases	Format	Difficulty Level	Topic	Industry	Concepts tested
Berry Chill Frozen Yogurt	Partner	1	Growth	Consumer Retail	<ul style="list-style-type: none"> ▪ Growth strategy ▪ Product development
ComfortFoam	Interviewee-driven	3	Competitive Strategy	Manufacturing (consumer)	<ul style="list-style-type: none"> ▪ Profitability ▪ Market segmentation ▪ Marketing sizing
CoffeeCo	Interviewer-driven	4	Profitability	Restaurant	<ul style="list-style-type: none"> ▪ Market analysis ▪ Financial analysis ▪ Increasing sales ▪ Decreasing costs
LifeRenew	Interviewee-driven	5	Market Entry	BioPharma	<ul style="list-style-type: none"> ▪ Market sizing ▪ Customer segmentation ▪ Pricing

Guide to the Interviewer

- Included on the first page of every case
- Keep these in mind as you go through the case to keep the interviewee on track

- Included throughout case
- These are for tips for the interviewer on how to move the case along

- Included on the exhibit analysis pages
- Use these questions to initiate and guide the candidates thinking

- Included throughout case
- General guidelines to evaluate candidates as they progress through the case
- Push better candidates with more complex factors or questions

Interviewer Guide

- **Keys to the case:** the two or three main points that need to be covered to crack the case

- **Tips:** hints for you to use to guide interviewee

- **Intro and questions to ask:** suggested questions to direct interviewee exhibit analysis

- **Good candidate vs. Better Candidate:** identifies the differentiating characteristics of interviewee performance

Level of Difficulty

1

- Single issue case question
- Focus on qualitative, not quantitative solutions

2

- Basic case problems
- Exhibit analysis introduced
- Quantitative analysis required, but no active number crunching

3

- Additional complexity introduced
- Basic number crunching (addition, multiplication) required for quantitative part of solution

4

- Multiple exhibits and stages to determine final solution
- Quantitative aspect of solution is most important

5

- Most complex problems with several stages to find solution
- Highly quantitative in nature

Case 1: Berry Chill Frozen Yogurt

Behavioral Pre-Case Questions

- Describe a failure and what you learned from it?
- Can you give me an example of a project that didn't go as well as you had hoped and tell me what you have learned from the experience?

Case Question

Our client, Berry Chill Frozen Yogurt, is the industry's best quality frozen yogurt made from real California milk and served with a wide array of flavors and toppings. Founded in 2006, the young yogurt chain is popular partly due to its self serve format and because it is relatively inexpensive compared to other yogurt businesses such as Pinkberry. Over the past two years, the company has opened an average of 10 stores per year (currently has 25 stores) and increased revenue by an annual CAGR of 35%.

The CEO of Berry Chill has come to us to identify how to increase its current growth path.

Case Overview

- **Format:** Partner case
- **Difficulty level:** 1/5
- **Topic:** Growth
- **Industry:** Retail (Consumer)
- **Concept(s) tested:**
 - Growth strategy
 - Product development

Interviewer Guide

- **NOTE:** Case takes place in 2008
- **Keys to the case**
 - Candidate suggests and tests several strategies to growth
 - Creativity of solutions
 - Candidate proposes a short- and long-term growth strategy
- **Differentiation:** creativity of solutions, while maintaining structure

Case 1: Berry Chill Frozen Yogurt

All critical information is provided below – any additional information requested can be made up or explicitly stated as irrelevant

Additional Facts (provide if asked)

▪ Company-specific:

- ☐ One of the first in the self-serve frozen yogurt market
- ☐ Develops own proprietary flavors; toppings are generic
- ☐ Currently own and operate all 25 stores in Southern California
- ☐ Currently only sells yogurt on a per ounce basis

▪ Frozen yogurt market

- ☐ Frozen yogurt is seen as a healthier alternative to ice cream and other desserts
- ☐ Self serve style stores are gaining popularity relative to traditional full-service stores
- ☐ Major costs are fixed – variable cost is essentially yogurt and toppings

▪ Competition

- ☐ In the last year, a few competitors have begun to enter the Southern California market

Interviewer Guide

▪ Tips

- This is an open-style case: goal is to push candidate to make assumptions and come up with creative solutions
- Push candidate to focus on revenue growth
- Feel free to describe the general operations of a self serve frozen yogurt store

▪ Good candidate:

- ☐ Asks general questions regarding client
- ☐ Asks general questions regarding industry
- ☐ Does not focus on costs

▪ Better candidate:

- ☐ Understands that business has economies of scale
- ☐ Asks if the company has considered franchising

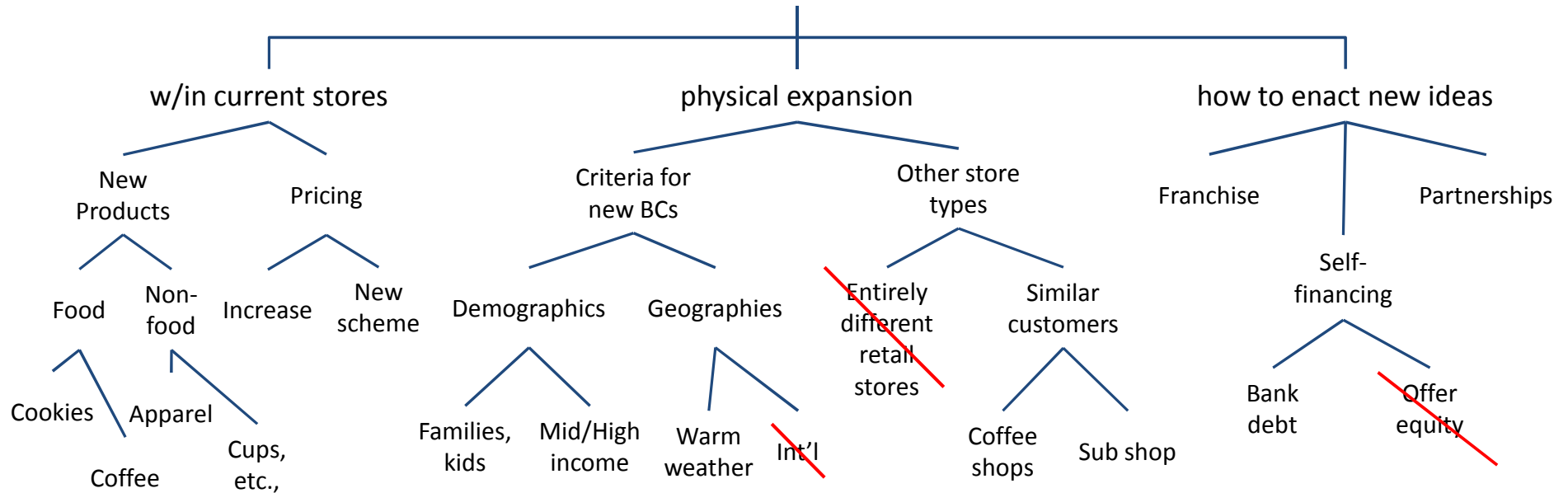
▪ NEXT STEP: Framework evaluation

Case 1: Berry Chill Frozen Yogurt

INTERVIEWER ONLY

Potential Framework

How to help BC Fro-Yo grow?



Interviewer Guide

- **Intro:** “Why don’t you go ahead and walk me through your framework”
- **Keys to section:**
 - Focus on top-line growth – do not address costs at this point
 - Identifies growth opportunities from current and new stores
- **NEXT STEP:** Prioritizing growth opportunities
- **Good candidate**
 - ☐ Presents non-canned framework in a structured manner
 - ☐ Able to talk through thought process while developing framework
- **Better candidate**
 - ☐ Unveiling hypotheses along the way and not afraid to disregard some of these
 - ☐ Thinks about “how” these will be brought to market

Case 1: Berry Chill Frozen Yogurt

INTERVIEWER ONLY

Potential framework for analyzing potential growth opportunities

Potential Strategies	Level of difficulty (Low – High)	Potential Magnitude (Small – Large)	Timing (Short – Long)	Risk (Low – High)	Go or No Go (Why)
Increase price a few cents per ounce	Low	Med – Large	Short-term	Low	Yes (low impact to overall cost to customer)
Adopt franchisee model for BC store expansion	High	Large	Med- to long term	Low	Yes (fast growth oppty, highly scalable, deters comp. from entering markets)
Offer new food products through bundling	Low	Med – Large	Short term	Med – High	Yes (very low risk, ability to bundle easily, high margin)

Interviewer Guide

- **Intro:** “How would you evaluate these potential growth strategies you proposed in your framework?”
- **Follow-up questions to ask:**
 - ☐ Which criteria is the most important for our client to consider? (Magnitude)
- **Good candidate:**
 - ☐ Develops a structured approach to evaluating strategies
 - ☐ Identifies some criteria related to difficulty of execution and magnitude
- **Better candidate:**
 - ☐ Able to walk through thought-process while evaluating ideas
 - ☐ Identifies timing and risk as additional criteria
- **NEXT STEP: WRAP-UP**

Case 1: Berry Chill Frozen Yogurt

Interviewer Guide

- | | <u>Score</u> |
|--------------------------------|--------------------------|
| ▪ Opening: | |
| ○ Restatement of question | <input type="checkbox"/> |
| ○ Clarifying questions | <input type="checkbox"/> |
| ○ MECE framework | <input type="checkbox"/> |
| ○ Structured thinking | <input type="checkbox"/> |
| ▪ Data analysis | <input type="checkbox"/> |
| ○ Correctness of answers | <input type="checkbox"/> |
| ○ Organization of calculations | <input type="checkbox"/> |
| ○ Focus on important facts | <input type="checkbox"/> |
| ○ Identification of insights | <input type="checkbox"/> |
| ▪ Closing | <input type="checkbox"/> |
| ○ Answer first | <input type="checkbox"/> |
| ○ Structure of recs | <input type="checkbox"/> |
| ○ Brevity | <input type="checkbox"/> |
| ▪ Behavioral throughout | <input type="checkbox"/> |
| ○ Eye contact | <input type="checkbox"/> |
| ○ Level of comfort | <input type="checkbox"/> |

Answer:

- Short-term: increase price per ounce and begin offering additional food items (cookies, coffee, etc.,) with yogurt
- Medium- to long-term: adopt franchising model to expand within So Cal and in other warm weather geographies

Reasons to Support Recommendation

- Short-term immediate impact to bottom line w/low risk
 - Price increase: a \$0.05 increase on a 10oz order is \$0.50/customer -> with 400 customers/day -> to \$200/day -> x 365 days/year -> additional \$73,000 in profit (no additional variable cost)
 - Additional food items:: minimal additional marginal cost leads to high potential margins; can bundle
- Franchise model allows for fast, highly scalable approach to expansion w/low risk to overall company

Risks, Caveats, and/or Next Steps

- Risks: potential cannibalization of current stores, too rapid expansion outpacing demand, loose franchise monitoring may harm brand and reputation
- Next steps: determine approach steps to initiate franchise model

Case 2: ComfortFoam

Behavioral Pre-Case Questions

- Tell me about a time when you worked on a team that faced a particular challenge. Please focus on the role you played in this process.
- What are your long-term career goals and how do you see the time you spend at “X” firm helping you achieve these goals.

Case Question

Our client, ComfortFoam manufactures, markets and distributes, mattresses, pillows and other bedding products. In the past three years, the company has experienced declining profits and has asked your team to (1) determine what is causing profits to decline, (2) identify potential opportunities to increase overall company profitability.

Case Overview

- **Format:** Interviewee-driven
- **Difficulty level:** 3/5
- **Topic:** Competitive strategy
- **Industry:** Manufacturing (Consumer)
- **Concept(s) tested:**
 - Profitability
 - Market segmentation
 - Market sizing

Interviewer Guide

- **Keys to the case**
 - Competition is stealing share in premium mattress segment
 - Client must take share back from competition due to low industry growth
 - Develop creative ideas to increase profitability
- **Differentiation:** quality and structure of revised strategy

Case 2: ComfortFoam

All critical information is provided below – any additional information requested can be made up or explicitly stated as irrelevant

Additional Facts (provide if asked)

▪ Company-specific:

- ☐ Manufactures, markets, and distributes **primarily mattresses**
- ☐ Publicly traded with \$1.7 billion in annual revenues (20% market share); 12% EBITDA margin
- ☐ **Products:** primarily produces foam-based mattress (non-innersprings) and pillows
- ☐ Competes in premium market mattresses (>\$1,000), pillows, and other bedding
- ☐ Costs are on-par with industry averages

▪ U.S. mattress market

- ☐ Exhibit 1 (give this to interviewee during next phase of case when asked for it) – will show historical size, growth, and 1 and 3-year forecasts
- ☐ **Retail pricing:** retailers typically add a mark-up of 20%-30% to final retail price

▪ Competition

- ☐ Exhibit 1 – will show segmentation of market
- ☐ Some new and existing companies have recently introduced new products and technologies target at premium mattress market

Interviewer Guide

▪ Good candidate:

- ☐ Asks general questions regarding client
- ☐ Asks general questions regarding industry
- ☐ Understands profit is a function of revenue and costs

▪ Better candidate:

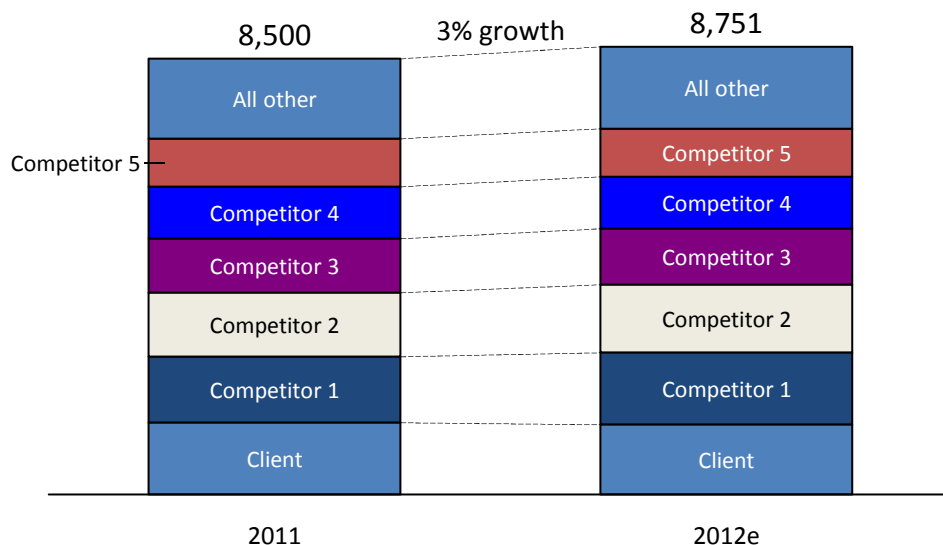
- ☐ Asks questions about changes in client's situation
- ☐ Asks questions about changes in industry environment
- ☐ Asks questions specifically about competitor actions

▪ NEXT STEP: MOVE TO NEXT PHASE

Case 2: ComfortFoam

INTERVIEWER ONLY

Exhibit 1: U.S. Mattress Market



Company	Market Share	Revenue Growth	EBITDA Margin	EBITDA	Market Value	Price-to-EBITDA
Competitor 5	11%	9%	18%	\$170	\$2,074	12.2
Competitor 4	14%	2%	8%	\$99	\$755	7.6
Competitor 3	13%	-2%	-2%	-\$25	\$108	N/A
Competitor 2	8%	10%	19%	\$125	\$1,863	14.9
Competitor 1	15%	7%	10%	\$127	\$1,410	11.1
ComfortFoam	20%	-2%	12%	\$210	\$1,869	8.9

Interviewer Guide

- **Intro:** “Here is data we have on the U.S. mattress market”
- **Questions to ask:**
 - ☐ Identify key observations from data (examples to right)
 - ☐ What do you notice about our client, ComfortFoam?
 - ☐ What do you notice about the overall market? Any particular firms standout?
- **Keys to section:**
 - Identify client and overall market specific issues
 - Identify EBITDA and revenue growth as value drivers
- **NEXT STEP:** Growth opportunities

Key Observations from Data

- **Client-specific**
 - ☐ Largest share of market
 - ☐ Revenue expected to decline and result in loss of market share
 - ☐ Average profitability and p/EBITDA rating
- **Overall market**
 - ☐ Top 6 own ~80% of the market
 - ☐ Relatively low growth overall
 - ☐ Profitability varies widely (from -2% to 19% EBITDA Margin)
 - ☐ EBITDA drives Market Value (P/EBITDA varies from 1.8 to 14.6)
- ☐ **Competitors 2 and 5 are rising stars**

Case 2: ComfortFoam

Exhibit 1: 2011 U.S. Mattress Market

(values in millions)



Company	Revenue	EBITDA	Market Value
Competitor 5	\$925	\$170	\$1,210
Competitor 4	\$1,210	\$99	\$1,200
Competitor 3	\$1,072	-\$25	\$57
Competitor 2	\$675	\$125	\$1,825
Competitor 1	\$1,300	\$127	\$230
ComfortFoam	\$1,708	\$210	\$1,875

Potential framework for analyzing potential strategies

Potential Strategies	Level of difficulty (Low – High)	Potential Magnitude (Small – Large)	Timing (Short – Long)	Risk (Low – High)
Increase price	Low	Small – Med	Short-term	Medium
Invest in R&D	High	Medium	Long-term	High
Invest in direct to consumer channels	Medium	Med – Large	Mid- to Long-term	High
Acquire competitor	Medium	Large	Mid- to Long-term	Med – High

Interviewer Guide

- **Intro:** “What are some of the things our client can do to address these competitive issues?”
- **Questions to ask:**
 - ☐ How would you evaluate these potential options?
 - ☐ What criteria can you use to evaluate these potential options?
 - ☐ Which criteria is the most important for our client to consider? (Magnitude)
- **Keys to section:**
 - Develop a structured approach to generate and evaluate potential strategic options
- **NEXT STEP:** WRAP-UP

Case 2: ComfortFoam

Interviewer Guide

- | | <u>Score</u> |
|--------------------------------|--------------------------|
| ▪ Opening: | |
| ○ Restatement of question | <input type="checkbox"/> |
| ○ Clarifying questions | <input type="checkbox"/> |
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| ○ Brevity | <input type="checkbox"/> |
| ▪ Behavioral throughout | |
| ○ Eye contact | <input type="checkbox"/> |
| ○ Level of comfort | <input type="checkbox"/> |

Answer:

There is no correct answer for this case. Potential answers include: (1) acquiring a smaller growing company, (2) investing in R&D, or developing a retail chain to increase margin

Reasons to Support Recommendation

- Have to address how the recommendation will address the following issues:
 - Decline in revenue growth
 - Decrease in profitability

Risks, Caveats, and/or Next Steps

- Candidate must identify potential risks, test the plausibility of key assumptions, and critical analyses that will help address these risks and next steps

Case 3: CoffeeCo

Behavioral Pre-Case Questions

- Walk me through your resume.
- Why do you want to work for Firm X?

Case Question

Your client is small Berkeley-based café chain called CoffeeCo. CoffeeCo has four café locations in and around the UC Berkeley campus. CoffeeCo has been experiencing declining profit margins over the past several years. The owner of the store wants to know why this is happening and what they can do about it. The chain has invested a lot in store expansions, opening one new store in each of the past two years.

Case Overview

- **Format:** Interviewer-driven
- **Difficulty level:** 4/5
- **Topic:** Profitability
- **Industry:** Restaurant
- **Concept(s) tested:**
 - Market analysis
 - Financial analysis
 - Increasing sales
 - Decreasing costs
- **Length:** Long (~30 min)

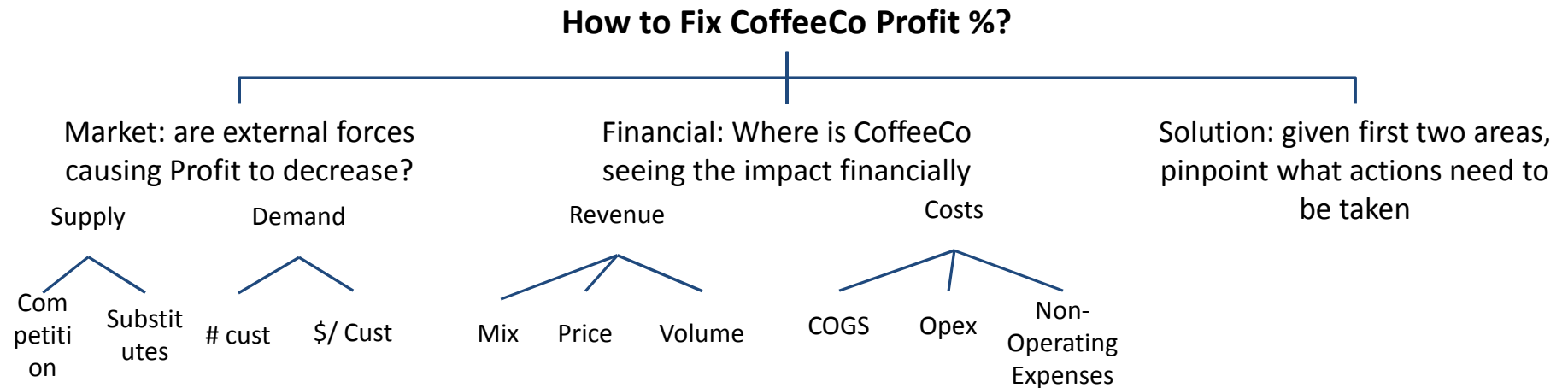
Interviewer Guide

- **Keys to the case**
 - Quickly realizing that profit decrease is not due to changes in the broader market
 - Reading “between the lines” in the financial info to determine that new stores are underperforming
 - Quickly coming to correct solution for Revenue and OpEx issue
- **Keys to the case**
 - Being very quick on the uptake

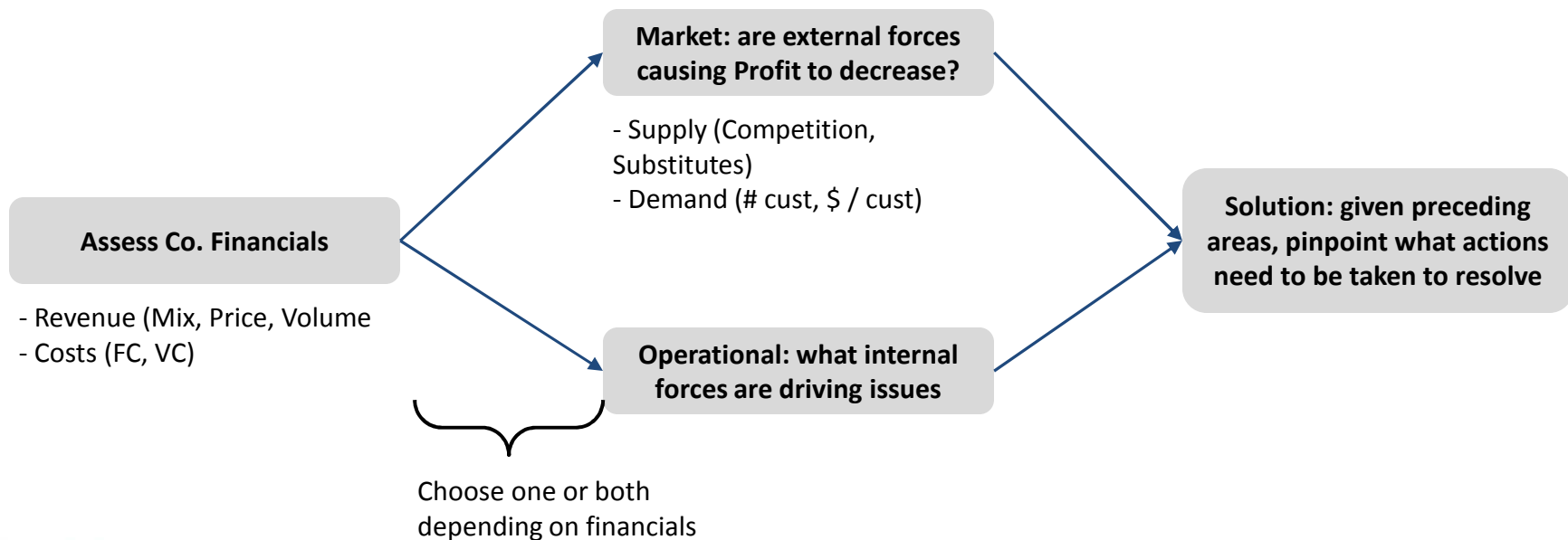
Case 3: CoffeeCo

INTERVIEWER ONLY

Example Framework A



Example Framework B



Case 3: CoffeeCo

INTERVIEWER ONLY

Market Analysis: Regardless of where the interviewee wants to start, push them to explore if market forces impacted profitability

Case Facts (provide if asked)

▪ Market Demand:

- ☐ Customers: if asked by interviewee, ask them to estimate which demographics are going to be customers. Once they do, tell them since the locations are on or around campus, the customers are 80% students and 20% faculty / staff
- ☐ Population: if asked by interviewee, ask them to estimate how the population has changed over the past several years. Once they do, let them know that the population has been roughly flat
- ☐ Spend per Customer / Usage trends: if asked by interviewee, ask them to estimate how Café usage trends have changed over the past several years. Once they do, let them know that the store owner says spend per customer has been roughly flat

▪ Market Supply

- ☐ Competition: If asked by interviewee, ask them to estimate if they think competition has materially changed over past several years. Once they do, let them know that the Café market near UC Berkeley has always been competitive but has not become more so over past several years
- ☐ Substitutes: no major replacements for Coffee / Cafés have emerged in the Berkeley mkt

▪ Client

- ☐ Product mix: sells two products: Coffee and Sandwiches
- ☐ Store location: two original stores are adjacent to campus (both on Bancroft) and two new stores are on campus (one at Haas, one at Law School)

Interviewer Guide

- **Answer:** The market has not changed and market forces are not driving CoffeeCo's decrease in profitability.
- **Note:** This section does not require a full "market sizing", only a high-level understanding that the market has not materially changed in the past several years
- **Good candidate:**
 - ☐ Gets to the right answer with a little bit of guidance
- **Better candidate:**
 - ☐ Gets to the right answer with essentially no guidance
 - ☐ Presents a structured approach to the market analysis before diving in
 - ☐ Knows when they have received enough information to move on from market analysis w/o prompting
- **NEXT STEP:** Hand the interviewee the Financials exhibit and ask them to analyze

Case 3: CoffeeCo

INTERVIEWER ONLY

Exhibit: Selected CoffeeCo Income Statement Items

	Total			Per-Store Averages		New vs. Old Stores in 2012 (assuming old stores stayed at 2010 level)	
	2010	2011	2012	2010	2012	Old Stores	New Stores
Revenue (y/y growth)	\$1,000	\$1,400 (40%)	\$1,800 (29%)	\$500	\$450	\$500	\$400
COGS (Margin)	\$500 (50%)	\$700 (50%)	\$900 (50%)	\$250 (50%)	\$225 (50%)	\$250 (50%)	\$200 (50%)
Gross Profit (Margin)	\$500 (50%)	\$700 (50%)	\$900 (50%)	\$250 (50%)	\$225 (50%)	\$250 (50%)	\$200 (50%)
OpEx (Margin)	\$200 (20%)	\$350 (25%)	\$500 (28%)	\$100 (20%)	\$125 (28%)	\$100 (20%)	\$150 (37.5%)
Operating Profit (Margin)	\$300 (30%)	\$350 (25%)	\$400 (22%)	\$150 (30%)	\$100 (22%)	\$150 (30%)	\$50 (12.5%)
Memo: Number of Stores	2	3	4				

Interviewer Guide

- **Intro:** “Here is the financial data the owner provided us”
- **Questions to ask (if interviewee needs help):**
 - ☐ Should the company be concerned about its COGS?
 - ☐ How do these figures look on a margin basis?
 - ☐ How do these figures look on a per-store basis?
- **Info to provide (if asked):** old store financial performance has stayed the same since 2010
- **Keys to section:**
 - Remembers store info from prompt (and looks at Exhibit footnote)
 - Identifies that declining revenue per store and spiking OpEx are driving the decrease in profit margin (and, conversely, that COGS are not driving it)
 - Identify that the issue is stemming from the new stores

Key Observations from Data

- Declining revenue per store (new stores contributing ~\$100K / year less than old stores)
- Gross Margin unchanged at 50%
- OpEx margin declining, driven by higher OpEx at new stores (\$150K / store at new stores vs. \$100K / at old stores)
- The “what to do next” phase of the case needs to focus on revenue and OpEx at new stores
- **NEXT STEP:** Ask interviewee to solve both Revenue and OpEx issue

Case 3: CoffeeCo

Exhibit: Selected CoffeeCo Income Statement Items*

(values in thousands)

	2010	2011	2012
Revenue	\$1,000	\$1,400	\$1,800
COGS	\$500	\$700	\$900
OpEx	\$200	\$350	\$500

* Fiscal Year Ended 12/31. All store openings occurred on Jan 1 of their corresponding fiscal year and open fully operational

Case 3: CoffeeCo

INTERVIEWER ONLY

Revenue Solution: When interviewee gets to revenue issue, hand them Exhibit entitled “Menu for Old Stores vs. New Stores”

Flow of this Section

▪ 1) Interpreting chart:

- ☐ Interviewee should quickly be able to tell that the all of the \$100K revenue deficit experienced by the New Stores
- ☐ Interviewee should read footnote and notice that the New Stores are on campus, and know this is more than a coincidence. If they miss this, direct their attention to the footnote

▪ 2) Brainstorming issues:

- ☐ Ask the interviewee to brainstorm why the New Stores aren't selling sandwiches. After they they do so, push them to think about why the on-campus locations might not be able to (e.g. “the store owner tells us he would like to sell sandwiches on campus but he can't. Why might that be?”). Example brainstorm:

Issue due to Demand (I.e. on-campus customers don't want sandwiches)

Issue due to Supply (CoffeeCo is not selling sandwiches)

- Chooses not to

- Can't

+ No staff

+ No ingredients

+ **No facilities** → can't make the sandwich because the campus won't give them a kitchen permit for years

- ☐ The point of this section isn't to test to see if they can guess well, but rather to see if they can brainstorm effectively and quickly hone in on key issue with some interviewer guidance

▪ 3) Suggest solution: CoffeeCo can fix this issue by making sandwiches off campus and bringing on campus

Interviewer Guide

- **Answer:** CoffeeCo's has lower revenue at the New Stores because it doesn't sell sandwiches at the new stores. This, in turn, is due to the fact that CoffeeCo won't get a kitchen permit on campus for years. The company can fix this by making pre-made sandwiches at its off-campus locations and bringing-on campus
- **Good candidate:**
 - ☐ Gets to the right answer with moderate guidance
- **Better candidate:**
 - ☐ Gets to the right answer with limited guidance
 - ☐ Presents a structured approach to brainstorming
 - ☐ Bonus points for additional creative revenue solutions
- **NEXT STEP:** If the interviewee has done the OpEx portion, ask them to wrap up the case with a conclusion. Otherwise, ask them to solve the OpEx issue

Case 3: CoffeeCo

Exhibit: Menu for Old Stores vs. New Stores

	Old Stores*	New Stores*
Coffee	Offered (~80% of revenue)	Offered (100% of revenue)
Sandwiches	Offered (~20% of revenue)	Not offered

* Both old stores are located adjacent to campus. Both new stores are located on campus.

Case 3: CoffeeCo

INTERVIEWER ONLY

OpEx Solution: When interviewee gets to OpEx issue, hand them Exhibit entitled “OpEx Breakout for Old Stores vs. New Stores”

Flow of this Section

▪ 1) Interpreting chart:

- ☐ Interviewee should quickly be able to tell that the all of the \$50K OpEx increase in the New Stores is due to higher labor expense in the New Stores. Interviewee will need to refer back to data from the Financials exhibit
- ☐ If interviewee needs prompting, ask them “What is the \$ value of Labor Expense in the new stores vs. old stores?” (an answer: \$40K Old Stores, \$90K New Stores)

▪ 2) Brainstorming issues:

- ☐ Ask interviewee to break down then brainstorm the drivers of Labor expense. Example:
 $\text{Labor} = \text{hours worked} * \text{effective hourly wage per hour}$
- ☐ Info to provide when asked:
 - ☐ New stores have longer hours than the old stores but experience little traffic / business during these extra periods
 - ☐ Base hourly wage is the same at both stores, but the new stores have substantial overtime charges while old stores have not

▪ 3) Suggest solution

Interviewer Guide

- **Answer:** CoffeeCo’s has higher OpEx in the new stores due to the higher labor cost at the new stores. This is due to the fact that the store is open too long and does not have enough employees, causing it to pay overtime. The company should explore reducing the hours for New Stores. It should also explore adding more employees to reduce overtime.
- **Good candidate:**
 - ☐ Gets to the right answer with moderate guidance
- **Better candidate:**
 - ☐ Gets to the right answer with limited guidance
 - ☐ Presents a structured approach to brainstorming
- **NEXT STEP:** If the interviewee has done the Revenue portion, ask them to wrap up the case with a conclusion. Otherwise, ask them to solve the Revenue issue

Case 3: CoffeeCo

Exhibit: OpEx Breakout for Old Stores vs. New Stores

Presented as % of total OpEx

	Old Stores*	New Stores*
Overhead	30%	20%
Rent	30%	20%
Labor	40%	60%

* Both old stores are located adjacent to campus. Both new stores are located on campus.

Case 3: CoffeeCo

INTERVIEWER ONLY

Interviewer Guide

	<u>Score</u>
▪ Opening:	
○ Restatement of question	<input type="checkbox"/>
○ Clarifying questions	<input type="checkbox"/>
○ MECE framework	<input type="checkbox"/>
○ Structured thinking	<input type="checkbox"/>
▪ Data analysis	<input type="checkbox"/>
○ Correctness of answers	<input type="checkbox"/>
○ Organization of calculations	<input type="checkbox"/>
○ Focus on important facts	<input type="checkbox"/>
○ Identification of insights	<input type="checkbox"/>
▪ Closing	<input type="checkbox"/>
○ Answer first	<input type="checkbox"/>
○ Structure of recs	<input type="checkbox"/>
○ Brevity	<input type="checkbox"/>
▪ Behavioral throughout	<input type="checkbox"/>
○ Eye contact	<input type="checkbox"/>
○ Level of comfort	<input type="checkbox"/>

Sample Answer:

CoffeeCo's profit margin decrease is due to its new stores, which have \$100K less revenue and \$50K higher higher OpEx per store.

The revenue issue stems from not being able to sell sandwiches at its new stores due to kitchen permitting issues. The company should start selling sandwiches it made off-site to resolve this.

The OpEx issue is due to higher labor costs at the new stores due to unnecessarily long hours and unnecessary overtime. The company should explore reducing its store hours and hiring more employees.

Some areas for CoffeeCo to follow up on include looking into the logistics for making extra sandwiches off site and assessing the financial impact of reducing on-campus store hours.

Case 4: LifeRenew

Behavioral Pre-Case Questions

- Tell me about a time when you worked on a team that faced a particular challenge. Please focus on the role you played in this process.
- What are your long-term career goals and how do you see the time you spend at “X” firm helping you achieve these goals.

Case Question

Our client, LifeRenew Inc. a privately-held biopharmaceutical company, is developing animal blood substitutes. Blood substitutes are created using red blood cells from other animals and are able to carry oxygen around the body and have several characteristics that make it more attractive than the current supply channel. LifeRenew’s proprietary blood substitute for canines, Canopure, represents a brand new technology that will solve the blood availability issue for the use in acute blood loss and emergency trauma surgeries. LifeRenew has just received third stage FDA approval to market and sell Canopure.

LifeRenew has asked us to determine (1) the potential penetration of Canopure into the canine blood supply, (2) which customer segment to target, and (3) how much to charge for it.

Case Overview

- **Format:** Interviewee-led
- **Difficulty level:** 5/5
- **Topic:** Market Entry
- **Industry:** BioPharma
- **Concept(s) tested:**
 - Market sizing
 - Customer segmentation
 - Pricing

Interviewer Guide

- **Keys to the case**
 - Canopure has potential to replace current products and also expand the overall market (disruptive)
 - Target market: emergency care vet practices, which treat the majority of critical trauma cases
 - Go-to-market strategy must be consistent across target customer segment -> price -> distribution
- **Option to extend w/ section on distribution and profitability**

Case 4: LifeRenew

All critical information is provided below – any additional information requested can be made up or explicitly stated as irrelevant

Additional Facts (provide if asked)

▪ Company-specific:

- ☐ **Org. structure** includes division management, scientists, manufacturing staff, and 3 dedicated sales employees
- ☐ **Capital sources:** recently received \$50 million in capital from Venture Capital
- ☐ Other products in development, but not for 2 to 4 years
- ☐ **Production capacity (units):** 300,000 units of Canopure; additional volume requires substantial investment

▪ Canopure-specific

- ☐ **Value proposition of Canopure:** readily available; does not require refrigeration; long shelf-life (2 years vs. 2 months); faster recovery
- ☐ **Costs:** not known at this stage

▪ Canine blood substitutes market

- ☐ Exhibit 1 – give this to interviewee next
- ☐ Low blood availability is the biggest limiting factor on the number of canine blood transfusions performed
- ☐ **Competition:** No company currently in FDA trials; at least 3 to 5 years out
- ☐ **Retail pricing:** Typical practice for veterinarians is to mark-up products 100% from the price they pay to the price they charge pet owners

Interviewer Guide

▪ Good candidate:

- ☐ Ask clarifying questions about company and/or blood substitutes
- ☐ Asks about value proposition of blood Canopure
- ☐ Asks about blood substitute market, including size, customers, and competitors
- ☐ Asks about costs of production

▪ Better candidate:

- ☐ Asks about production capacity
- ☐ Identifies that Canopure may be a disruptive technology that may expand the overall market
- ☐ Identifies impact of veterinarians on final price of Canopure
- ☐ Indicates understanding of implications that client is a small, private company with limited access to capital

▪ NEXT STEP: MOVE ON TO SIZING THE POTENTIAL MARKET FOR CANINE BLOOD SUBSTITUTES

Case 4: LifeRenew

INTERVIEWER ONLY

Exhibit 1: Annual Canine Care Market

Practice Type	Avg. No.	Number	Number of Transfusions		Cost of Blood		ABL Cases		% of ABL Cases w/Transfusion
	of Doctors	of Practices	Average	Total	Unit of Blood	Total	Number	Annually	
Primary care practice									
1 Doctor practices	1.0	4,000	-	-	-	-	1,200	4,800,000	8%
2 Doctor practices	2.0	4,800	-	-	-	-	2,400	11,520,000	
3+ Doctor practices	4.6	6,400	-	-	-	-	3,600	23,040,000	
Avg. primary care practice	2.7	16,000	200	3,200,000	\$50	\$160,000,000	2,968	39,360,000	
Emergency care practice									
Avg. emergency care practice	4.0	4,000	2,000	8,000,000	\$50	\$400,000,000	3,000	12,000,000	67%
Total veterinarian practices	-	20,000	-	11,200,000	\$50	\$560,000,000	-	51,360,000	22%

Interviewer Guide

- **Intro:** “Here is data we collected on the canine care market”
- **Questions to ask:**
 - ☐ Identify key observations from data (examples to right)
 - ☐ Calculate the current market size (# of practices * # of transfusions * cost of blood / unit): 51M cases, or \$560M
 - ☐ Which market should LifeRenew target? **Emergency care practices**
- **Keys to section:**
 - LifeRenew has limited resources as private company – needs to target portion of market
 - Identifies market may be bigger if more transfusions are performed
- **NEXT STEP: OPTIMAL PRICE**

Key Observations from Data

- ☐ Many more primary care than emergency care practices
- ☐ Able to ignore breakout of primary care practices and focuses on average subtotal
- ☐ Emergency care conduct many more transfusions/year and see more ABL cases
- ☐ No. of transfusions and ABL cases are market drivers
- ☐ ~20% of ABL cases receive transfusions – there may be an opportunity to expand market if blood availability increases

Case 4: LifeRenew

Exhibit 1: Annual Canine Care Market

Practice Type	Avg. No. of Doctors	Number of Practices	Avg. No. of Transfusions	Cost of Unit of Blood	Acute Blood Loss Cases	Percent of ABL Cases w/Transfusion
Primary care practice						
1 Doctor practices	1.0	4,000	-	-	1,200	
2 Doctor practices	2.0	4,800	-	-	2,400	
3+ Doctor practices	4.6	6,400	-	-	3,600	
Avg. primary care practice	2.7	16,000	200	\$50	2,968	8%
Emergency care practice						
Avg. emergency care practice	4.0	4,000	2,000	\$50	3,000	67%
Total veterinarian practices	-	20,000	-	\$50	-	22%

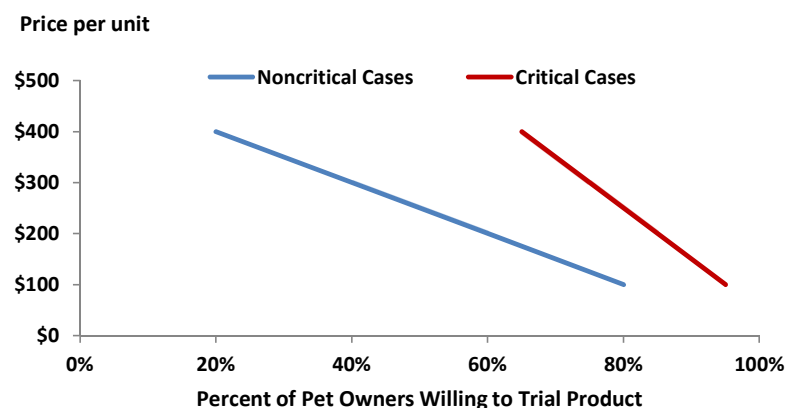
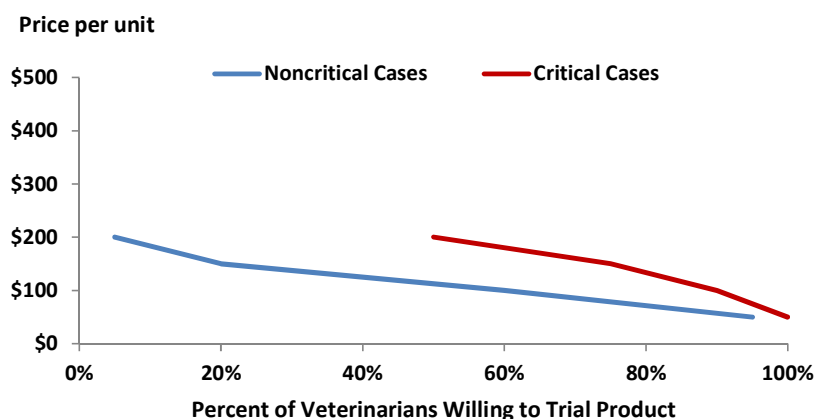
Assumption: 1 unit of blood per transfusion

* Average cost of a unit of blood to the veterinarian

Case 4: LifeRenew

INTERVIEWER ONLY

Survey question: How willing are you to trial Canopure at the following price?



Interviewer Guide

- **Intro:** “We conducted survey to determine willingness to trial the product. See results above”
- **Questions to ask:**
 - ☐ Identify key observations from data (examples to right)
 - ☐ How much should LifeRenew charge for Canopure?
- **Keys to section:**
 - Links prior target market recommendation with this section (ex., critical care, higher price)
 - Recall small size of LifeRenew limits ability to serve large number of customers
- **NEXT STEP:** WRAP-UP

Key Observations from Data

- ☐ Pet owners have higher willingness to trial
- ☐ Vets are more price sensitive overall
- ☐ Critical cases have higher willingness to trial
- ☐ Price that Vets pay will not be the same that pet owners pay (typically vets charge a 100% mark-up to their cost)

Case 4: LifeRenew

Survey question: How willing are you to trial Canopure at the following price?

Exhibit 2: Vet Willingness to Trial Canopure

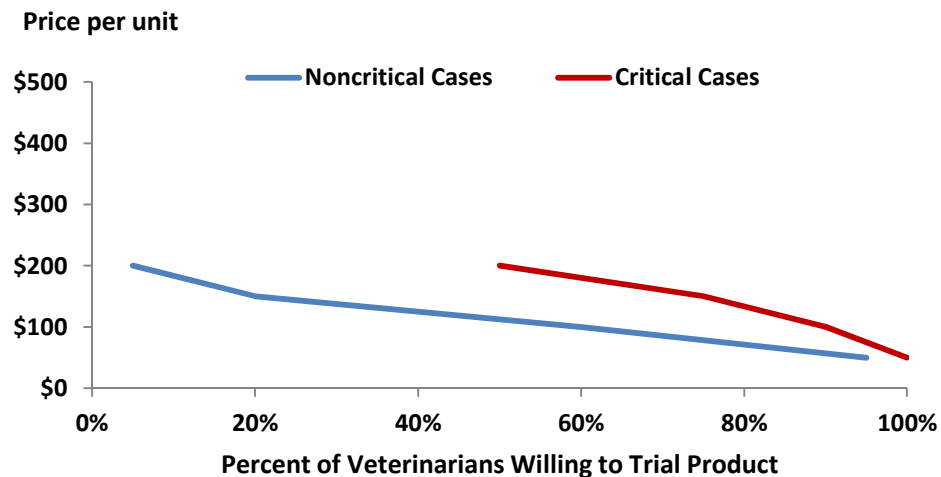
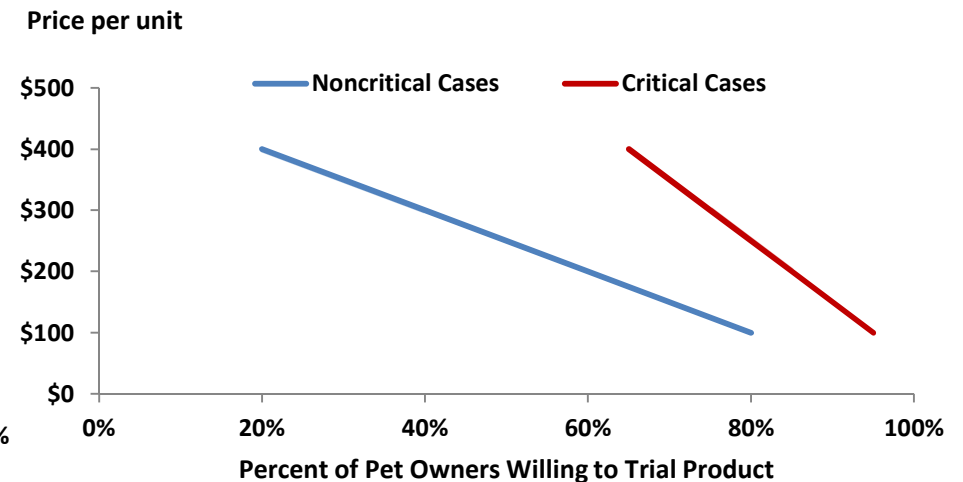


Exhibit 3: Pet Owner Willingness to Trial Canopure



Case 4: LifeRenew

Interviewer Guide

- | | <u>Score</u> |
|--------------------------------|--------------------------|
| ▪ Opening: | |
| ○ Restatement of question | <input type="checkbox"/> |
| ○ Clarifying questions | <input type="checkbox"/> |
| ○ MECE framework | <input type="checkbox"/> |
| ○ Structured thinking | <input type="checkbox"/> |
| ▪ Data analysis | <input type="checkbox"/> |
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| ○ Answer first | <input type="checkbox"/> |
| ○ Structure of recs | <input type="checkbox"/> |
| ○ Brevity | <input type="checkbox"/> |
| ▪ Behavioral throughout | <input type="checkbox"/> |
| ○ Eye contact | <input type="checkbox"/> |
| ○ Level of comfort | <input type="checkbox"/> |

Answer:

LifeRenew should target market and distribute Canopure to Emergency Care Clinics at a price of \$200/unit.

Reasons to Support Recommendation

- Focusing on emergency clinics will allow LifeRenew to serve the largest percent of market with the fewest amount of customers (80/20 rule)

Risks, Caveats, and/or Next Steps

- **Distribution:** how will this product be supplied and how will potential distribution partners affect overall pricing
- **Profitability:** want to know total cost to determine profitability of Canopure