

Consulting Case Interview Preparation Guide

Marquis, Stanford GSB Class of 2006
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Prior to the Interview

Building Relationships at Your Target Firms

- Attend as many events as possible for the firms that interest you
 - Including school/company-wide, affinity group, and regional/office-specific events
 - At these events, talk to as many people as possible to make an impression
- Have a set of good questions to ask firm representatives to show your level of interest in the company
 - Don't ask about topics that can easily be found on the company website)
- Get the contact info for each person with whom you speak and follow up with an email after an event

Building Relationships at Your Target Firms

- Always make a positive impression when interacting with company representatives
 - This includes when attending official company presentations and dinners, during informal exchanges, and even at school-sponsored functions
 - Be on the lookout for deliberate attempts to see how you act when you're not "on your game" *(I fell into this trap several times during my MBA summer internship recruiting cycle)*
 - **Assume that all interactions with a firm's employees could affect your standing, so, unless you already have an offer in hand, be on your best behavior AT ALL TIMES!!!**

Resume Preparation

- Without a prior banking or consulting background, you will likely have to tailor your resume to appeal to the Consulting firms
- Instead of focusing on the “must have” skills for your previous industry, emphasize the following:
 - Analytical abilities
 - Experience in teams
 - Communication skills
 - Leadership/Management experiences
 - History of achieving results
- Use the “Additional Information” section to bring out qualities/interests to differentiate yourself

Answering the “Why Firm X?” Question

- Show a “specific” desire to work at Firm X, instead of simply a general desire to work in Consulting
- Learn the “ins and outs” of the company
 - Locations
 - Business areas of specialty
 - Reputation (i.e. what the firm is known for)
 - Career progression and direction
 - Company culture
- Research the firm’s competitors to find points of differentiation
- Give reasons that the firm is a good fit for you and that you are a good fit for the firm

Describing Your Work Experience

- Resume “walk-through”
 - Develop a coherent story for each step along your educational and career path → It should not seem like a “random walk”
 - Some firms analyze the “walk-through” as if it were a case → Be structured when describing the sections of your resume
- Work experience stories
 - Allow firms to learn about your experiences in a variety of work situations
 - Have four or five unique stories ready to share; Examples include:
 - Led an initiative to a successful/unsuccessful conclusion
 - Had an impact on a team where you were not in charge
 - Worked in a group where there was internal conflict
 - Found success in a challenging work environment
 - Initiated change within an organization

Generating a List of Questions

- It is crucial for the candidate to develop good questions to ask the interviewer at the end of the interview
- Tips for creating strong questions:
 - Ask questions beyond standard travel and work-life balance issues (Interviewers hear these questions all the time)
 - Show that you have done some prior research about the firm (offices, leadership, areas of focus, career progression)
 - Ask questions that pertain to your own background (educational/professional, gender, ethnic, etc)
 - If given an interviewer biography, ask him questions about his background and how he was able to leverage it at the firm

Generating a List of Questions

- Sample questions

- Could you tell me a little about the culture in [FIRM]'s [CITY] office? How does it compare to the culture in the company as a whole?
- When thinking about your co-workers, do you consider them to be your colleagues, your friends, or both? (this question can tell you a lot about the kind of culture within a company or an office)
- As a minority/female consultant, have you ever experienced any negative interactions with client representatives where you felt that race was an issue? If so, how did you deal with it? Did your managers support you with your concerns?
- As someone with a tech background, I'm wondering whether my previous experience will translate well into Consulting. Could you tell me how much you've reached back into your prior experience in Technology during your career at [FIRM]?
- I really like the fact that your company operates on a generalist model where consultants can float around on different types of assignments early in their careers. What was your experience like when you were in this stage of your career? Did you find it difficult to jump onto client engagements where you had no prior background and hit the ground running? What sort of support did your team give you in these cases?

Approaching the Case Interview

Interview Technique Basics

- Keep clean and organized notes
 - Use two separate sheets (landscape-oriented) for your information/analysis and math calculations
 - Write in pencil
 - This may seem basic, but being able to erase mistakes can go a long way toward producing clean and easy-to-read notes
 - Write as neatly as possible
 - Some companies will collect your notes and evaluate them to get insight about how you structure your thoughts on paper
- Use tables and graphs during your case breakdown to demonstrate structured presentation of information
- Get used to using “educated estimates” for values when concrete data is not provided

Interview Practice Basics

- “Practice makes perfect”
 - Get started with cases as early as possible to ensure that your technique is developed by interview-time
- Use a good collection of case books and prep guides to help build your case analysis skills
- Run through cases with as many classmates and friends with Consulting experience (either full-time or internships) as possible
 - These people usually have experience doing case interviews and can provide more specific feedback on your case approach
 - Relying solely on other beginners is basically “the blind leading the blind” and may result in unproductive feedback

Interview Practice Basics

- Be careful not to “over-practice”
 - Can result in mental burn-out and drive your thinking toward frameworks and past cases you’ve seen, instead of thinking creatively and independently
 - Conflicting feedback from practice partners that can be confusing and negatively affect your case approach
- Don’t practice with company representatives unless you’ve developed a develop case approach
 - Feedback from company representatives should be relied upon to sharpen your case skills, not initiate them
 - It is a waste of a chance to get focused and actionable feedback (and the consultant’s time) to be unpolished during a company case coaching session

Math Tricks

- Use round numbers wherever you can, especially when you have the chance to pick the numbers
- Do “ballpark” calculations if possible
 - Often it isn’t about getting the exact mathematical response
 - Since there is usually some allowable margin of error, take advantage of that and “ballpark” whenever you can
- Don’t try to do calculations in your head unless you’re sure you can solve them correctly
 - When doing calculations in your head, be sure to write your solutions down so you can refer to them later

Math Tricks

- Rule of 10's and Rule of $\frac{1}{2}$'s
 - Break difficult numbers into either tens or halves to do quicker calculations
 - Example: What is 37% of 25,000
 - $25,000/10 = 2,500 \rightarrow 10\% \text{ of } 25,000$
 - $2,500/2 = 1,250 \rightarrow 5\% \text{ of } 25,000$
 - $1,250/2 = 625 \rightarrow 2.5\% \text{ of } 25,000$
 - From the above, you can approximate the answer:
 - $(3 * 2,500) + 1,250 + 625 = 9,375 = 37.5\% \text{ of } 25,000$

Math Tricks Example

- What is the annual U.S. market for chewing gum?
 - In total number of consumers?
 - Estimate the total U.S. population (~300 million people)
 - Segment the population based on some metric (age is usually a good metric)
 - Estimate the number of people in each population segment
 - Make a guess at the percentage of each segment that chews gum
 - Complete the math and arrive at a final figure

Math Tricks Example

- What is the annual U.S. market for chewing gum?
 - In units (packs) sold?
 - Start with the estimate for total chewing gum consumers (as determined earlier)
 - Make a guess at the number of packs that an average consumer purchases in a given week
 - Multiply the above two numbers to estimate the packs of gum sold each week in the U.S.
 - **[Annual packs of gum sold] = [Weekly estimate] * 50**
 - There are 52 weeks in a year, but using 50 takes advantage of “ballparking” and the inherent margin of error in estimating

Math Tricks Example

- What is the annual U.S. market for chewing gum?
 - In revenue?
 - Start with the annual number of packs sold (as determined earlier)
 - Make a guess at the average price of a pack of gum
 - $[\text{Annual revenue}] = [\text{Annual packs of gum}] * [\text{Avg. price}]$

Math Tricks Example

- What is the annual U.S. market for chewing gum?
 - In profits?
 - Method #1: Use the annual revenue estimate and apply a guessed profit margin
 - $[\text{Total annual profit}] = [\text{Annual revenue}] * [\text{Profit margin}]$
 - Method #2: Use the average price, apply a guessed profit margin, and multiply by the estimate annual packs sold
 - $[\text{Unit profit}] = [\text{Average price}] * [\text{Profit margin}]$
 - $[\text{Total annual profit}] = [\text{Unit profit}] * [\text{Annual packs sold}]$

Learning to “Think Business”

- Structuring the case problem well and executing on the math are great, but, to distinguish yourself during a case interview, you will have to get to the “so what?” ideas in a case (*i.e.* “Profitability is down because revenues have declined... but so what?”)
- Understanding the interrelations of players within and between industries is important to determining the implications of a business decision or event
- “Connecting the dots” in a business scenario should seem natural and almost second-nature during an interview
 - Difficulty in developing key business insights can indicate that a candidate may struggle on a consulting engagement

Learning to “Think Business”

- Useful tactics for learning to “think business” include:
 - Reading business-related periodicals and websites, such as BusinessWeek, the Wall Street Journal, CNN Money, Yahoo! Finance, Fortune, etc.
 - Watching business-related television networks and shows, such as CNN Headline News, MSNBC, Bloomberg, etc.
 - When learning about recent business events, figure out the full set of implications of the event, both direct and indirect
 - Example: The OPEC nations decide to restrict the supply of oil
 - Direct: Gas prices increase in the United States → Oil company revenues increase
 - Indirect: Sales of SUVs decrease → Auto companies are compelled to offer more sales promotions on SUVs
 - Indirect: Airlines raise fares for air travel → Some travelers choose to fly less; Airlines may pursue layoffs or salary cuts for employees
 - Indirect: Use of public transportation increases → Revenues for businesses related to automobile use decline
 - Indirect: US Federal Government faces pressure to resolve the issue → US Government may apply trade sanctions onto the OPEC nations

Key Business Concepts

- Profitability
 - Revenues
 - Costs
- Industry attractiveness / Market issues
 - Total size of the market in dollars
 - Number of competitors → Minimum Efficient Scale
 - Market conditions (shrinking/growing/stagnant) and associated implications

Key Business Concepts

- Mergers and acquisitions
 - Financials of the deal → Will it be profitable?
 - Product-line synergies
 - Market reaction
 - Culture issues
- Marketing
 - Pricing
 - Placement (distribution channels)
 - Product
 - Promotion

Key Business Concepts

- Product introduction
 - Potential market for product
 - Do consumers want it?
 - Overall profitability of the product
 - Cost to introduce product
 - Expected revenues
 - Competitor reaction
 - Can they copy it?
 - Do they already have competing products?
 - Does the new product fit your company and current product line?
 - Does it make sense for your company to introduce the product?

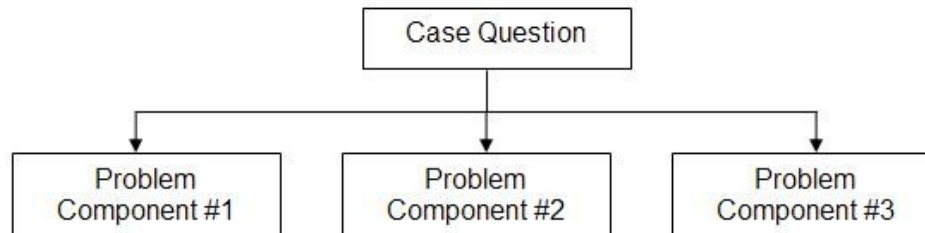
Key Business Concepts

- Other concepts that show deeper business insights
 - Labor issues
 - Implications of unionized labor and compensation (salary, benefits, etc.)
 - Long-term contracts
 - Revenue streams
 - Costs
 - Fixed vs. Variable
 - Direct vs. Indirect
 - Supply and demand issues and their effects on pricing
 - Culture and morale issues
 - Operational issues

Case Execution

Case Execution Tips

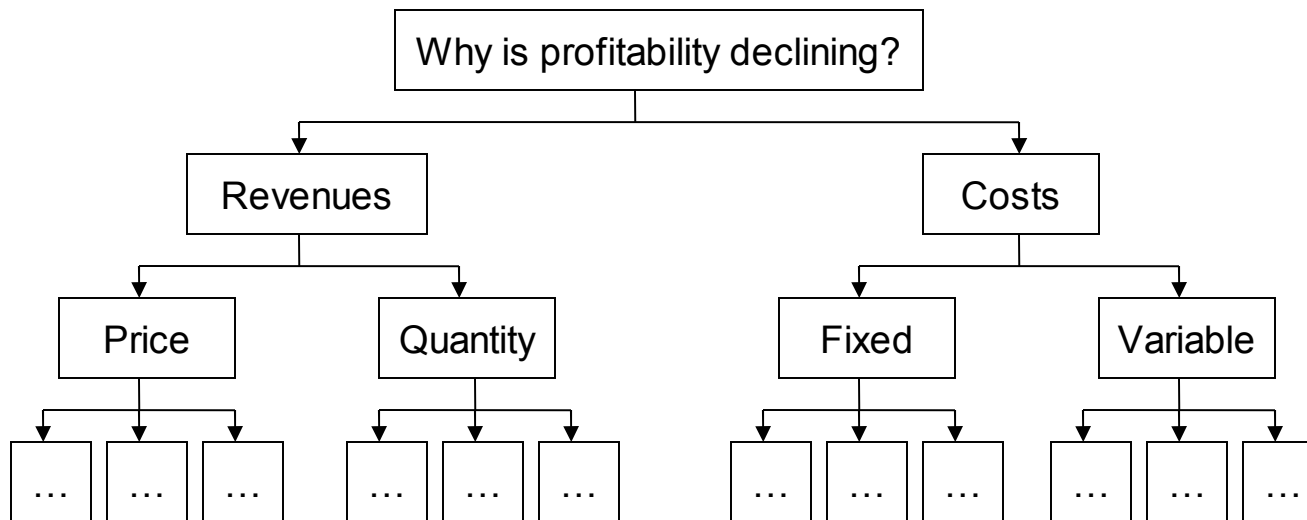
- Break case problems into distinct segments to create a structured roadmap
 - Use trees to set up analyses
 - The case question serves as the root and the problem components serve as the branches



- Once you've presented a roadmap, follow it!!!
- Be sure that your problem components are **"MECE"**
 - **"Mutually exclusive"**: No overlaps are present between issues to be investigated
 - **"Collectively exhaustive"**: All potential high-level issue areas have been covered by the first-level branches of the tree

Case Execution Tips

- Example: An automobile dealership is experiencing declining profits. What could be the problem?



Case Execution Tips

- Don't be afraid to ask questions if you don't understand something
- Use frameworks, but don't let your interviewer recognize that you are using frameworks
- Assumptions are powerful, but use them wisely
- Be quick, but correct, when doing math calculations
- Be confident in your analysis, but be open to changing direction if guided to do so

“The First Four Steps”

- Summarize the question
- Verify the objectives
- Ask clarifying questions
- Lay out your structure

NOTE: The information from this slide and the ten slides that follow were adapted from “Case in Point” by Mark Consentino

Types of Cases

- Entering a new market
 - Step 1: Investigate the market to determine whether entering the market would make good business sense → Assess market attractiveness
 - Step 2: If you decide to enter the market, you need to figure out the best way to become a player
 - Start from scratch
 - Acquire an existing player
 - Form a joint venture or strategic alliance with another player

NOTE: Adapted from “Case in Point” by Mark Consentino

Types of Cases

- Developing a new product
 - Step 1: Think about the product
 - Step 2: Think about your market strategy
 - Step 3: Think about your potential customers
 - Step 4: Think about financing the project

NOTE: Adapted from “Case in Point” by Mark Consentino

Types of Cases

- Pricing strategies
 - Step 1: Investigate the product
 - Step 2: Choose a pricing strategy
 - Cost-based pricing vs. Price-based costing
 - Cost-based pricing: Determining the cost of a product, choosing a desired profit margin, and generating a sales price
 - Price-based costing: Choosing a desired sales price and costing out production to meet that sales price with a desired profit margin
 - Supply and demand forces

NOTE: Adapted from "Case in Point" by Mark Consentino

Types of Cases

- Growth strategies
 - Step 1: Ask feeler questions
 - Ask questions to determine the nature of growth that your interviewer is looking for (focusing on product, division, or the entire company)
 - Step 2: Choose a growth strategy
 - Some options are increasing sales, increasing distribution channels, increasing product line, invest in a major marketing campaign, diversify products/services, or acquisition of another firm

NOTE: Adapted from "Case in Point" by Mark Consentino

Types of Cases

- Starting a new business
 - Step 1: Investigate the market to make sure that entering the market makes good business sense
 - Step 2: Look at the project from a VC's point of view
 - Management team
 - Market and strategic plan
 - Distribution channels
 - Product
 - Customers
 - Finance

NOTE: Adapted from "Case in Point" by Mark Consentino

Types of Cases

- Competitive response
 - Step 1: Ask probing questions
 - What is the competitor's new product and how does it differ from ours?
 - What has the competitor done differently?
 - Have any other competitors picked up market share?
 - Step 2: Choose a response action
 - Examples: Acquiring the competitor or another player in the market, merging with a competitor, copy the competitor, hire the competitor's top management away, use marketing and public relations to increase your profile

NOTE: Adapted from "Case in Point" by Mark Consentino

Types of Cases

- Increasing sales
 - Step 1: Ask probing questions to gather information about the market and our product line
 - Step 2: Determine a strategy to increase your sales
 - Increase volume
 - Increase revenue from each sale (make buyers buy more)
 - Increase prices
 - Create seasonal balance

NOTE: Adapted from "Case in Point" by Mark Consentino

Types of Cases

- Reducing costs
 - Step 1: Ask for a breakdown of costs
 - Step 2: If any costs are out of line, determine why
 - Step 3: Benchmark competitors

NOTE: Adapted from “Case in Point” by Mark Consentino

Types of Cases

- Increasing profits
 - Step 1: Look at revenues
 - Step 2: Look at costs
 - Step 3: Determine whether you want to increase volume and how to do so
 - Example actions include expanding into new areas, increasing your sales force, increasing marketing, reducing prices, and improving customer service

NOTE: Adapted from “Case in Point” by Mark Consentino

Types of Cases

- Turnarounds
 - Step 1: Gather key information about the company and its situation
 - Step 2: Choose an appropriate action
 - Be creative, but base your action upon a structured and well thought-out plan

NOTE: Adapted from "Case in Point" by Mark Consentino

Case Example Introduction

- The following case samples are provided to facilitate first-level analysis
- For each case, practice setting up the high-level tree that could be used to attack the problem (as shown earlier):
 - Place the key question for the case at the root of the tree
 - Break the problem into a set of solvable components and assign those components to the tree branches

Case Example

- Your client owns a professional football team that has just won the Super Bowl. Despite the Super Bowl victory, the team finished the season with a financial loss for the 5th season in a row.
- What could be the cause of the team's profitability problems? What would you recommend to reverse this past season's financial performance?

Case Example

- You are the owner of a small, but relatively successful, towing company with a handful locations throughout the Southeastern U.S. Two recent MBA graduates have approached you about purchasing the company.
- Should you accept the offer to sell your company?

Case Example

- Your client is an industry-leading security software company that is considering acquiring a data management software company.
- Should the client go through with the acquisition?

Case Example

- Your client is a national chain of fitness centers with locations in 35 major cities. The company is thinking of creating a sub-brand of gyms for the small-town market.
- Should they do it? What issues come into play when making this decision? Under what circumstances could the venture be successful?

Case Example

- A publishing company that has traditionally created news and entertainment magazines is thinking of introducing a new sports-focused magazine.
- Should they do it?

Case Example

- You have taken over as the Executive Director of a non-profit that has had trouble raising enough money to fund its programs.
- What could the problem be? What can be done to resolve the issue?

Case Example

- You have just accepted a job as the Superintendent of city school district where more than 90% of the students have scored below proficient in English and Math for the past 15 years.
- How will you solve this long-standing academic performance problem? What resources would you need to implement your plan?

Case Example

- Your client is a beverage company that was excited to see its sponsored cyclist win the Tour de France. That is, until authorities announced that the cyclist had tested positive for performance-enhancing drugs.
- What sort of “damage control” does the company have to do in light of this event? Will there be any negative effects on the company’s brand as a result of this discovery?

Case Example

- Your client is an enterprise software company that has spent over \$100M developing a new product that isn't selling well.
- What could the problem be and what can they do to resolve the situation?

Case Example

- A friend of yours is considering becoming a franchisee of a national fast-food chain.
- What issues should he be thinking about in making his decision? And, do you think he should open the franchise?

Final Words of Advice

General Advice

- **RELAX!!! Don't let yourself get too stressed out before, during, and after the interview** -- Succumbing to nerves is the quickest way to sabotage yourself. No matter how these interviews turn out, remember that you are driven and will have your degree before long...you're going to be alright, whether you've got a Consulting job or not.
- **Be confident but humble during the interview.** When you're as talented and qualified as all of you likely are, there is the risk of sounding a little stuck on yourself. Don't let that happen because it can leave an interviewer with a terrible impression of you.
- **Be sure to have a strong list of questions to ask the interviewer --** This is your chance to gain insights from his/her experiences with the firms and show that you care enough about getting a position to ask insightful questions

General Advice

- **If you make a mistake during some portion of the interview, learn from it and move on...**Don't let it fester in your mind because it'll serve as a distraction later on
- **Make sure the interviewer understands your thinking at all times.** Talking through what's going through your mind (in general terms) can give the interviewer a chance to give you correct information if you've got something mixed up or ask follow-up questions to gain more insight about you as a candidate. This tip goes for when you're doing your math, brainstorming, and providing some sort of insights in response to a question.
- **Take time to think about what you're going to say before you say it.** There is nothing wrong with taking 5 or 10 seconds to think through something when the alternative is simply saying the first thing that comes to mind. Remember, you're not in a race against the clock...you're in a race to get a Consulting offer

Advice on Cases

- **STRUCTURE, STRUCTURE, STRUCTURE!!!** – Structure is the thing you should focus on most from the start of the interview until the end. Structure everything from the paper that you take your notes on...to the way you do your initial case issue breakdown...to your set up and execution of the math...to what you say in your final case wrap-up. Often, having a structured approach to everything you do in a case interview is just as important as getting the "right" answer to "crack" the case.
- **Think about the "Big Picture" whenever you can...**don't dig too deep in the details until you have to. Digging too deep early and getting lost "in the weeds" can lead to missing out on information that might get you to the desired answer. If the first thing that pops into your mind is the details of what info you want, take an extra second to think about why you need that information and it will likely give you another layer of structure for your analysis. The "Big Picture" thinking should be the foundation of your approach at all stages of the case, but it is especially important when you're doing your initial case "roadmap" and issue tree. The executives and managers that you'd be consulting to will likely have a "Big Picture" view of things, so you should train yourself to have the same sort of outlook.

Advice on Cases

- **Make sure you bring out the "So what?" insights and not just surface level ideas.** These firms likely know that you're smart...otherwise, you wouldn't have been invited to interview...so simply reciting facts likely won't be enough to distinguish you from the pack. The thing that can truly make you look like a star is being able to look at that same set of facts and draw out some deep insights about the specific situation in the case and some larger business situation and/or context. It's all about the "So what?"s...
- **Be as efficient as possible when doing the math on your cases.** Writing out every equation may seem like a good idea, but it can use up a lot of time that would be better spent doing case analysis and gathering data. Try to find shortcuts to get through your calculations quicker, such as canceling zeros, using the units of measure in a problem for hints, and recognizing patterns in numbers.

Advice on Cases

- **Make your notes as neat and clear as possible.** Some firms collect the notes you take while doing the case for any number of reasons, one of which could be to gain insights on how you structured your analysis. In this case, it is important to have very clear notes so they can follow your thinking as they read the notes. A more practical reason for having clear notes is so that you don't confuse yourself during interviews. When one is under the stress of an interview situation, it is easy to lose track of a number, a fact, or some piece of data that could help you solve a problem and the time it takes to find that lost data is time that you could be plugging away at your case analysis. Neat note-taking is a simple way to avoid that problem.
- **Be creative.** This is pretty self-explanatory, but try not to get bogged down and restricted to the format or ideas that a particular framework might lead you to. There are many ways to solve a problem and a little creativity may be just what it takes to get you over the top when the interviewers are doing their evaluations.

Advice on Cases

- **Use assumptions to your advantage, but don't overuse them.** Finding the balance of when and when not to use assumptions is a tough one, so I always default to the following rule of thumb...If you need a piece of information during the case, ask for it. The worst that can happen is that the interviewer won't have the info and you'll have to make an assumption about it. The alternative to not asking is making an invalid or incorrect assumption and going down the wrong path when the interviewer had a ton of data waiting for you all along. Basically, use assumptions within reason and know that, in many cases, the interviewer likely has data that can help you crack the case wide open if you use it right.

Advice on the Fit/Experience Discussion

- **The interview is not all about the case, the fit portion is highly important, as well**
- **Focus on your role** -- The interviewer wants to hear about what YOU did; Don't focus too much of your description on what your TEAM did
- **Have several stories prepared** (I'd recommend at least four) that cover a wide range of anecdotes about your leadership experience (you should not repeat stories across interviews on a single day)
- **Be concise and make sure you bring out only the most important points**; There's no need to get too detailed...just tell your story and bring out the "showstopper" ideas

Knock 'em dead and
remember that cases are only
as difficult as you make
them...