

# Case 21: After School Programming

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## Case Question

- It is 2003, and our client offers after school programming focused on supporting at-risk youth through high school, enabling them to enter and succeed in college.
- The client is trying to identify the best approach to meet its growth target. The client's goals for expansion are to most efficiently serve students at 7 new sites, while raising their national profile. We have been hired to help them vet potential sites to maximize their social and financial impact.

## Case tracker

- Industry:**  
Other (Non-Profit)
- Level of Difficulty:**  
**Hard**
- Case Format:**  
Growth Strategies
- Concepts Tested:**
  - Organizational
  - Capacity Expansion
  - Customer Strategy
  - Marketing Strategy

## Fit Questions

### Spend first 15 min on fit

- "Why are you interested in Consulting as a career and our firm in particular?"
- "Tell about a time you failed and what you learned from the experience?"

## Guide to interviewer

- This case should be delivered McKinsey-style, i.e. following presentation of the framework, the interviewer should guide the interviewee from question to question. The secret to this case is thoroughly understanding the client's business and goals. Interviewers should encourage the interviewee to take time to understand the client's business model and to be sure they thoroughly understand the questions being asked.
- This case focuses on understanding not only the financial objectives but also the other objectives/impact that a client wishes to achieve and these should impact the analysis and recommendations to be delivered.

**10**  
*Quants.*

**10**  
*Structure*



*Org. Chg*  
*Cap. Exp.*  
*Cust. Stgy*  
*Mkt. Stgy*

# Clarifying answers and case guide

## Clarifying answers to provide if Asked

**The following information can be provided if the interviewee asks, but should not be volunteered:**

- ‘At-risk’ youth are those who, due to behavior or grades, are at risk of dropping out of high school or have already done so
- The client operates local centers attached to high schools with full time staff
- The client offers tutoring and test prep support to the youth with whom it works, as well as connecting youth to internships and career opportunities
- All centers are Massachusetts or southern New Hampshire
- The client operates 8 sites with 2,500 youth served
- School districts and state agencies reimburse the client for activities
- The client has a high national profile and has received calls from high school systems in Florida and California offering to pay for the client to establish centers in their districts; the client has declined these offers to date

## Interviewer Guide to case and handouts

**Question 1:** what are the client’s options for locating and for opening new sites, and what are some considerations the client should consider in selecting among these options?

**Question 2:** let’s look at the financial considerations, particularly at the effect of additional sites on central costs. The client allocates central office costs to each wholly owned site on a uniform basis, i.e. total central office costs / 8 = allocation per site. The client wants to understand how expanding sites will affect the per wholly owned site allocation of central costs. For this analysis, assume that central costs don’t vary depending on the method selected for expansion. **(Show Exhibit 1)**

**Question 3:** from a mission perspective, our client thinks that serving areas with a high density of at-risk youth will best deliver its mission as well as raise its national profile. As such, it would like to determine which geographic areas show the most promise for mission fulfillment. They provided some data from representative school districts for an initial analysis: **(Show Exhibit 2)**

**Question 4:** earlier, you listed some additional factors that might help the client screen new locations. What do you think are the pros and cons of these additional factors in each geographic area? How might this influence the client’s choice of target geographies?

**Question 5:** let’s wrap up with a summary of your findings and a recommendation to the client.

**Answer –** The interviewee cannot solve this case without understanding the client’s business and goals

# Key elements to analyze (1)

## Question 1: Organizational Changes

- **Question 1:** what are the client's options for locating and for opening new sites, and what are some considerations the client should consider in selecting among these options?

## Notes to interviewer

- The interviewee should quickly focus on geographic options for sites:
  - Adjacencies to existing sites (middle schools, neighboring high schools)
  - New sites in existing states, separate from existing sites
  - New states neighboring existing states
  - New states that have contacted the client
- The three primary methods for opening new sites are:
  - Partnerships
  - Branching / licensing
  - Wholly-owned sites
- The interviewee should go back to their original question, and hopefully their framework, to remember that the client wants to vet potential sites for mission and financial impact. Based on this, they should come up with two sets of criteria, which might include:
  - Mission related:
    - Number of at risk youth
    - Presence of other youth service organizations
    - Potential to work with high schools
    - Knowledge of target market
  - Finance / operations related:
    - Potential to attract funding
    - Ability to leverage relationships and engage in political advocacy
    - Ability to leverage existing infrastructure
    - Ability to recruit talent

# Key elements to analyze (2)

## Question 2: Capacity Expansion

- **Question 2:** let's look at the financial considerations, particularly at the effect of additional sites on central costs. (Show Exhibit 1)

## Notes to interviewer

- A good interviewee will quickly point out that the 74% increase in costs is less than the 88% increase in the number of sites, and that central office cost allocation per site should decrease. Interviewees should quantify the impacts of growth on costs per site.

## Question 3: Customer Strategy

- **Question 3:** our client thinks that serving areas with a high density of at-risk youth will best deliver its mission as well as raise its national profile (Show Exhibit 2)

## Notes to interviewer

- Note 1: Worcester, MA neighbors an existing site for the client. Nashua, NH does not have a site.
- Note 2: This is a tough problem to solve. Work actively with interviewees to get to the answer. Assume that class sizes, dropout rates and GPA averages are uniform across grades.
- *Solution on "Math Solution"*

## Key elements to analyze (3)

### Question 4: Marketing Strategy

- **Question 4:** What do you think are the pros and cons of these additional factors in each geographic area? How might this influence the client's choice of target geographies?

### Notes to interviewer

- Good interviewees will draw a table matching geographic options against the screening criteria they listed in question one, then will give a quick summary of the pros and cons of each criteria in each geography. The interviewer can help the interviewee set the chart up but should let the interviewee take the lead on walking through the analysis. This question is highly qualitative and intended to test the interviewees' judgment and communication skills.
- Here is an illustrative Chart

	Neighboring site	New site in existing state	Neighboring state	New state
Mission fit	Pro: knowledge of local youth; relationships with policy makers and school admins Con: might not spread model		Pro: would spread model Con: need new relationships, regulations could differ and affect operations	
Financial fit	Pro: model already approved for funding, ability to move staff / hire easily Con: might hit funding limits		Pro: access to new sources of funding, higher national profile Con: districts / states might not fund model	

# Math Solutions (1)

## ANSWER: Question 2/Exhibit 1

	Current	Additional costs
Staff	\$750K	\$600K
IT	\$110K	\$80K
Office expenses	\$115K	No change
Training and support	\$25K	\$55K
Total central office costs	\$1,000K	\$735
Cost per site	$\$1,000K / 8 = \$125K$	$= \$1,735K / 15 = \$115.67K$

# Math Solutions (2)

## ANSWER: Question 3/ Exhibit 2

Column	A	B	C	D	E
	Average enrollment, HS	Annual % change in at risk youth, 2003	# high schools	HS completion rate, class of 2002	2002 % of enrolled students with GPA of D or lower
Worcester, MA	1,000	-10%	3	70%	30%
Nashua, NH	800	-5%	2	75%	25%
Barrington, CT	800	10%	1	75%	20%
San Mateo, CA	1,300	1%	4	85%	20%

Column	F	G	H	I	J	K	L	M
Formula	$A * C$	$F/4 * (1-D)$	$F - G * 3$	$G + H$	$F - I * E$	$I + J$	$K * (1 + B)$	$L / F$
	Total enrollment	Dropouts, class of 2002	Dropouts, other classes in 2002	Total dropouts, 2002	Low GPA students, 2002	Total at risk, 2002	Total at risk, 2003	Total at risk % of enrolled students
Worcester, MA	3000	225	675	900	630	1530	1377	45.9%
Nashua, NH	1600	100	300	400	300	700	665	41.6%
Barrington, CT	800	50	150	200	120	320	352	44.0%
San Mateo, CA	5200	195	585	780	884	1664	1681	32.3%

# Solution and recommendations

## Solution & Recommendations

- The case is designed to indicate that the client should focus on existing states, and perhaps on neighboring states. The client should not consider expanding outside its existing geographic foot print in New England.
- The interviewee should note that the client benefits financially from scale, but that a financial analysis does not indicate a geographic area for expansion. From a mission perspective, existing and neighboring geographies provide the highest density of at-risk youth. New geographies in existing states are also promising from a mission perspective. Thinking further about non-financial benefits from scale, as should be done in question 4, should also indicate that growing within existing states or in neighboring states poses fewer risks for the client.

## Bonus/Guide to an Excellent Case



## Exhibit 1: additional central costs from expansion

	Current	Additional costs
Staff	\$750K	\$600K
IT	\$110K	\$80K
Office expenses	\$115K	No change
Training and support	\$25K	\$55K
Total central office costs		
Cost per site		

## Exhibit 2: representative data on at-risk youth

	Average Enrollment, HS	Annual % Change in at risk youth, 2003	# high schools	HS completion rate, class of 2002	2002, % of enrolled students with GPA of D or lower
<b>Worcester, MA</b>	1000	-10%	3	70%	30%
<b>Nashua, NH</b>	800	-5%	2	75%	25%
<b>Barrington, CT</b>	800	10%	1	75%	20%
<b>San Mateo, CA</b>	1300	1%	4	85%	20%