THE CONSULTING BIBLE
THIRD EDITION

From "walk me through your resume" to nailing every case, the ultimate prep guide for consulting interviews

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&

Kevin Gao

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by

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Preface

If you've searched for good consulting resources on the Internet, you probably didn't have much success. The ones that do exist (Vault or Wetfeet) are simply unhelpful because:

1. They provide generic recruiting advice, instead of a focus on the consulting industry.
2. Case study guides are too theoretical. As interesting as Porter's Five Forces is, the threat of substitutes won't be very helpful if you don't understand when and how to apply the concept.
3. Much of the information is out-of-date. Company profiles feature outdated quotes, salary levels are from several years ago, etc.
4. No example answers are provided, which makes it tough to know whether you've structured an appropriate response.
5. The information is composed by industry outsiders, who quote insider sources or conduct surveys to gather the information.

This guide addresses all of those problems. In here, you'll find:

1. More than 60 in-depth fit and personality questions that came directly from real interviews. Some are as fresh as this year's fulltime recruiting cycle. Mastering these 60 will give you the content, preparation, and flexibility to answer any fit question.
2. 8 mini cases (or sizing questions) with multiple solutions, including secrets on how you can conquer any sizing question regardless of complexity or ambiguity.
3. 8 extensive case studies, created from scratch to test you on the 5 case study principles that all top candidates instinctively master.

Once you've absorbed the lessons from below, you'll know how to answer **any question in any interview**. That's the MC guarantee.

Why the Consulting Bible?

If you've spent an hour thinking about consulting cases and aren't sweating yet, you're not normal. Sure, you can say that "doing cases seems fun," and "you love to learn," but we see right through that façade. Case-style interviews are scary – in fact, probably the scariest of the scary, with complications including mental math, brain teasers, on-the-spot public presentations, high-pressure interviewers, and other twists and turns that keep even the best of us up at night. If you're going into the fray, what kind of preparation do you want – something that *might* work in a pinch, or the best?

We've spent more than 3 years building a legacy base of happy customers through our premium resume/cover letter editing and interview prep services, and (literally) the number one question we get is, "What resources do you recommend to help prepare for cases?" For 3 years, we've been at a loss to offer anything that we really believe will be helpful. Sure – there is a very popular case book out there by a guy with 10 years of experience prepping people for cases. Did he ever work for one of the top firms? Nope. Does he have good stuff? Honestly, it's okay for a start, but it's not going to give you the inside track to rapid preparation and get you fully prepared.

There's another resource that we like – an audio series on cracking the case. We love that it's interactive and you can become familiar with a live case situation. We like the style of cases that are presented. But still – you're observing how others are successful, not getting tools for your own success.

Let me lay it out simply: we have a problem. MC has about 80,000 visitors to our site in any given month, and we only work with a small fraction (we are extremely reasonably-priced for what we offer but still expensive for a lot of students!). What do the 79,000 of you who we don't get to build relationships with do to get that extra edge? Are you doomed to case interview demise?

Thanks to the Consulting Bible 3rd edition, the first practical toolkit for case cracking of its kind, the answer is a definitive NO. We offer you – our loyal readers – what we KNOW is the best case resource on the market. We've read hundreds of consulting club case books and have an online Case Bank of 500+ cases. We've researched other competitive options. But how do we guarantee this one is the best?

We aren't saying this book is the only one you should use for preparation. In fact, we lay out three Ultimate Prep Plans to point you to additional resources you will find helpful – and tell you how to use them effectively.

There are a few great reasons, though, why we believe so much in what we've put together here. We'd be insulting your intelligence if we didn't lay those reasons out explicitly for you – so check out the below.

1. **We wrote this guide based on our REAL experience interviewing successfully at top firms and conducting interviews with our colleagues.** Tragically, this is something that other major case resources on the market can't claim – and if you know what you're looking for, it shows. What shows? The cases aren't real cases that you would get in an interview. The dialogue doesn't unfold like that. The data isn't introduced in that way. The interviewer doesn't think like that. Sure, the cases will teach you something – but so will a course in economics at your local community college.

   And what about the extras? "What extras?" you might ask. What about what the interviewer isn't saying, but is thinking? What about the way the firms score? What about the basics of a good performance that are being sought after but are sorely missed when you don't practice the right types of cases? What then? Do you just go into your first round hoping you don't look like an idiot? Not anymore!

2. **We wrote this guide so that you have a tool to learn not just *what* others do, but to *practice* how you should do cases through interactive exercises**. Why is this important? It's not just important – it's the critical missing link. It's why we rarely work with a client preparing for their first-round interview who was ready to go into their interview before we got started. There are thousands of you out there who are reading that other stuff – and watching other videos – but never opening your own mouth, never putting yourself in a live case situation, and never answering questions under pressure.

   Everything sounds great in your head – but your intelligence with unlimited time in your apartment sipping a latte will come across differently to your delivery of structure, analysis, and recommendation in 18 minutes of a rapid-fire case. The only surefire way to practice and prepare effectively is to DO CASES YOURSELF, out loud. We've designed our case book with self-guided AND partner cases, so you can do just that – utilize what we have compiled to actually go get yourself ready.

3. **We wrote this guide so that you can practice with one another, or even an inexperienced case-giver.** Not only are the cases interactive – i.e., not just answer keys – but we've written them so your mom, boyfriend, or the cute girl next to you in the coffee shop can give them to you. You can even give them to yourself – although the simulation admittedly doesn't give the same result.

   As a bonus, we've provided your mock interviewer with an easy-to-use scoring system that would look very similar to what the interviewer sees in certain firms (of course, for legal reasons it's our own proprietary simulated system). Plus, we've provided a full answer key that will guide the reviewer on the areas you should touch on and provide you with best-practice answers you can use to compare your performance to the top candidates. It's the best of all worlds!

   One caveat here – The Consulting Bible wasn't written as a full instruction guide for inexperienced interviewers, and you will absolutely notice the difference between practicing with an expert (one of us, someone from a top firm who does interviews, or at least someone who was successful in the process) and practicing with your piano teacher. There are nuances, paces, extra slip-in questions, and other prodding points that can't fully be simulated in this type of case – so do everything you can to leverage your practice time by finding the best partner you can practice with. We give notes on what to look for in a great partner on page 99 ([here](#)).

4. **Finally, but by no means least importantly, we wrote this guide with a non-academic, practical view to fast-track your learning process.** One of the major complaints we hear from our clients, when they come to us after having practiced 50 cases and we tell them they'll never get a second-round interview unless they shape up, is that having the right tools is just as important as (or really, more important than) having 100 tools. You might need to read 600 pages of some super-academic book to find the equivalent insight you'll find in one of our pages here – and if that floats your boat, go do it. For the rest of you (realists), just take our advice – learn the basics, build on what's most important, and success will swiftly follow.

Thanks for coming with us on the journey – enjoy, and get practicing. If you think of ways to make this guide even better – make sure you [email us](#)!

What's new in the 3rd edition

We've spent the last 18 months building cases and doing research for the 3rd edition. Here's what we've added.

- A **new section on the interview process** where we deep dive into the interview path of the successful candidate. We explain the expectations to have for the process, and the types of interviews you'll run into.
- An insightful **new section on Problem Solving Tests**, including an explanation of what they are, how they're used, how to do well on them, and why they are (or aren't) important.
- **3 Ultimate Prep Plans** – PST, Fit, and Case – that break down step-by-step how to optimize your practice time – from creating a simulated testing environment to knowing when to start.

In terms of FIT INTERVIEW resources –

- We've expanded on the fit interview questions to include more tips on "what you shouldn't do" and what bad examples sound like.
- We added our MC-exclusive Hero Stories exercise – we use it with our 10-hour Black Belt Interviewer clients – to prepare you for ANY fit or experiential interview question.

In terms of CASE INTERVIEW resources –

- We added 8 new market sizing questions and case studies – for a **total of 16 practice cases**.
- We included **8 partner cases** with detailed guidance for your mock interviewer, including prompts and model responses.
- We added a **new section on case interview guidelines**, including…
    - 10 practice mistakes to avoid
    - Breakdown on case anatomy and style
    - An excruciatingly **detailed section on the scoring system** – how an interviewer is evaluating you, what they're looking for, and what you need to know to make sure you come out on top.
    - **4 practical frameworks** to memorize and use – in practice and behind the interview table
    - A case **cheat sheet** with must-know equations, terms, and data points that you'll be expected to know.

With the launch of the 3rd edition, we didn't want to leave those of you looking for even more practice cases hanging – so we also published our exclusive online Consulting Case Bank with 500+ practice cases (we agree, that's a boat load!).

Admittedly, for those of you who bought The Consulting Bible on its own (or if you're getting this edition for FREE because you purchased an earlier edition), you've already gotten a huge value for your investment. But if you are looking for more practice cases, consider getting the Consulting Case Bank to supplement the 16 cases here with 500+ more.

If you're a smarty-pants and you purchased the bundle, you're set! You've got the book and the Case Bank, and zero excuses not to get started NOW!

How to get the most out of this guide

If you're the type who likes to get right to the point, you'll appreciate this section. If you don't plan to read all 300+ pages of this book, here are the parts we recommend you do read, and in what order:

1. **Scan** through the fit questions and suggested answers. This will give you a sense for what consulting fit interviews are like, and how good answers are structured. Being good at cases is necessary to receive an offer, but **not sufficient** by itself. You've also got to nail your fit interview.

2. **Do your hero stories**. This will ensure you are at least minimally prepared for a variety of fit questions.

3. **Review the Case Interview Guidelines**. If you read nothing else in full in this book, read this section. We expect you'll find the 4 frameworks especially helpful.

4. **Tackle the case studies**. Case studies are typically 75% of interviews, and can break an otherwise strong interviewer. We give you 3 types of case studies in this book – market sizing questions, self-guided cases, and partner cases. If you need a short-cut, do 2 of each type. If you do 1 section completely, do all 4 partner cases. This will give you the best real-world practice.

5. Use the Case Bank to **do a minimum of 5 cases a week** and a maximum of 2 cases a day – with a mixture of self-guided and partner cases and an emphasis on partner cases the closer you get to the interview.

Interview Process and Expectations

If you've never interviewed for a job or internship, you're starting at ground zero – this section is especially for you. If you've been through a cycle or two of job interviews, it may still behoove you to spend a few minutes here to get a sense for the consulting interview process, particularly if you've ever had questions like:

- Will I be expected to do my fit and case interviews on the same day?
- Is the process different for experienced hires vs MBAs vs pre-MBAs?
- How soon should I hear if I'm moving on to the next round of interviews?
- How long does an interview typically last?
- Who can I expect to interview with?
- Do all firms make you take the PST?

Consultants have a language of their own, and if you want to make it through the gauntlet with your head intact, you need to know how things work. We've broken it down for you here.

	Round 0 By phone/in office Here's what you could see (at firms like McKinsey, BCG, TASC):	**Round 1** In office/on campus Interviewed by:		**Round 2** In office	
Pre-MBA	-PST -Group case interview -English language test	2 cases / short fit interviews 30-45 min total	Business Analyst / Associate Consultant (someone at or one notch above your level)	2 cases + 1 fit interview	Managers / Partners
MBA		2 cases / fit interviews 45-60 min total	Post-MBA consultant / Manager		
Experienced hire	-HR screen -Phone interview (case/fit) -PST -Group case interview	2 cases + 1 fit interview 45 min each 3 interviewers total	Post-MBA		Partners
Senior experienced hire			Manager / Partner		

(table header top: `<------ 2 weeks ------>` spanning Round 0–Round 1, `<------ 2 weeks ------>` spanning Round 1–Round 2)

Now for some explanation.

Round 0

This is the screening round. It can happen over the phone (more likely) or in the office (less likely). Not all firms use this round – that's why we're calling it round 0 – or they may use the round with an assortment of the components listed above (PST, phone screen, English language test).

Interview Process and Expectations

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For instance, Bain doesn't currently have a PST, but they do administer an English language test in some regions. McKinsey, on the other hand, gives candidates a PST (and tons of information on their website on how to prepare for it), but no English language test – they essentially use the PST as the English screen. Logically, if your English is so poor that you can't understand the complicated questions, it'll come through in your score.

The weighting or importance of each factor depends on which type of candidate you are. For instance, the PST will carry less weight for a senior experience hire than for a pre-MBA who needs a little more filtering.

The whole point of a round 0 is for interviewers to quickly determine the 20% of the candidate pool who will account for the majority (80%) of their hires. Sound familiar? Yep, it's the **80/20 approach**. These are consultants, after all.
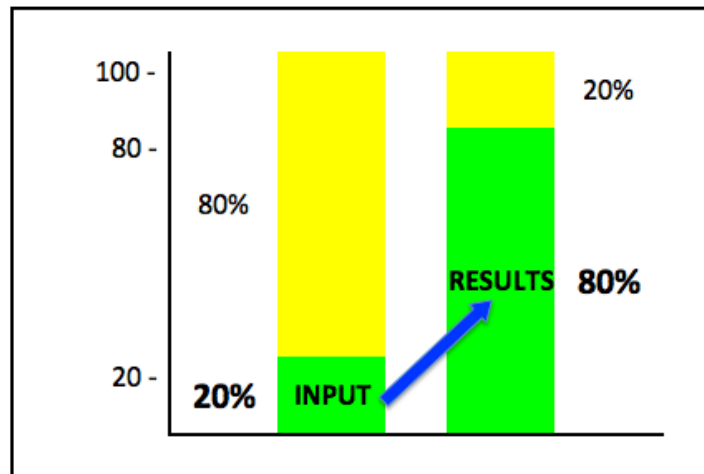
Round 1

When firms don't have a round 0, round 1 *is* their screening round.

The more educated/advanced you are, the higher the position you're applying for (and higher salary) – reflected by the time allotted for your interviews. As a pre-MBA, you'll meet with an interviewer for a total of 30-45 minutes, and in that time you'll cover 1-2 cases and 1-3 fit questions. Compare that to an experienced hire, who is most likely in front of 3 interviewers for over 4 hours, covering 2 cases and a wide array of fit questions.

Similarly, the people who interview you are more senior in the company as you apply for more senior positions.

Round 2

The slack has been eliminated and you're among the final candidates. You may or may not be competing against someone else for a finite number of slots – consulting firms have some flexibility in their hiring targets. Either way, you're meeting with a Manager and/or Partners and you'll be expected to do at least a half day in the office. Why is this important? If you're applying to faraway

locations, expect to travel (don't worry, it'll usually be paid for). Also, your performance will differ as your audience becomes more senior.

As a rule of thumb, you can expect 2 weeks between each round of interviews. If you completed round 1 three weeks ago and still haven't heard from the recruiter, chances are your performance didn't cut it.

True, the further along you get in the interview process, the better your chances are – but the competition also becomes increasingly fierce as you progress. To put it into perspective – at Bain, on average, out of 60 people who get first round interviews, 12 are invited to final rounds, and offers are given to 5. That's a mere 8% acceptance rate! It's easier to get into MIT!

General Interview Tips

Consulting interviews are about two things – case studies and fit/experiential questions.

In terms of order of importance, the case interview trumps the fit interview – it generally counts for a whopping 75% of your interview score – but we recommend you **practice them in reverse order**. Why? Preparing for the fit interview is the easiest way to practice for the whole interview process. If you can **nail structure** on content you know something about, you're set up for doing it well on topics you're clueless on (like how many printers there are in Russia or what Boeing's next acquisition should be).

The **fit interview**, even in abbreviated form ("walk me through your resume"), comes first in 90% of interviews – whether it's a round 0 phone screen with a recruiter or used just to break the ice in round 1. The impression you make in the **first few minutes** leads the interviewer to decide whether you're a *yes* or a *no* **before you even get to the case interview**. Don't make the mistake that defines so many failed attempts – under-prepare – just because the fit interview is not as hard. You may think you won't get any questions that you can't answer – but once you dig in and start practicing, you'll be surprised how difficult it is to **answer well.**

The **case interview** – unequivocally the most important – is used to separate the possible candidates into top prospects and wastes of time. In fact, some firms (especially M/B/B) won't ask you one question about yourself until you demonstrate you can do at least one business case **like a consultant.**

Before, during, and after…

Here are **16 interview tips** you must follow throughout the interview process – they apply to both fit and case interviews.

Before the interview…

1. **Rehearsal** is key. In front of the mirror, with friends and mentors, any chance that you get…

2. …but make it **sound natural.** It's a bit ironic, but you need to have answers that are prepared but are delivered in an engaging, conversational manner, not as if you were reading from a script. Practice, but don't memorize.

3. Dress nicely. Wrinkled shirts = do not think ahead = unable to plan workstreams = poor team member. Misshapen tie-knot = lack of friends able to do you a favor = poor social skills = poor team member.

4. Scan the news in the morning. Consultants and most successful businesspeople (read: your target audience) are very well informed. For example, you'll look out of touch if you go into an interview today without being able to talk about the European debt crisis for a minute or two.

5. Prepare smart follow-up questions. 99% of the time, you'll be allowed 5-10 minutes to ask questions of the interviewers. Have 2-3 good questions ready, and "Why did you choose management consulting?" shouldn't be one of them. We give you 10 good follow-up questions in the Additional Insights section.

> *"Why did you choose management consulting?"* is a question better posed in an informational interview or at a recruiting event.

During the interview…

6. Alignment is everything. Talk about past experiences (academic, extracurricular, work) and future goals, explaining how the skills you developed **make you a great consultant**. The more you can demonstrate that you have a consultant's toolbox and share personality traits with the interviewer, the stronger your candidacy will be.

7. Keep responses to open-ended questions short – **1 minute max**. Include pauses that allow the interviewer to interject if they wish.

8. Avoid discussing personal issues such as your family and your financial situation unless specifically asked.

9. Never say, *"I don't know."* Even on tough technical questions, it's your job to **always attempt an answer**. If you must, preface with, *"I'm no expert on this topic, but this is what I understand…"* or *"That's a great question. Based on what insight I do have…"*

10. Discuss **lessons learned** and takeaways, particularly when you discuss errors, mistakes, failures, etc.

11. Always use anecdotes. People **love a good story.**

12. In every answer, strive for no more than 3-4 points maximum. 2 well-developed thoughts are usually good enough. Never have just 1 point to make – particularly when you're **asked for your opinion** (e.g., *"What makes a good consultant?").*

13. Display enthusiasm. Some call it passion – whatever you want to call it, it's just important to look like you're really interested.

14. Build rapport with your interviewers. Your success is about the content of your answers **and** the ability to connect with interviewers.

After the interview…

15. Ask your interviewer to give you **detailed feedback**. This feedback – both the pros/cons and strengths/weaknesses – will influence the style and content of your future interviews. If your first interviewer mentions that you struggled with the market sizing calculations, you can bet that the second interviewer will test your quantitative chops. You can ask for feedback on the spot or by email later – just feel it out.

16. Ask for a business card and ask if you can email them with follow-up questions, then **actually follow-up.**

Interview Styles

Okay, so there are fit interviews and case interviews – that's clear. But you still have a few questions that we haven't covered. For instance:

- You've heard of candidates being required to do group interviews. How do you stand out in a group setting? What is the interviewer looking for?
- You see brain teasers included all the time in study material, but you have no idea how those fit into the interview process. What's the deal?
- You know there are differences in the recruiting process for MBA vs. undergrad vs. experienced hire. How does this play out here?

In this section we'll answer these questions and more with a deep dive into some of the different styles of consulting interviews you're bound to see in your journey.

Reasoning interviews

These are used to measure your reasoning skills – including critical thinking, analytical prowess, etc. They're often brief 1 or 2 liner questions that can be written or verbal, and they're usually used at the beginning of the interview process as a screening device – like the PST at McKinsey or in a market sizing/estimation case.

Fit interviews

While fit questions usually comprise only 25% of interviews, many people neglect to prepare for them because they expect to know all the answers – after all, it's based on personal experience. However, we can't tell you the number of people who bomb the simplest fit portion of the interview, ruining the first impression and any credibility they had before they even get to the case. Don't make this mistake! (You're going to hear us remind you over and over again, just to drive in the point!)

We've structured our fit (and experiential) interview questions with these 5 components:

a. **What they're looking for** – the interviewer's intended purpose
b. **What you shouldn't do** – things that will disqualify you from the next round
c. **A bad answer** – what your answer should *not* sound like!
d. **What you should do** – tips and suggested guidelines for answering
e. **An "example" answer** – answers we would feel comfortable giving

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Fit questions are either woven into the case interview – as in the round 1 interview for a pre-MBA – or they're conducted entirely separately from the case portion. Within that framework, there are 3 styles of fit interview you'll run into:

1. *"Walk me through your resume."*

You'll hear this style of questioning when fit questions are weaved into the case interview. Here, fit questions are used to get you and your interviewers warmed up (if they're not already from the 2 candidates before you) – think of it as a nice icebreaker before they drive you headlong into the case interview portion. It'll consist of 2-3 questions, and they won't only be assessing your background – they'll also be evaluating things like your communication skills and the relevance of what you're sharing. This style of questioning is used for all candidates – from senior execs with 10 years of experience to new grads.

The other 2 styles are done separately from the case interview:

2. Expertise fit interview

This line of questioning is all about what you've done and the results and impacts you've made – thus it's solely for experienced hires, and often targeted at specific practices. Typical questions would be:

- *What kinds of [INDUSTRY, e.g., health care] cases have you done?*
- *What kinds of [FIELD, e.g., IT] projects have you led?*
- *What kinds of services have you sold?*

3. Firm fit interview

Used especially for generalist positions or MBA grads, this style of questioning is meant to assess how you fit with the personality, style, and work ethic of the firm. It's usually done separately from the case interview in a 30-45 minute session. It's not just about what you've done before (like any other fit interview) – it's also a check on how you're fit for consulting.

Case interviews

Indisputably the most critical portion of your interview, here you're given a business case or problem with limited info and asked to solve it. Case interviews can last from 15-45 minutes, depending on the level of position you're interviewing for and the seniority of your interviewers, and can involve anywhere from 1 to multiple cases.

Group interviews

Generally, the group interview is used as a screening device, most often at firms with a "round 0" interview. It's not usually a part of later interview rounds where the goal is to assess you and your skills. It's used early on as a way to quickly weed out candidates with poor potential.

In typical group interviews, there's 1 interviewer and up to 5 interviewees who are asked to collectively solve a case. The interviewer facilitates the discussion and poses specific questions to each victim…we mean, candidate ("How would you structure this question, Tom?" and "How would you answer this question, Jerry?").

As an individual, you're not merely competing with the candidates around you, but you're also trying to show that you work well with the very people you're competing against. You'll be put into situations where you're asked to build off something started by another group member; you'll be asked to show agreement or disagreement with a statement made by a peer – all the while you'll be assessed on how you convey yourself, how comfortable you are in the team setting, and how well you work with others.

There are places like McKinsey that say the group interview is actually a non-evaluative exercise – that means it doesn't count for or against you, but is instead used to teach you about how cases work. Should you believe it? Not really. Round 0 (where these interviews pop up) are for screening, and while a great performance doesn't mean anything, if you're clueless, you can bet it will count against you – even in an informal way.

Interview Practice Plan

1:1 practice is the **best thing you can do** to prepare for consulting's high-pressure interviews. Crafting your answers aloud, in front of a live audience – whether it's another person, your dog, or a video camera –creates a setting that is at least similar to the one you'll face in your 1st and 2nd rounds.

Let's assume you know a few people who will practice with you (if you're not that lucky, contact one of our coaching experts).   Your first step is to tie them down to a date, time, and location. How many partners should you have? At least 3 – so you can get used to different styles – and you should do 30+ cases before you're even close to being ready.

Prepare materials for your interview partner – a list of fit questions, a few sizing questions, scoring material for case studies, brainteasers, etc. (Everything you need is in this book – so make sure to read it before your first session. The Appendices hold the easiest info to pass on to your reviewer.)

Find a recording device. There's tons of technology out there so get creative – use the video on your smartphone or laptop – and get used to seeing and hearing yourself on camera. This is a **must** if you are practicing on your own!

Notice, this isn't a plan for reading about cases – it's a plan for *doing* them.

Your interview practice plan:

	Interview: Fit? Case?	Record?	Practice Partner	Where	When	Done
1						
2						
3						
4						
5						
6						
7						
8						

Make your plan, and stick to it.

PST

What is it?

PST is an acronym for **problem solving test**, an analytical reasoning test used by firms to screen and evaluate consulting candidates. Remember those word problems in physics that forced you to do quick calculations – if you're on a train moving at 60 mph at an angle of 45 degrees, how long will it take to get to point A? Well, these are similar, only they're business-oriented and timed.

PSTs are multiple-choice, case-based tests used with one or a combination of these purposes in mind:

- To evaluate your problem solving skills and mental math.
- To evaluate your English language and comprehension skills.
- To assess your time management capabilities.
- To help the firm understand how well you'd do as a consultant.
- To give you an idea of what consultants do.

The PST is a **gateway to the first round** of interviews. And while getting the answers right is important, time is also a huge factor.

Here's a breakdown of the "PST" at M/B/B.

McKinsey's PST

- 26 questions
- 60 minutes to complete, so a little over 2 minutes per question
- No calculators
- Focuses on 3 core areas: absorbing (identifying essentials), solving (employing shortcuts), executing (managing time)
- 3 practice tests are available on their site here

BCG's "Potential Test"

- 53 questions
- 50 minutes, so a little under 1 minute per question
- No calculators
- Focuses on: math, comprehension, critical reasoning, brain teasers, and graph interpretation

Bain

They don't have one – as of publication, at least. However, unlike the other two firms, Bain does have an English competency test for certain regions.

So, now that you know what the PST is, your next question is probably, **"What do I have to get to pass?"**

Here's where we give you the **reality behind the PST**.

According to the McKinsey website, "There's no specific passing grade – it's incorporated into your total score." **What does that mean?**

Some PSTs are given in conjunction with your first case interviews – and others in a Round 0. Let's talk first about Round 0. You're given the PST, you meet some people in the office, and often you do a group interview. Why wouldn't they tell you your score in that scenario? Maybe you actually nailed your PST – 26/26 right - but were a total jerk to the receptionist and a bully in the group interview. Think you'll get invited back? Think again.

In Round 1 of interviews, the firm may give a PST as a part of the initial day. If you're a candidate the firm is on the fence about, they may look more closely at your PST score. If you did an amazing job in your interviews, a great score on the PST just confirms what the interviewers already know. A weak score? As long as it's not *too* weak, it will likely be overlooked. On the other hand, if you bombed the interview, no perfect PST score will convince them to move you on to the next round!

At the end of the day, **firms want total freedom** when selecting interview candidates. That's why they never disclose your score!

There are **4 other factors that come into play**:

1. **Benchmarks differ by office.** For instance, New York is going to be more competitive than Dallas. Every office has its own standard for PST scores they're willing to consider.
2. **Networking makes a difference.** If a senior partner wants to see you move on to the first round interview, it's likely that the PST is just a formality. Still, try to do well to make *them* look good.

3. For companies like McKinsey, the PST is **part of a session** including 1-2 interviews (group or individual). If you are clueless in the interviews, but do great on the PST, you still won't pass the round.

4. For other companies, your overall **first impression matters** as well. If you don't speak English clearly, or you really lack confidence, or you show up dressed inappropriately, don't expect to move on to round 1 – even if you aced the PST.

At this point in the process, firms are trying to identify quickly high-potential candidates and remove low potential candidates who are just a drain on resources. It's the consultant's 80/20 approach – make sure you're in the 20%!

8 Keys for PST Success

As a part of our interview coaching practice, we've worked with hundreds of candidates to prepare for interviews. As any candidate who has gone through the process knows, it's scary enough just to tell a story about your experience. But for consulting, you also have to prepare for the case. And if that wasn't enough, there are often extras required. At McKinsey, it's known as the PST.

Here are **8 things you can do** before and during the test to improve your chances of a strong performance.

1. **Do not use a calculator for 2 weeks** prior to the test in ANY area of your life – but especially when you're practicing. Brush up on your mental math skills! (If you can avoid Excel too, that's an added bonus.)

2. **Simulate an actual testing environment** when doing your practice tests:

3. Always **do them timed**. Give yourself 1-3 minutes per question (if practicing a 20 question test, your time constraint is 60 minutes).

4. **Review EVERY answer AFTER completing the simulated test EVERY time**. You'll be attempted to review only your wrong answers – review *all* answers to make sure you also understand why a right answer was right, as well as why a wrong answer was wrong.

5. **Read the multiple-choice answers first**, before you read the question, so you know what information you're looking for.

6. If 2 answers are really similar, **focus on those** as the likely responses.

7. **Watch out for magnitude errors** in your math. When you're multiplying millions x millions, make sure you have a system to calculate what the new order of magnitude should be.

> **Tip:** Either take non-zero numbers and multiply/divide then add zeros, or multiply/divide one big number by the non-zero number, and tack on extra zeros at the end.

8. **Don't over-focus!** Don't stress about your performance – it's an assessment. Every office sets their own standards – depending on how competitive the office is, your numbers for the PST will or won't have to hit a certain number. If you get a 100% score, but no one enjoyed talking to you, you won't be invited back. On the other hand, if you're in the mid-range of the scores but you really made an impact in your interview, you very well might be invited back for round 2.

Ultimate PST Prep Plan

It's easier to get started on something when you have a game plan, or at least the first few steps defined. We've done all the thinking on this one for you – follow the Ultimate PST Prep Plan to prep for your round 0 interviews, or perhaps just to brush up on your reasoning skills!

Follow these guidelines for PST prep:

- Give yourself a 2 week practice period at minimum.
- Do 1 test per day.
- Simulate the interview environment as much as possible (especially regarding time limitations).
- Get your hands on sample tests – either use our online Case Bank (it includes 500+ cases and 10+ PSTs, including all public ones from McKinsey) or find your own. You can also use practice GREs (math).

Once you sit down for your test, follow these **step-by-step instructions**:

1. Do 1 test timed. Allocate 2 minutes per question.

2. Do a complete post-mortem to identify:

    a. which answers you got right

    b. which you got wrong

    c. what type of questions you got wrong (math, reasoning, etc.)

> Lots of people make the mistake of only studying the answers they got wrong. Big mistake – you could have gotten an answer right by accident! Review and understand **every** question on the test.

3. Do it all over again the next day!

Mon	Tue	Wed	Thu	Fri	Sat	Sun
PST ✔ 4 55%	PST ✔ 5 50%	PST ✔ 6 60%	7	8	9	10
11	12	13	14	15	16	17

Fit and Experiential Interview Questions

Introduction

Fit interviews are fun, but preparing for them can be challenging because:

1. There is no right answer (but you can definitely give a wrong one!).
2. The types of questions and variations in the questions are limitless.

Firms use fit questions to see if you measure up in these 3 areas:

1. A **good communicator**

2. An **effective hard-worker** (you not only put in the hours, but you work smart as well)

3. A **positive, generally likeable** person

As you're developing your responses, keep in mind the following:

1. Structure is everything. *"There are 2 points I'd like to discuss."* *"3 areas come to mind."* It helps you avoid rambling, makes you look like a structured thinker, and puts the interviewer at ease.

> **Structure your responses right out of the gate**. Here are 3 key tactics you can use to structure your answers:
>
> 1) When telling a story, use this framework:
>
>   *The situation – Your role – Your action – The Result*
>
> 2) When given an open-ended question: Respond in threes
>
> 3) For all questions: Summarize your conclusions

2. Draw on personal stories and anecdotes. Avoid generic statements such as *"I am a very good problem-solver."* Instead, talk about when you solved a tough problem.

3. Discuss lessons learned. When asked questions such as, *"Tell me about a leadership challenge,"* end your answer with, *"From this experience, I learned that…"* This shows you can **synthesize**, another critical consulting skill.

4. Always incorporate alignment in your answers. Throughout this guide, we give you keys to what consultants are looking for. Every answer that you explain shouldn't only include a literal response to the question asked, but also subtle explanations of how you demonstrated qualities of a great consultant in your prior experiences.

As mentioned before, we've structured our fit (and experiential) interview questions with these 5 components:

a. **What they're looking for** – the interviewer's intended purpose
b. **What you shouldn't do** – things that will disqualify you from the next round
c. **A bad answer** – what your answer should *not* sound like!
d. **What you should do** – tips and suggested guidelines for answering
e. **An "example" answer** – answers we would feel comfortable giving

We've included the following categories of fit questions:

- Education and School
- MBA-specific Education and School
- Resume
- Post-consulting and Your Future
- Personality and Curve-ball
- Strengths and Weaknesses
- Teamwork, Leadership, and People Management
- Industry/Firm Interest and Knowledge
- International Offices and Overseas Applicants
- Experienced Hires and Career Changers
- General Business and Current Events
- Recruiting and Process-related
- Ethics and Integrity
- Hero/Challenge Stories
- Ultimate Fit Prep Plan

To help you prepare, our approach is to focus on the most **frequently asked questions**. There are certainly questions that you will encounter in future interviews that this guide does not cover, but the ones most central to determining your interview success are included. On to the questions!

> "A great pitcher may only have a few pitches mastered, but he can vary them effectively to face any batter." –Anon

Resume

Resume questions are like free throws. They're a relatively known-quantity. Interviewers ask them as a litmus test for your preparation level and the following things: communication skills, the ability to synthesize, and clarity on how to share just the right amount of detail on specific experiences.

This is one area where **practice makes a difference**. Be ready to talk about anything you decide to put on your resume – from work experience to your major to your passion for cooking.

Take the opportunity to "advertise yourself" – by discussing your strongest work experiences (both the quality of the brand and where you had the greatest impact), your most substantial leadership positions, and other qualities that make you a good consultant (such as high GPA, entrepreneurial experiences, etc.).

Keep answers concise but informative. And don't go overboard – with any open-ended questions, have no more than 3-4 points **at a maximum**. Our preference is 2 well-developed points – they are more memorable.

1. Take a few minutes and run me through the key things I should know from your resume.

What they're looking for:

I guarantee this question will be asked of you multiple times in your interviewing life. It's something that **successful candidates nail**. This question is usually asked for several reasons:

- The interviewer didn't have time to review your resume (don't be surprised) and wants you to do it for them.
- The interviewer wants to see what you think are your most important experiences and accomplishments.
- The interviewer wants to test your ability to give an effective summary.

You should:

- Briefly highlight your educational background.
- Highlight 2 work experiences (it's okay if you have 1 that dominates the resume), preferably your most recent, but for sure your most relevant.
- Focus on results and not process (e.g., "I automated a process that saved each employee 30 minutes/day" and not "I worked on creating a new process for employees to document how they spent their time").

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Example response:

"No problem. Let's start with the education portion of my resume: I graduated from Yale in 2007, majoring in Computer Science and English. During my time there, I was actively involved with both the Yale Finance Club – serving as its president while tripling the size of the group -and the school newspaper, where I worked for 3 years before rising to editor-in-chief in my last year. In terms of work experience, the one job I'd highlight is my summer as an investment analyst with Prudential. I spent 3 months with the firm analyzing stocks, providing buy/sell recommendations, and doing fundamental and technical research on a large portfolio. In fact, one of my recommendations ended up being their "stock pick of the month." It taught me a lot about financial markets and how to value companies and their equity."

You should not:

- Speak quickly or rush.
- Take more than 2-2.5 minutes to give your response.
- Spend the entire time discussing your educational background.
- Focus on only one work experience – unless it's of enormous importance.
- Actually walk someone through your entire resume, bullet-by-bullet, from top to bottom – you need to present a cohesive story in chronological order.
- Talk about your experiences without providing the context (i.e., where you worked, what your title was, and your overall goal).

Bad response:

"As you can see, most recently I've been working for Xerox as an IT consultant. Before that I had a job managing back-end servers working nights. It was really good money but it wasn't what I wanted to do. Further back, I graduated from college with a major in Computer Science."

2. If you could only share about one experience from your resume, what would it be?

What they're looking for:

The interviewer wants to know what you think is your most meaningful experience. Whatever the answer, they will assuredly **ask you follow-up questions**. It's also a way for the interviewer to really nail down **one story** of you as a candidate, so **prepare your answer in advance**.

You should:

- Make sure it's something you're comfortable discussing in-depth, and not just something that works well as a 15-second sound bite. Prepare answers for anticipated follow-up questions to a much deeper level.
- Practice your answer until you can look natural reciting it from memory.
- Give an answer preferably on a **work experience** where you had quantifiable impact.

Example response:

"The most important experience for me was my summer internship at Proctor & Gamble. This was my first business internship so I was both nervous and excited about the opportunity. It turned out to be the best 12 weeks I've had, and really taught me a lot about business and marketing. I spent the summer working as an analyst within the product marketing group, and from day one I had more work and more responsibility than I could manage. It took a few weeks for me to get settled and really understand how things worked, but once I got comfortable I really excelled at the job. In fact, I was voted 1 of the top 2 interns across the entire firm that summer – in large part because I noticed a problem in the way they processed incoming customer service data. I built 3 macros in Excel that resulted in a 50% decrease in the amount of time that the analytics group had to spend crunching those numbers."

You should not:

- Give an answer only because that company is the best-known name on your resume.
- Use extracurricular activities/hobbies as your one example. They are rarely meaty enough to make a good lasting impression (unless you were student body president or something of that caliber).
- Discuss more than one job – interviewers will pick up on that. At best it will slightly irritate them, at worst it will make them feel like you were trying to give them the ol' run-around.

Bad response:

"I was the Social Chair for my fraternity. As Social Chair, my responsibility was to throw 6 parties a year, 1 of them was to raise funds for charity. I got the guys together and led a campaign drive where we raised $5,000 over 3 months to donate to the local Habitat for Humanity."

3. I see you had internship experience XYZ. Did you receive a return offer?

If your answer is "Yes" -

What they're looking for:

Success in your internship. After all, if you can't receive a return offer after spending a summer with the company, that doesn't inspire confidence in your day-to-day work abilities.

You should:

Say yes! If the firm is not your first choice, you can say that consulting (or the firm you're talking to) is more attractive to you – but only if that's true.

Example response:

"Yes, at the end of the summer I got a return offer. I had a great time–definitely learned a lot about pharmaceutical sales and met role models that I still stay in touch with. But there were a few things that meant it wasn't the perfect job for me. For one, the job was purely sales-based and didn't require a lot of upfront thinking or research. I like to learn new things all the time and see how they relate to the broader business world, and this job just didn't provide it. Second, our clients were primarily doctors. Healthcare's really interesting to me – it's a really complex industry - but I'm interested in other industries as well, like retail and technology. Pharma sales wouldn't be able to provide the variety I seek."

You should not:

Show them you'll jump ship. If you received an offer and you're willing to let it go for a better opportunity without serious consideration – you'll come across as fickle. Play a little hard to get.

If the firm you received the offer from is less attractive, you shouldn't necessarily say that. You can say, "The offer is really good, but working for BCG would be an opportunity I couldn't pass up."

Bad response:

"Yes, I got the offer and I already accepted it, but I'm still open to consulting because the pay is much higher."

If your answer is "No."

What they're looking for:

Your thought process and how turning down your return offer (or not receiving one) led to an interest in consulting. They're also looking for comfort – if the firm doesn't extend offers, or didn't extend one to you for a good reason (i.e. you knew it wasn't a fit and didn't want to lead them on), that's super different to "I was in last place in my internship class."

You should:

Mention 1-2 things you liked about your internship and 2-3 things you disliked; explain how those you disliked mattered more. Ideally, the 2-3 things you disliked are corresponding strengths in the consulting industry (e.g., industry and functional variety with clients, need to learn many things quickly, working with teams (not alone), etc.).

Example response:

"I spent a challenging summer with Ernst & Young, and learned a lot in my time there. I didn't receive an offer to return, but there was a good reason for it. Through the latter half of the summer, they began to ask about my long-term interest in the job – I was performing well. However, I expressed my concern that the job wasn't for me. It was too focused on number crunching and basic accounting, without solving any real strategy and business issues. I think by talking about this frustration with my mentors and managers, it made me (and them) realize that I'd probably be happier in a different industry. That experience and the lessons I learned are what brought me to consulting today – because given my background, I'm much more interested in and know I can excel at answering more complex, higher-level questions."

You should not:

Go 100% negative on your summer job. After all, you were interested enough to apply and work there in the first place!

Bad response:

"Unfortunately I didn't get a return offer. It was a really competitive internship and only 2 people were offered full-time positions. I guess I just didn't cut it.

Education and School

These questions are for the interviewer to get a handle on your background. They want to know you challenged yourself in academic settings, enjoyed what you studied, and are comfortable communicating heady insights in plain speak.

They also want to know that you're a careful, strategic decision-maker. This will be a consistent theme across multiple question categories, but you must give the impression that for important decisions in life, you thought **clearly and analytically** about them (e.g., pros vs. cons, costs vs. benefits).

A tricky area here – similar to the "Experienced hires and career changer" questions – is when they ask why you want to be in consulting when your background indicates a different path taken. If that's you, focus on areas where experiences and consulting overlap (e.g., the analytical foundations, the teamwork culture). Show that you've done your research on the job, the firm, and the industry and **you know what you're getting into**.

In general, this category is about **showing your strengths**. If you have a high GPA, bring that up. If you have multiple majors, emphasize the difficulty of your coursework. If you overcame a challenge, explain how you did it.

The further you are from graduation, the less important your education becomes relative to what you've been doing since. Brand name schools – however long ago you graduated – will always help you out, but experiences at other firms (boutique vs. global), in competing industries (investment banking) can help or hurt you – the way you explain your experiences is critical.

For BA/BS/MBAs who graduated more than 2 years ago, ideally you've been traveling the world, starting your own business, or doing something that shows you're still in transition but growing, and not rooted too far into another irrelevant field (like cake decorating) or aimlessly taking on underachieving roles.

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1. Explain a concept or topic you learned in one of your classes in 60 seconds.

What they're looking for:

Strong ad-hoc presentation skills and an ability to describe something complicated in simple terms. Showing passion for academic content is a plus too (after all, consultants are nerds).

You should:

Have a few of these answers prepared. Aim for broadly interesting topics (read: not particle physics) and the answer should have the following components:

1. Context – i.e., which class
2. 3-point structure in communicating the content
3. What you found interesting about this concept/lesson

Example response:

"I took a class the fall semester of my junior year on the Rise and Fall of Ancient Empires. It was loosely based on the book by Jared Diamond. I was fascinated with the content and learned a few things about how empires succeed: [Explain your 3 points here.] I've realized since then that many of the lessons are applicable to businesses as well. [You can even insert a current event discussion here.]"

You should not:

Talk about a completely irrelevant concept that has nothing to do with management consulting or the skills required for management consulting, or choose to demonstrate an academic interest without touching on 2-3 practical points.

Bad response:

"I was able to take this class from a renowned professor on particle physics. There were 18 people in the class, and throughout the semester we learned a detailed technique for using an anti-gravity chamber. It was so cool, and I really feel like it gave me a clear sense of what working in a physics lab would be like."

2. Tell me about your favorite college class and share a few things that you learned.

What they're looking for:

Your academic interests and an ability to communicate key insights effectively and concisely.

You should:

Prepare a few (1-2) answers. Discuss a broadly interesting class and communicate the 2-3 highlights of that class. Anecdotes are extremely helpful. Describing how you followed up the class (e.g., doing research with that professor, taking the grad student level course in the same topic) is a plus.

Example response:

"My favorite college class was definitely the class I took on Money and Banking. It was a great 101 on business, and finance in particular. I learned [PUT YOUR 2 OR 3 POINTS HERE]. Since taking the class, I've kept in touch with the professor and recently started to help him do research on several of the topics related to derivatives and futures."

You should not:

Include any information about your performance in the class unless it was really positive.

Bad response:

"I loved my criminology class – I've always been fascinated by the psychology of the criminal mind. I love TV shows like Bones and NCIS. I didn't get a great grade, but it was my favorite college class."

3. I see you have a liberal arts background in school. Why are you interested in management consulting?

What they're looking for:

Demonstrated interest in consulting as shown by how much you've learned about the job and evidence that you have the analytical skills to succeed.

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You should:

Give an answer with 2 components – one part that explains what a management consultant does and why you enjoy those responsibilities and would be good at them, and a second part that explains where you've undertaken analytically challenging classes, jobs, etc.

Example response:

"I've talked to a lot of people in the industry who inspired me to apply. Consulting seems to really give you a broad business education. Plus it's intellectual and challenging, 2 characteristics that are important to me. I know I'm a Sociology major, but during the past 2 years I did several research projects that required a lot of statistical analysis. In addition, I spent a summer working for a local accounting firm, which was a better education than any Accounting 101 class. Not only was it analytically challenging, but I now understand financial statements inside and out."

You should not:

Make excuses for what experience you don't have, or try to explain why your major in a totally unrelated field is relevant in consulting.

Bad response:

"I'm interested in consulting because writing an English composition is a lot like writing a business plan – there's structure required, research is important, and I have to summarize my key thoughts at the end."

4. I see you were an engineering undergraduate (or grad student) with a lot of technical experience. Why are you interested in consulting and what have you done to prepare for it?

What they're looking for:

Demonstrated interest in the profession as shown by how much you've learned about the job, as well as evidence that you have the "soft skills" to succeed. Share about entrepreneurial or project management experience that directly shows you understand the core basics of business. It's great to talk about why you are an excellent engineer –came from a prestigious program, had multiple promotions, etc. – but don't get buried in details.

You should:

Like the previous question, a good answer also has two components – one part that explains what a management consultant does and why you would be good at it, and a second part that explains where you've undertaken experience such as people leadership, public presentation, and client development (sales experience is a huge plus).

Example response:

"While I have an engineering background, I've always been very interested in business – particularly technology-driven sectors and companies such as Google or even DuPont. As such, I'm eager to apply the analytical skills I've learned in Civil Engineering to solve complex business problems. I've talked to many people in the industry and they've given me the impression that consulting is a very demanding job, but one that is people- and team-oriented. Much of my work experience – from my time as the head TA of the Civil Engineering 101 class to my 2 years at Dow Chemicals – has been spent leading teams to accomplish tough goals, so I feel that I'm prepared for the challenge."

You should not:

Go "tech-nerd" on them – using too much technical jargon – or discuss certifications that would be important to engineers but not to consultants.

Bad response:

"I took all the high level engineering courses in school and was the senior technical lead on several teams at Hewlett Packard. I especially enjoy coding software in Java, open-source and multiple-OS environments –the thrill of the late nights really excites me. I know a lot about being a part of big teams and leading IT projects, and I'm sure consulting will be great for me for the same reasons."

5. Why did you major in [DEGREE]?

What they're looking for:

A level of maturity in describing how you chose the major. After all, consultants need to be careful and strategic decision-makers, and they want to know you live with purpose (and without too much parental influence).

You should:

Explain how your personal and professional interests aligned with the major. Explain the challenging aspects of the major that attracted you (for instance, the complexity or global scope of the content, and so forth).

Example response:

"I initially chose Biology because I was attracted to the order and logic of science. However, I've always been enormously interested in current events and real-world issues, which is why I ultimately decided on Economics. Economics provides the best of both worlds – a quantitative, analytical backbone along with an understanding of psychology and societal impact. While it's not an MBA, it has given me the fundamentals to be successful in business – both in terms of how I think, and a knowledge of macro and microeconomics that is central to any business education."

You should not:

Apologize for the degree you chose, or blame the choice on someone else. Give evidence that you took an easy route.

Bad response:

"It was the major with the least requirements."

6. You attended [UNIVERSITY OR MBA]. Explain to me your thought process in deciding to attend [UNIVERSITY OR MBA].

What they're looking for:

Similar to above, a level of maturity in describing how you chose the institution and insight into the way you make important life decisions.

You should:

Explain how your personal and professional interests aligned with that institution. Focus on "serious issues" such as the quality of the student body and the breadth of curriculum offered.

Example response:

"My parents were alumnus of Wharton before I decided to attend, so that was a natural draw as I've always admired the success of their friends and the Wharton alumni network. I did a campus visit and came away really

impressed with how friendly and accomplished the students were. Finally, they really put an emphasis on preparing you for a variety of business careers. Business has been my interest from an early age, so it just made sense to me."

You should not:

Bring up financial aid (because at best that's a neutral answer and won't help your candidacy), but merit scholarships are fair game.

Bad response:

"My parents are alumni, so there was some pressure to go there, and I really liked the campus – I visited in springtime and all the Japanese cherry trees were in bloom."

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MBA-specific Education and School

When applying for an associate position (consultant, associate, junior associate, senior analyst) out of business school, you can expect a higher bar when it comes to your business acumen and career planning. As such, interviewers will expect more with respect to your understanding of the industry, the job, and your future goals – and their questions will reflect that.

It's important to have clear preferences, but don't limit yourself to just one area – for instance, when asked which industries you're interested in, make sure you talk about at least 2, such as consumer goods and petroleum/ natural gas. You need to stay away from being pigeonholed, especially if you're trying to make a change – if you have a 5-year background in marketing, make sure you touch on it, but don't spend your entire time discussing it.

1. Which functions (such as organization, operations) are particularly interesting to you and why?

What they're looking for:

Signs that you've carefully thought about a consulting career and have developed interests in certain areas (as reinforced by your work experiences, MBA classwork, etc.) You may even be applying to a specific practice (e.g., Strategy, Operations), so use the opportunity to express your personal preferences and desires.

You should:

Pick 2 functions that are interesting to you and describe 1 or 2 reasons why you find them interesting. Highlight prior work, classes taken, and future goals to reinforce.

Example response:

"I'm really interested in growth strategy. Most of my background is in product marketing, so I had a good grasp on the importance of that one function. At [BUSINESS SCHOOL], however, I've taken growth theory and operations classes that have really deepened my understanding of the full impact of the sales and marketing functions of an organization; I've realized how integral key tactical elements, like pricing, are to a company's success. I'm looking forward to helping firms grow exponentially, but this time I have a rich toolkit to help me succeed."

You should not:

Go too broad or too specific. It's okay to state preferences here, but make sure you mention that the attraction of consulting is the ability to "develop broad expertise and receive exposure to different areas."

Bad response:

"All functions are equally interesting. I'd be happy doing anything."

2. Which industries are interesting to you and why?

What they're looking for:

Signs that you've carefully thought about the entire business world and are interested enough to have developed preferences in specific industries or sectors, often influenced by your prior work experience.

You should:

Discuss 2-4 industries that you find interesting to demonstrate that you are intellectually curious and open to multiple options. Don't just state the industries – explain why they're interesting to you. Strengthen your claims by referring to past work experiences, classwork, or future goals. Also, giving a variety of industries demonstrates that you're interested in business in general, not just functional or vertical expertise. Even if you're applying to a specific practice, it's not bad to highlight more than one area – just keep the main thing the main thing (and devote the most time to it).

Example response:

"I took some Civil Engineering classes in undergrad that were focused on commodities, especially oil and gas. The oil and natural gas industries are interesting to me because they're so vital to the global economy. I also think that within these sectors, there are many opportunities for significant improvement – innovation is slow, people aren't managed well, firms don't attract the best talent. I think I could make a big difference in the field, and would look forward to working alongside thought leaders to do so.

You should not:

Give the impression that you're **only interested** in one area or those that you mention.

Bad response:

"The only industry that I know anything about is health care because that's where I've spent my whole career. I think it could be fun to explore other industries, but I don't know anything about them."

3. Why did you choose to go to business school?

What they're looking for:

Confirmation that you're a thoughtful decision-maker and that your decision to attend business school aligns with your interest in consulting (for instance, "I went to business school to build a broad set of business skills and knowledge.").

You should:

Explain the 2 or 3 things that attracted you most to an MBA. Explain what other attractive options were available to you, and how you weighed your choices. Focus on the business lessons that will sound good to a consultant.

Example response:

"I'd come to a fork in my career. An MBA was a great chance to reset, to get a business education that I didn't have in undergrad, and to meet inspiring people. Probably the most important thing I've is the bar is high – being among such accomplished and hard-working people has made me realize exactly what your personal standards need to be to consider yourself among the best. I've really thrived in the program."

You should not:

Give personal lessons or overly sappy ones (e.g., "I learned how to work really hard"), or explain that a negative turn of events prompted your decision to go to business school (e.g., getting fired).

Bad response:

"I wasn't sure what I wanted to do after college, and since I had a business degree from undergrad, getting my MBA seemed like the logical next step."

4. Why did you pick [SCHOOL] for your MBA?

Exact same answer as undergrad question (in "Education and School" section.)

Post-consulting and Your Future

Interviewers want to know if your career goals align (again, this theme of alignment) with what you'll learn and experience as a consultant. If your career goal is to be a senior accountant at a Fortune 500 or a 9-to-5 insurance salesman in Central Ohio, there's not much alignment.

Consultants admire the following: ambitious goals, passion for business, interest in positions of leadership and prestige, intellectual curiosity, and thirst for personal development. These are just some of the areas you can reference when you discuss career goals.

Remember alignment and show that you think about your future a lot – the last thing you want is to leave the impression that you're careless and unmotivated about your future. Why would they want that sort of person at their firm?

1. Where do you see yourself in 5 years? 10 years?

What they're looking for:

Maturity when thinking through your interests and career progression, and confidence that there's a good chance you'll stay for the long run.

You should:

For 5 years, we'd recommend saying that you see yourself in consulting. For 10 years, it's okay to talk in broader themes but discuss themes that overlap with consulting (for instance, fulfilling your long-time dream as a marine animal trainer would not overlap, but strategy, Fortune 500 management, or entrepreneurship would). As an undergraduate, you can express a degree of uncertainty, and B-school is okay to mention. If you're an MBA grad or experienced hire, you'll need to show a concrete direction.

Example response:

"I've thought about this a lot. In these next few years I definitely want to be challenged – intellectually, professionally, in business. I want to get as broad of an experience as possible. And if I enjoy what I'm doing, and feel like each year brings new responsibilities, I would continue down that road. In 10 years, I'd like to be at the top of my field, either as a partner in consulting, with responsibility for a P&L, or CEO of my own firm, and still excited to be going to work every day."

You should not:

- Sound over-eager about consulting as your only option.
- Express a desire to be doing something very different (e.g., education, staying at home with your family, traveling the world).
- Demonstrate that you're a flight risk by showing a zealous interest in options that are not consulting in the near term (play writing, for example) – business school would be an exception to that rule.
- Talk with too much certainty about something that's out of your control (like getting promoted as a consultant).

Bad response:

"Consulting is the only thing for me. In 5 years I plan to be a Manager and in 10 years I'll be a Partner."

2. What do you plan to do after management consulting?

What they're looking for:

This is not a trick question! Similar to above, they're looking to understand your desired career progression to (1) see if that fits with consulting and (2) get a better understanding of your personality.

You should:

Give an answer that discusses themes of interest and a general direction.

Example response:

"I'm not sure. The reason I want to get into consulting is because I feel I'll learn so much from it by really seeing how different industries operate and how you can influence large organizations. I've always been interested in business, because I will work with the most talented people who are working the hardest to succeed, and I know I want to stay in it. I love technology too. Ultimately, if I can make a career where technology and the ability to impact a large organization intersect, that'd be ideal."

You should not:

Give a concrete answer that shows you are just using consulting as a stepping stone.

Bad response:

"I plan to spend 3 years in consulting, then move to a macro hedge fund."

Personality and Curve-ball

These questions are meant to be more light-hearted. A wise consultant once told me:

"If I can't see myself spending all day with the applicant in a conference room the size of a broom closet, I don't recommend hiring them."

Personality questions are meant to get beneath the business formal dress and composed façade of an interview setting. Consultants ask these questions to **build rapport.** In addition, the insights gleaned from questions such as *"What's your greatest failure?"* say a lot about how you'll deal with challenges and frustrations on the job.

In answering these questions, be frank but not too personal. **Use anecdotes** to illustrate specific points. Show passion when you give answers to personal topics (such as hobbies). **Humor helps, but never force it.**

1. Imagine that tomorrow, you pick up the New York Times and see a front page article about you. What would the title say?

What they're looking for:

It's an out-of-the-box question, of the type that consultants like to ask to see if you can think creatively and/or have a sense of humor. This is another case where preparation (delivered naturally) can go a long way towards clinching your offer. Have an answer that is most reflective of your "positive personality" (i.e., the best and most inspired part of you).

You should:

- Say something funny, but test it with friends/colleagues/firm insiders first to make sure it's universally funny.
- Keep it short – nothing ruins a "fun question" like a long-winded answer.

Example responses:

Funny: *"Bill Gates. Mark Zuckerberg. And now…Dane Palacio! Introducing the tech world's newest titan."*

Serious: *"An illustrious career in global business and politics: introducing the New York Time's person of the decade, Ty-son Yamaguchi."*

You should not:

- Focus on something personal, unless that personal story is indirectly related to positive professional traits (for instance, "A hiking newcomer named Kevin Gao just climbed Mt. Everest in under 24 hours!" is personal, but shows Kevin's ambitious and hard-working qualities).
- Try to be too funny, especially by using sarcasm – you don't know these people well enough. Plus, 90% of the time, the person asking will be significantly older than you and you won't have established rapport. Better to be serious than funny if you don't know how to pull it off.

Bad response:

"Man fits 2 Big Macs in mouth and washes them down with a shake…meet Leonardo da Silva!"

2. What would your friends say about you? (Variants include: What 3 words would your friends use to describe you? What would your friends say is your greatest flaw?)

What they're looking for:

It's an indirect question, an interview tactic to elicit interesting responses about your personality, strengths, and weaknesses. It's also a way to test how self-perceptive you are (knowing too much is a BAD THING for a candidate). They're looking for answers that are insightful about your personality and show flaws (come on, your friends clearly know the worst about you) but also clear strengths.

You should:

- Mention only one weakness (similar to the following question about your greatest weakness).
- Be prepared for this question – it's critical to strike the right balance between being believable and being positive.
- Clearly identify 2 strengths – after all, your friends should be your biggest fans.

Example response:

"My friends would say I'm one of the hardest working people they know. They tease me about how much time I spend on classes, business projects, etc. They'd say that I'm someone who they know will succeed in the future because of my work ethic and determination. At the same time, it wouldn't be all roses. They'd say that I'm someone who can be too

focused, maybe fixated – occasionally missing the right answer or important feedback from an unlikely source because I was too sure of my direction or too confident in myself."

You should not:

- Be too casual or attempt humor in your response – it might be funny to some, but not worth the risk.
- Be too frank in admitting shortcomings. You may feel the urge to give the interviewer as "sincere and self-aware" a response as possible, but let's face it – frank criticisms of yourself will hurt your chances much more than being too boastful (particularly "coming from friends").

Bad response:

"They'd say I was the guy who always wanted a Jamba Juice smoothie."

3. Tell me about your hobbies/personal interests.

What they're looking for:

Insight about your personality and an ability to connect with you on a personal level. Consulting is a team-intensive job. If interviewers can't see you on their team, they won't hire you.

You should:

Mention several hobbies (the more whimsical the better) and briefly describe how you got into them and what you've accomplished.

Example response:

"I've always enjoyed playing tennis. I played competitively from as young as I can remember, and was very serious about it – enough so that I was going to national tournaments as a 14-yearp-old. Unfortunately I injured my shoulder practicing too much, and was never able to compete at the same level aagain. But I still keep up with all the tournaments, follow players, and try to get onto a court at least once or twice a week. Aside from tennis, I like reading non-fiction. It can be tough to find the time to read a book, but I think non-fiction's a good investment. I read just about anything related to psychology or global affairs – such as Jared Diamond, or Malcolm Gladwell."

You should not:

Focus on one area (e.g., sports), as this will limit the chance you'll have of overlapping interests with your interviewers. Exception: If you only have one interviewer and that person loves hiking as much as you, it's okay to dedicate your entire time talking about it.

Bad response:

"I grew up swimming and am really dedicated to the sport. I competed in college, and now teach lessons to kids. I never really had time to explore other sports when I was younger – but it's all the same because I was never really interested in anything else."

4. What was your greatest failure and what lessons did you learn from it?

What they're looking for:

Humility and an "improvement ethic."

You should:

Discuss a reasonable failure. Describe 2-3 insights that you took away, and how you've applied that in your life today. Anecdotes are particularly powerful here.

Example response:

"I tried to start an organization on campus my freshman year, but in the end it failed. It was far from a waste of time, however – I learned so much about what it takes to start something and keep it going. I realized that I didn't plan thoroughly enough and that I tried to go too fast. With that experience under my belt, I successfully started a consulting club on campus my junior year to get together with like-minded students regularly to study cases and talk about business trends. My team and I grew the club to 300 members in the first year through effective advertising. We have a great funding model, and we continue to go above and beyond the mission we set out to accomplish."

You should not:

Use overly personal examples (e.g., anything to do with family).

Bad response:

"I failed my first Economics class freshman year of college. I was pledging my fraternity, and something had to give. It's on my transcript and has always embarrassed me. If I could do it all over again, I wouldn't have blown off the discussion sessions – I would have attended class more."

5. If you didn't do consulting, what else would you do?

What they're looking for:

That you're not in consulting just for the prestige, but want to do it because it fits with your personality and career goals.

You should:

Talk about jobs/careers that are similar to consulting and in particular, the **characteristics** of those jobs that would be similar.

Example response:

"If management consulting doesn't work out right now, I could see a few options. One would be to work at a startup, in an operating or business development role. The other would be to work at a global company that's a leader in whatever they're doing, in a role where I can manage products and people. I think what's similar between the two is that I'd always be challenged to learn new things, I'd be able to be a great leader and work in teams that I respect, and I'd have major responsibilities that would push me to become a better business person."

You should not:

- Have no plan "B."
- Explain that you're really interested in something not related to consulting.

Bad response:

"If I don't go into consulting, I'll probably get my teaching certificate and teach middle school."

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Strengths and Weaknesses

Like the "Resume" questions, these are a known quantity. The interviewer is looking for insight into whether you're appropriately self-perceptive and aware of your developmental needs. Everyone has strengths – but do you realize what they are, and using them to your benefit? Can you manage weaknesses to make sure they're not a problem for the people who are managing you?

To answer these questions, preparation is key. The more thoughtful and prepared your response, the lower your risk of sounding arrogant or unsuited for the job. You can't memorize, but do plan. And plan a back-up – a classic tactic is for interviewers to ask for a second weakness or strength – testing how you really are when you're unscripted. Beat them to the punch!

1. What's your greatest strength?

What they're looking for:

An idea of how self-perceptive you are, and with the answer itself, some insight as to whether your strengths will make you a good consultant (for instance, saying that you're very good at taking orders from others may be a strength, but not one that would make you a good consultant). As long as you have a well-rehearsed answer, you'll be fine.

You should:

Have several rehearsed answers that are reasonable, honest and give attributes that would make you a good consultant (e.g., very detail-oriented, able to get a lot of stuff done quickly).

Example response:

"My greatest strength is probably my ability to see 4 or 5 steps ahead. I play chess, and I always plan out everything and see it in my mind far ahead of its present situation. This helps me a lot when preparing for what's to come, and I think really gives me an advantage over people who are too focused on the here-and-now without realizing that early investments in things far in the future can really pay off."

You should not:

- Be too casual or attempt humor in your response.
- Be too boastful in strengths or too frank in shortcomings.
- Focus on your personality traits.

Bad response:

"I have been told that I'm a really likeable person. If I'm ever on a flight, I love striking up a conversation with the person sitting next to me, for instance. I always end up learning so much about their life and their experiences – and it's so interesting! I just make friends really easily."

2. What's your greatest weakness?

What they're looking for:

You're aware of your weaknesses and can accept constructive criticism. They also want to know that your weakness will not be a problem for your performance on the job.

You should:

Prepare at least 2 rehearsed answers.

Example response:

"I've received constructive feedback is that I can lose focus quickly. I tend to become very interested in certain things, certain areas, and will work extremely hard on them at first. But then if the pace stalls, or the progress slows, or it becomes too repetitive, I start to lose interest and find myself focusing on other projects, areas of work, etc. On my latest project at work, I've been trying to improve my discipline, which increases my ability to stay focused for a long time. I found that it helps when I'm proactive about finding interesting aspects of projects that may be somewhat dull to the naked eye – that way, I stay motivated to the end."

You should not:

- Give more than 1 weakness.
- Say that you don't have any weaknesses.
- Talk about a weakness without explaining how you keep it in check.

(Really) Bad response:

"I really battle to think on my feet and I'm uncomfortable when I'm put on the spot. It makes it very difficult for me to work in team environments. I have a lot of really good ideas, but sometimes I don't feel like I am getting them heard."

3. What constructive feedback have you received from prior employers or peers?

What they're looking for:

That you take professional development seriously, and have shortcomings but recognize them and are working to improve.

You should:

- Highlight only the sensible developmental/critical feedback you've received (if your boss wanted to fire you because you were late every day, please don't bring this up!). Be clear about how you've improved in the interim.
- If you haven't received explicit feedback on the job, that's okay. You can describe what your perceived work shortcomings are (not unlike the *"What's your greatest weakness?"* question).

Example response:

"The one time I received formal feedback was at my part-time job at an asset management company. My manager really seemed to care about my development and saw to it that I had a good experience. I learned a lot over those months about how wealth management and even broader finance worked. We had a lot of conversations, but at the end of my time there, the one area he said he really noticed that I needed to work on was my follow-up skills -not just finishing an assignment or project, but checking in on the people I delivered it to, to get their feedback, reactions, etc. and really making sure that their needs were met. It's something that I've carried with me in pretty much everything I do now – the need to routinely see my assignments through to the end, and to follow-up with those that rely on me regularly."

You should not:

Diminish the person giving the advice or the importance of the advice given.

Bad response:

"Well, at my last job, the people I worked with said I needed to be more proactive by coming up with new ideas on how to solve problems for clients. But I was always coming up with new ideas – they just never listened to me."

Teamwork, Leadership, and People Management

These questions are the bread and butter for companies like Bain, BCG, McKinsey, as well as other industry leaders. Teamwork and leadership are two highly valued traits in management consulting, and an interviewer wants to know that you have experience in both areas.

You have to dig deep to create some good stories that highlight unique traits. You may find it hard to pick a story to focus on, but look extensively through your background – from work to school to extracurriculars to hobbies – to find experiences that illustrate your ability to work effectively in teams, lead people, and overcome obstacles.

With the people management questions (e.g., tough boss, tough colleagues), you must show that you have strong interpersonal skills – the ability to initiate tough conversations and propose compromises to defuse stress and tension.

Anecdotes and storytelling are the key differentiators here. Avoid generic high-level answers, as the interviewers have likely heard them all before. As mentioned before, wrap up your answers with, *"From this experience, I learned two things…"* **Summarize and synthesize!**

1. **Tell me about a time when you were leading a team that faced a significant challenge, and how you led your team to overcome that challenge.**

What they're looking for:

Insight into your ability to cope with obstacles/challenges, which is a natural part of any demanding job and in particular a management consultant's role. They want to see that you've had experience being a leader in a crisis. It's important to prepare ahead of time– everyone's faced challenges before, so it's critical to identify your own story and develop it into a clear story with a convincing take-away.

You should:

- Focus on professional experiences (e.g., business school, extracurricular) unless there is a particularly poignant/relatable personal experience.
- Rehearse your answer so the structure is clear. A good answer should discuss the following points: (1) the context, (2) the obstacle, (3) how you became the leader or asserted leadership, and (4) the resolution.

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Example response:

"We had a final class project during business school where we needed to deconstruct a business case scenario and make a formal presentation. I was elected team leader to make sure things stayed on track and to take the lead in the presentation. Everyone got along fine at first – we were making good progress on understanding the key issues the business faced – but as we neared the deadline, we couldn't agree on what the solutions were for those key issues. People simply disagreed, and given that everyone was tired and stressed, it led to a lot of fighting and tempers really flared. The problem was that the team had essentially two opposing views of the solution. I tried to wait it out a bit, but it seemed like we were getting nowhere, so eventually I took the lead and simply said, "Look, you guys appointed me as your team lead, so this is what I propose." Then, I laid out a compromise solution that actually had parts of each side's thoughts. Next, I pointedly asked each person, one at a time, if they were okay with this solution, and if they weren't, what their concerns were. By doing this, I really isolated the problems and made sure to get buy-in. Miraculously, we were able to finish the project on time and we got a great grade. What I took from this experience was two-fold: one, that as a leader your job is to make sure the team delivers on key deadlines and deliverables, and two, that both individual and group buy-in are necessary to move forward and reduce friction."

You should not:

- Discuss personal experiences (again, unless they're particularly poignant and far removed from potentially contentious topics such as family).
- Discuss only your role. Make sure you mention your team and their contributions – after all, consultants value teamwork far more than individual accomplishments.
- Show that you took control without including anyone else's input.
- Skip or under-develop the explanation of exactly how you arrived at the solution. Just saying that you "took the lead and helped the team resolve the situation" without a clear description of how the solution emerged is not convincing story telling.

Bad response:

"We were completing a team project that had to be done by the middle of the semester. Three days before it was due, our team got together and I realized we were far from being done. So I stayed up the next 2 nights and completed the project by myself. I turned it in and we got an A."

2. Tell me about your most challenging leadership experience.

What they're looking for:

Your ability to deal with obstacles - a natural part of the job as a consultant – and proof of your experience successfully directing others through crisis.

You should:

Pick stories from work, school or a club where you had a definite leadership role, but also faced a real challenge. Make sure your answers include the 4 points listed above (context, your role, action, and resolution). Have a well-rehearsed story and use "we" often (as opposed to "I").

Example response:

"My toughest leadership experience was in the second year of my job at a D.C.-based non-profit. I was promoted and placed in charge of 3 full-timers and a summer internship class of 4 interns. It was my first time managing people, and it was particularly challenging because my charge was to initiate an international fundraising campaign. It was tough getting everyone to come together and be passionate about the goal, and I wasn't sure how to do it. Finally, my mentor at the organization suggested I take them on a weekend 'team-bonding' retreat. I spent 3 straight days planning! At the retreat, I facilitated a variety of team bonding activities, which really communicated my visions as their team leader and gave me a chance to spend a lot of one-on-one time with each teammate to get to know them better. The whole thing really helped us bond. One thing we agreed upon was a list of 3 overarching goals that we would review as a team daily to remind each of us of our mission and purpose. It was a successful campaign – we ended up raising more money than any other campaign in the last 5 years."

You should not:

Ignore the team's role or pick a frivolous challenge.

Bad response:

"I was working on a document that outlined the business development process. I was supposed to get input from 4 managers – but they all had differing opinions. I got them all in a room and had them hash it out, but they wouldn't agree on the core process. In the end, I picked what I thought was best process and finalized the report on time."

3. Tell me about a time when you were not in a designated leadership role but demonstrated leadership – where you recognized an opportunity and stepped up to lead the team.

What they're looking for:

"Emergent leadership" – the ability to recognize when leadership is needed and the courage/skills to accept that responsibility. These opportunities arise in projects and the most successful consultants know how to seize them. This is yet another question where preparation is vital.

You should:

Think long and hard about a time you've demonstrated this skill. Your initial reaction may be, "I've never done anything like this before," but scour your academic, extracurricular, and work history. You've never accepted additional responsibilities when a coworker was slacking? Took the lead in finishing a group project when no one else wanted to? Describe the setting, the problem that emerged, and how you assumed leadership to address the problem. Then talk **briefly** about the lessons you learned.

Example response:

"*I was part of a 4-member team at a leadership conference. Our project was to analyze and make recommendations to a hypothetical client on treatments for AIDS in Sub Saharan Africa. There was no clear leader initially. We were presented with a lot of data, and several people came in and gave us small presentations that helped us better understand the situation. We got to work trying to formulate our strategy and recommendations. Right away, there was a lot of disagreement – not only could we not agree on how to move forward, we couldn't even agree on the facts! I realized we weren't going to get anywhere, so I stood up and walked over to the white board. I then proceeded to ask each person to tell me their 3 most important facts about the case, and 1 recommendation from each person. By taking this step, it helped us immediately synthesize a bunch of the information available, and allowed us to see where we were all in agreement and where we weren't. After doing that, the team began to look at me as the leader, and I was able to direct the flow of conversation so that we reached several effective recommendations, which we later presented successfully to the client. The experience taught me that when people have different viewpoints, I should push them to be clear and then find areas of common ground. That was the key to our success.*"

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You should not:

- Demonstrate how you took over a situation, but rather how you influenced people to head in your direction.
- Explain what you did without explaining the outcomes.

Bad response:

"I was in a team meeting for a new product rollout and we were dealing with a supply chain issue – the marketing material wasn't going to arrive until a week after we needed it in the stores. No one was coming up with a solution, so I left the meeting, took 30 minutes to draft a plan, and then presented that to the project manager's boss. She accepted it and implemented it that day. Unfortunately I never got a thank you, but at least the issue was resolved."

4. Tell me about your leadership style.

What they're looking for:

Insight into your personality and if you have what it takes to be a good consultant: initiative, passion and great communication skills.

You should:

Discuss several strengths of your leadership style, but also **one shortcoming** that you're working to improve. You can mention role models and what you admire about their style. Provide specific examples from past experiences.

Example response:

"I spent 3 months managing 4 part-time employees at a web startup. The experience gave me a good understanding of my strengths and areas where frankly I think I could be a better boss. I'm good at sharing my vision of what needs to get done – casting vision for the big picture and getting others excited about achieving it. I'm also not a micromanager - I let them get their things done without looking over their shoulder - but I'm also quick to jump in with assistance if performance is poor. The one thing I don't feel like I'm good at is really pushing people above and beyond their expectations. I think great leaders are able to do that, but I sometimes feel bad when I push others too hard. I want to be inspiring and strong enough that I can really draw the most from each person – even more than that person thought possible - and really draw on their strengths. It's something that I'd like to work more on in the future."

You should not:

- Give an unstructured answer – your answer needs to focus on 1 core concept or 3 key traits.
- Focus on what you like in other leaders, without talking about your own style and your own experiences managing people.

Bad response:

"I don't really have that many opportunities to lead, but when I do, people seem to really like me. They like the way I lead - I think it's because I listen to them. Because I care so much about people, we get along and everyone is happy at the end of a project."

5. How would you deal with a difficult boss?

What they're looking for:

Insight on how you'll deal with sticky management and coworker issues if you're hired. If you have one specific story that you can share (that ended well), definitely do that. Otherwise, it's perfectly okay to assess a hypothetical.

The key to a great answer is to look like you're both proactive and diplomatic – that you will assertively fix issues to help the team's and your own productivity, but do so in a diplomatic manner that preserves important relationships.

You should:

- Make sure you have a prepared answer for this one. It can be a sensitive topic (most interviewers are managers/team leaders and could be your "boss" should you choose to work at that firm), so how you handled a real situation says a lot about your ability to do well at the firm and sets their mind at ease.
- Explain both the cause of the problems/tensions with your boss and how it was resolved. Ignoring the cause means you won't be able to prevent a similar situation from occurring in the future.
- Show/describe the benefits that arose from resolving the issue (e.g., more team productivity, more personal productivity, how your manager has now consistently changed his/her behavior for the better, etc.).
- Explain how you've put what you learned to use to create more collaborative relationships.

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Example response:

"My manager in my last job, where I worked for 2 years, was tough. Really tough. I struggled the first few months I worked with him – in retrospect, I realized that had no idea what he wanted from me. So finally, I decided I couldn't take it any more, so I scheduled a lunch with him to address the issue. At lunch, I basically said that I was having a challenging time working under him. Then I gave him 3 examples of where I'd spent an enormous amount of time working on a specific assignment, only to have him change what he wanted at the last minute. I then talked about how, I could've done 5 other things for him and helped the company if I hadn't wasted that time. He was a little taken aback, but because I was so specific about the opportunities to use time that would have been freed up had he been more direct and consistent, he really took to it. After that, I think he respected me a whole lot more. He really listened, and became more thoughtful about his early decisions so he didn't change directions 180 degrees at the last minute. I took away from that experience the need to be facts-based when having sensitive conversations, and to show how resolving a conflict can benefit both parties by really trying to see priorities and concerns from someone else's perspective."

You should not:

- Use emotionally charged words like "confrontation," "angry," "fought," or "hate."
- Discuss only your personal role in the solution. Make sure it's something that both parties had to work out together.
- Explain a situation that didn't have a positive outcome.

Bad response:

"My boss would always yell at me on Monday mornings, so I made sure to stay out of sight on Monday mornings. Problem resolved."

6. How would you deal with difficult coworkers/colleagues/ teammates?

What they're looking for:

Evidence that you will seek to build bridges instead of foster conflict, and a demonstration of confidence that you can work with anyone. Because you'll have very little control over your teammates (and they will change all the time), this skill is critical to success as a consultant.

You should:

- Have several well-rehearsed personal examples or hypothetical situations prepared.
- Focus on how you were proactive yet non-confrontational, and how both parties worked together to resolve the situation.
- Talk about the benefits/positives that arose from the solution.

Example response:

"I was a writer for the sports coverage desk of the campus newspaper. There were just 4 of us, including one section leader, and we spent all of our time together going to events – watching them, discussing them, and then writing our stories. There was one guy who was just tough to be around. Every time I proposed a story, he tossed out a sarcastic comment in response. And he always pointed out little things about my story that were vague or wordy. It was hard to work with him. I finally sat down with him one day when everyone else had left the office. I was really direct with him about how what he was doing affected me. He was really defensive, but then I started to give examples of his bothersome behavior. I also showed him that I appreciated his eye for detail, but shared how constructive criticism would sound to me (it was different to his approach, that's for sure!) I think what really got across was my general message of, 'Look, we both want to write great articles and give people good recaps of games and stories about the teams. I'm happy if you criticize my writing to help me make it better, but in the future, why don't we sit together and try to help improve each other's stuff as opposed to trying to embarrass the other person in front of a group?' I learned a lot – specifically that sometimes things can get personal, but I needn't react defensively. Rather than focusing on feelings, I need to show where goals overlap and propose actual steps we can take to fix the problem together."

You should not:

- Personally attack anyone in your example.
- Focus on others' personality traits.
- Cop-out by saying you haven't worked with anyone difficult.

Bad response:

"The reason I tried to start my own business was because I could just never seem to get other people on the same page as me."

7. Tell me about a time when you were forced to make an unpopular decision.

What they're looking for:

How you handle adversity and your ability to do the right thing, even if it may cost you fickle friends/allies.

You should:

- Discuss a real situation where you made a tough decision that was ultimately the right thing to do.
- Focus on the options you faced and the decision you made.
- Explain what you learned from the experience.

Example response:

"In my fifth year at SAP, I was tasked with managing 10 junior IT analysts in charge of enterprise software integration. One of the IT analysts was a very outgoing, friendly, and popular guy with the rest of his class. Unfortunately, his work was poor – he consistently showed up late, he made simple mistakes repeatedly, and he often slacked off during the middle of the day by taking long breaks and long lunches. After many individual and group conversations, his behavior still did not change. I had no choice but to recommend him for dismissal from the company. Word leaked out that I was planning to do that, and all 9 of the other junior analysts came up to me and said that they didn't see why he had to be fired, that they were extremely upset, and that they would all quit if he were let go. It was hard because they clearly enjoyed having him around, and the analyst class had bonded in the previous months. But I had to do the right thing – and I wanted them to understand why. I calmly explained 4 key incidents of his poor performance, and I showed them examples of work where he had seriously erred. Slowly, they came to understand my position. Ultimately, he was let go – and none of the other analysts quit. In fact, I think it's made them respect me much more today – they know that I can make tough decisions but that I'm also fair."

You should not:

Blame someone for the decisions they made that got you into a mess, or demonstrate that you make decisions without considering all the consequences.

Bad response:

"I was managing a team of 3 analysts who were extremely over-worked. After doing a time study, we found that a huge portion of their day was spent in unnecessary hour-long team meetings – well, they weren't entirely unnecessary. The team did need 5 minutes worth of information from the analysts, but the other 55 minutes was a waste of my analysts' time. I decided to have my analysts give their report through email to the team leader prior to the meeting. The decision turned out to be extremely unpopular with the other team members, because they felt their input wouldn't be heard, but after we established a new way of communicating, the change increased my department's productivity without sacrificing quality overall."

Industry/Firm Interest and Knowledge

These questions are particularly important for those from a non-business/non-economics background (e.g., liberal arts, engineering, medicine, law). Interviewers want to know that you're interested enough in the job to have done your due diligence – whether that's talking to industry people, reading guides and online resources, etc.

They want to know that you're prepared for the job, and know which skills are required for success. They also want to know that you have a clear idea of why you're getting into the industry and what you plan to accomplish in your time as a consultant (this applies more for MBA and graduate level than for undergraduate hires).

Good answers to questions in this category include these 3 traits:

1. Show you've done your homework.
2. Include anecdotes and highlights from your prior experiences to reinforce your strengths and skillset.
3. Present a clear vision of your career goals and a comfort with what the job entails.

Now, on to the questions.

1. Why are you interested in management consulting?

What they're looking for:

- A solid understanding of the job and industry.
- An appreciation for the skills/personality traits needed to be successful in management consulting.
- A "subtle sell" of your strengths – as opposed to a "direct sell."

> **Example of a subtle sell:** *"I've always been a very curious person with a passion for learning. My understanding of management consulting is that learning is an integral part of the job."*
>
> **Example of a direct sell:** *"I'm interested in management consulting because consultants face challenging problems every day, and I like solving tough problems."*

You should:

- Keep the answer to a minute or less.
- Include all 3 of the items they're looking for (see above).
- Mention the people – it's a very reliable response to mention talent/intelligence/ambition/work ethic of management consultants. Not only does it compliment the interviewer indirectly, it tells the interviewer which personality traits you respect and emulate.

Example response:

"I've talked to many former and current consultants, and have done a lot of research on the industry. From what I see, management consulting is an intellectually challenging profession. I've been impressed with the people far more than those in any other job – they're not just great speakers and presenters, but they have a curiosity that I haven't seen from anyone else. I think consulting is a very demanding job – from all accounts there are long hours, lots of travel, and challenging work – but all of that excites me because I feel like I'll learn a lot, be able to help some of the world's most prominent businesses solve major problems, and work closely with people who I'd consider to be lifelong role models."

You should not:

- Discuss the particular company you're interviewing with unless specifically asked – their question is not why you want to work for them, but why you're interested in their line of work.
- Discuss superficial characteristics such as pay and perks. Travel is okay, but it's trite compared to "people issues."

Bad response:

"I've wanted to work at McKinsey since I took my first business class. My professor worked there, and I respect him so much."

2. What do you think makes a good management consultant?

What they're looking for:

Similar to the previous question, they're looking for an indirect understanding of the job and industry and an appreciation for the skills/personality traits needed. However, they're not really asking this question – they're asking what you've *heard* makes a good consultant.

You should:

Mention hard work, analytical capabilities, communication skills (both in large and small groups), understanding of and interest in business, etc.

Example response:

"There are 2 key things I can think of: one is an interest and passion for solving problems. My friends who are consultants have to quickly learn enough to understand problems, and then work even harder to come up with sensible but also creative solutions. Second, consultants communicate with people and helping them be the best possible. In consulting, what you do is no good if the client doesn't believe you, or isn't inspired to take what you recommend and then implement it into their daily jobs."

You should not:

Sell yourself too much – after all, the question is about what makes a good management consultant, not what makes YOU a good management consultant.

Instead, an indirect mention of your strengths (*"A good management consultant is very detail-oriented, which is actually what attracts me to the job."*) signals that you're detail-oriented without directly saying so.

Bad response:

"I think part of being a good consultant is being able to listen and communicate effectively – two things I'm great at."

3. What have you done to prepare yourself for the job?

What they're looking for:

Due diligence on your part, and that you know enough and are excited enough that you've done your homework.

You should:

Talk about people, books and online resources, personal homework, past work experiences, anything that gives you the skills to be a good consultant. You can also explain the insight you've gleaned from practicing case interviews and interviewing current consultants.

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Example response:

"First, I've learned the most talking to people at information sessions and mixers. I've kept in touch with several of these consultants, who were kind enough to answer a lot of my questions about the job. Second, I have done about 50 practice case interviews, and the experience makes me feel like a consultant already – I love them! Third, there's also this really great blog called Management Consulted that I read every day; it talks about recruiting and what it's like to be a consultant from an insider's point of view. Finally, I have a lot of experience in my student groups leading people, and through jobs and projects I've really gotten comfortable with tools of the consulting trade, such as Excel and PowerPoint."

You should not:

- Demonstrate that you haven't really thought about why you're interested in the job.
- Apologize for not doing mainstream consulting-prep experiences (e.g., starting a company, investment banking internship) – instead, showcase what you have done.

Bad response:

"Well, I haven't started a company or had a finance or consulting internship, but I've read a lot about the consulting industry and feel like I have a pretty good understanding of what a consultant does."

4. Why are you interested in [INSERT FIRM NAME HERE]?

What they're looking for:

Someone who has done their research. It's tough to give a great answer here (most applicants apply for every firm) and the most common response is: *"Because you guys have the smartest and most interesting people."* Gather insight from friends and contacts at the firms about its culture, its people, its history, etc. As long as you talk about positive characteristics, even if they're somewhat generic, you'll be okay.

You should:

- Talk about the people, the culture, the type of work, etc.
- Mention if you talked to specific employees or recruiters – this is great because it shows you've done your homework.
- Say why the firm is your top choice – but only if it *is* your top choice.

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Example response:

"I'm interested in Badass Consulting Firm because, of all the companies I've talked to, I really respected and got along with people at your company the most. They seemed really well rounded and happy in their jobs, and that's what I aspire to be. It's clear that yours is one of the most well known firms in the industry because of the impressive people you hire and what you invest in training them. I know that working here, I'll be challenged and learn an unparalleled amount about business."

You should not:

- Say, *"Because you're the best"* without backing up why you think so.
- Focus on traits you could read in a book or online – anything from your personal experience will be better every time.
- Mention salary, perks, etc.

Bad response:

"I don't know much about the company yet, but from what I've seen you're very impressive."

5. Are there areas of management consulting that you find really interesting (for instance, a particular industry or particular function such as operations)?

What they're looking for:

Don't get worried if you weren't born with a passion for growth strategy in the retail industry – you don't need to be that specific. Interviewers are looking for insight into your interests. It's okay to say you don't know – but the answer should not JUST be *"I don't know,"* rather *"The one thing I find most interesting about consulting is the broad exposure across industries and functions. I'm really looking forward to solving challenging, complex business problems."* You get the picture.

You should:

- Be honest if you have a particular interest (e.g., non-profit, sports leagues and teams, aviation, etc.). The faster growing they are (i.e. healthcare), the better.
- Say you're unsure if you really are, and that you're looking forward to learning about multiple industries and functions.

Example response:

"I don't know enough to have a specific preference. I find strategy really interesting because I feel like it answers the most important questions for how a company is going to succeed in the future, but I'm attracted to consulting because I'll get to learn about and work in all these different areas – in operations, helping sales teams, discussing company culture, etc. I'm looking forward to the diverse challenges, because through them I'll build a broad set of business skills."

You should not:

- Give the impression that you only like one industry or function. You may not show enough intellectual width/breadth/curiosity to merit an offer.
- Mention a random industry or function unless you have a valid demonstrated interest.
- Forget to relate interests to your background and prior experiences – the best interests are those that have support stories to go with them.

Bad response:

"I'm really interested in supply chain consulting for manufacturing firms – it's where I have all my experience and seems like a good fit for me."

6. Why do you want to work at a global management consulting firm?

What they're looking for:

This isn't a common question, but if you're asked, they're interested partially in understanding how much you know about the way consulting firms operate, and partially in understanding whether you have the skills to do well in a large, complex organization.

You should:

Discuss what you know about the benefits of international consulting firms (global clients, international travel, more resources to leverage, more perspectives to give input for creative solutions, etc.). If you have work experience in large corporations or other international exposure, discuss how that experience has benefited you.

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Example response:

"I went to a small liberal arts school and have worked mostly at fast-growing startups. I'm attracted to a global company because of a few things. One is the breadth of opportunities it presents – you work with more clients in more industries, which would be great experience for me. Second, it's more international in scale; I love to travel and work in new cultures. In college, I spent 6 months working for an electronics firm in Japan and took away a lot from the experience – but I haven't been able to do anything like it since. Finally, my time at startups has really taught me how to work effectively with small groups of people. I like this part of the job - and you still get to do that at big consulting companies!"

You should not:

- Focus on the "perks" or benefits of the consulting lifestyle.
- Use consulting as a vehicle to fulfill other interests that are actually more powerful for you. For instance, saying that you want to travel or move to Germany because that's where your significant other lives does not show your interest in consulting, but rather your interest in seing the world or being with your partner.

Bad response:

"I've heard consultants travel a lot, and I really want to travel."

7. Why do you want to work at a boutique consulting firm?

What they're looking for:

An understanding of the pros and cons of working at a boutique versus a global firm. This is relative, because many boutiques will have multinational clients. They may also ask about the difference between a boutique and a generalist firm, so be prepared for that as well.

You should:

Discuss the benefits of working at a smaller consulting firm (e.g., more collegial environment, closer relationships with senior partners, etc.). Explain that you know the differences between boutiques and GMCs but point to prior experiences or future goals that align with a boutique consulting experience.

Example response:

"My experience has mostly been working for large, Fortune 500 companies. Plus, I went to a large public school. But from the minute I attended your company's mixer, I really became interested. There was a collegial feel to the event and a great vibe coming from the people I met. Everyone seemed like they knew and really respected each other. And from what I've learned talking to [WHOMEVER YOU MET], at a boutique like yours you get really early exposure to the client and work closely with senior management, both of which would be great experiences and attractive qualities at this point in my career."

You should not:

- Fail to explain why you're specifically interested in the firm's industry.
- Focus on the fact that boutiques can be slower-paced or involve less travel. It may not be true, but even if it is, you want to demonstrate your interest in consulting work, not overemphasize the lifestyle.

Bad response:

"I've heard from friends in the consulting industry that I wouldn't have to travel as much with your Seattle-based firm. I love this city, and would like to spend more time here to really build a base for myself and my young family."

8. Why are you interested in [INSERT PRACTICE/DEPARTMENT HERE] practice?

What they're looking for:

This question only pertains to those who are applying for a specific functional or industry practice (for instance, McKinsey Corporate Finance). They want to know that you've done your homework on the differences between practice-specific and generalist positions, and that you have what it takes to succeed – you definitely need interest in the field, and possibly relevant experience as well.

You should:

Explain briefly what you know about the practice and the perceived strengths. Then discuss your prior experiences and/or future goals that align with a focus in that area.

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Example response:

"I'm interested in the Operations Practice because I think it'll really let me work closely with companies to solve day to day problems. In addition, I know I'll receive the formal training that will help me understand core operations principles at a deeper level. I've always enjoyed managing a company's operations – whether that was managing my family's restaurant to spending 6 months helping a startup expand to offices in Asia and Europe – and I'd like to take my skills to the next level."

You should not:

- Focus solely on your functional or technical expertise – instead, make sure that you include soft skills like project management, team leadership, client communication, etc.
- Focus on experiences that are from totally different industries.

Bad response:

"I'd really like to explore the hospitality and leisure sector at PwC. As an operations manager for Exxon Mobil the last 2 years, I excelled when managing people and solving problems. My staff loved my management style and the fact that I have an unyielding commitment to operational excellence. I'm sure I could apply the same skills to the hospitality sector – how different can they be?"

International Offices and Overseas Applicants

We've included this category to address applicants who are either:

- from a foreign country applying to a U.S. office
  OR
- from the U.S. and applying to an overseas office

Interviewers may ask these questions to get a sense for your motivations. The last thing you want to say is, *"The São Paulo office sounded like fun, and I've always wanted to live in Brazil."*

Come across as prepared, with a substantive reason for your interest in that country/city/office – substantive is typically a combination of your future goals (*"I would like to gain experience in Asia because it's ground zero for much of the innovation going on in the business world"*) plus your prior experiences (*"I spent several years in Germany studying the language and working for a local bank"*).

Understand and express what you can of the target region's culture and idiosyncrasies, including a mention of key opportunities/challenges that will present. If you're not sure, the best way to learn is by talking to people who you know that are in the region or at the firm – or both!

Sometimes, when applying to international offices, the firm will match you with analysts/associates/consultants in those offices as a mentor. Take advantage of them as a resource.

1. I see much of your educational and work background is from [XYZ country]. Why did you choose to apply to a U.S. office?

What they're looking for:

You have ambitious career goals that align closely with working in the U.S.

You should:

Describe how your prior experiences have culminated in an interest in working in the U.S. Discuss medium to long-term professional goals and how these are well served by working in the U.S. management consulting industry. Explain why you'll be an asset to U.S. teams and clients – perhaps you bring a valuable international perspective or a passion for collaboration.

Example response:

"I've spent most of my career in Spain. I've always found enough opportunities to challenge me and push me and where I was adding a lot of value. But I'm at a tipping point in my career, and it makes sense to move to the U.S. I've always seen America as the country where business is at its peak, where the smartest, most capable people are working. Particularly in management consulting – the industry is well respected in America, and you work closely with the best companies on the toughest problems. While I could stay in my current job, ultimately I'd like to be at the top of my field in business and the only way to get there is to work with and learn from the best."

You should not:

Convey that this is a move based on a "whim" or driven by personal interests (i.e., being closer to a significant other, or desire to live in New York).

Bad response:

"Since I was a child, I've been enthralled with TV shows from the U.S. and everything else American. From the time I entered high school, I made it my goal to attend an American university and start my career in the U.S."

2. What preparation work have you undertaken to learn more about the [INSERT COUNTRY OF APPLICATION] management consulting industry and its business culture?

What they're looking for:

That you're serious about the transition and have taken initiative to learn more, and that you understand the potential challenges but are prepared to address them.

You should:

- Discuss the preparation work you've done.
- Highlight unique characteristics of the country's business culture.
- Explain why you'd be a great fit for a cross-cultural job.

Example response:

"I've read every book I could get my hands on, from The McKinsey Way *to management books by Peter Drucker. And through my current job, I've been in touch with a lot of people in the U.S. - I have made a lot of friends in business there. We talk a lot about the cultural differences – for instance, how U.S. leaders are often hands-off while Indian managers are typically micromanagers – and I've learned a lot through this network of people. What I've learned has made me comfortable with my ability to bridge the cultural gap, and I feel in many ways I am more suited to how business operates in the U.S. than the style in India."*

You should not:

- Talk about what you've done without discussing what you've learned from it.
- Say you haven't done anything yet.

Bad response:

"We talked about the business culture in Europe in one of my business classes last semester, and that's when I became interested in a position with firms in the UK. With my heavy course load and double major in econ and finance, I haven't been able to spend a whole lot of time outside of that to research the UK's consulting industry, but I'd venture to guess that it's not that different from that in the U.S."

3. What are some differences between the [INSERT COUNTRY] business culture and the culture of your home country? How do you plan to address these?

What they're looking for:

That you're serious about the transition and have taken initiative to learn more, and that you understand the potential challenges but are prepared to address them.

You should:

Highlight your strengths! The fact that you have exposure to another business culture is a strong experience that will allow you to provide fresh perspectives to teamwork, problem-solving, and client relations.

Example response:

"There are a few differences that come to mind. One is that China is very hierarchy focused, while the U.S. is more collaborative. My experience in China has taught me how to manage up and manage my bosses well, but I would enjoy being able to really learn from conversations with senior partners. Another is that China is very relationships focused when it comes to generating clients, while the U.S. can be based more on merit and skill. This has really shown me how to build good people relations which are mutually helpful, but sometimes it's frustrating if you feel like you are the best person for the job but the decision isn't based on ability."

You should not:

- Highlight more than 3 differences.
- Talk about cultural differences or give sweeping generalizations without relating them to business.
- Only express differences without expressing at least 1 similarity.

Bad response:

"Although I'm a U.S. citizen, my parents are from Japan and I studied abroad there last year. Besides the obvious differences like food, music, pop culture, etc., the Japanese are much more formal when it comes to business. Trust is really important to them – so they spend a lot of time getting to know each other before going into business with someone."

Experienced Hires and Career Changers

These questions can be expected if you're transitioning from another industry into consulting. Interviewers want to know that you're serious about the change, have done your research, and have clear reasons for being attracted to a consulting job.

In answering these questions, you should accomplish the following:
- Demonstrate that you've done your research to learn about the industry and the company.
- Demonstrate that your prior work experience has trained you well for consulting (e.g., people leadership, high-pressure environments).
- Demonstrate that you've thought long and hard about the change and have clear reasons for the transition.

In addition, for some people it will mean a step back –in pay, title, seniority, and so forth. You should be ready to explain that these sacrifices are anticipated, but the benefits of the career change outweigh the costs.

1. What motivated you to change now?

What they're looking for:

A convincing reason for your intended switch. They want to make sure this isn't a whim or reaction to a current unhappy situation, but that you're committed to consulting.

You should:

Show that you've thought long and hard about consulting by describing what you've done to learn more about the industry and job. Explain the challenges of consulting and why you're well positioned to address them.

Example response:

"I've learned a lot in my time at Gap Corporate. But a life in retail doesn't appeal to me, and moving up is slow even when your work is excellent. Solving business problems has always interested me, but I wanted to do it more broadly and at a higher level. I have talked to a lot of colleagues in consulting, and really admire their daily jobs. It sounds challenging but impactful, and my experience at Gap has given me a strong skillset that now I'd like to apply to many companies - not just one."

You should not:

- Position anything in your current job as a negative. Instead, focus on the gaps between where you are and what you desire - and how consulting bridges those.
- Emphasize an issue that communicates insecurity, e.g., there's no upward trajectory, or there's not enough affirmation from management.
- Explain that the change is all about what you'll get, and not about what you'll give.

Bad response:

"I've dedicated 4 years to my current company, and they just don't appreciate me there. I'm looking for an opportunity with a firm that values employee feedback and invests in employee development."

2. You've been promoted several times in your current job and are making far more than you would as a 1st year consultant. Why switch?

What they're looking for:

A convincing reason for your intended switch, and proof that you've really thought it through.

You should:

Highlight your though process, your preparation work, and your dislikes of your current job. In particular, address the "more work and less pay" issue with consulting and why that doesn't matter given the benefits – like the skills you'll develop and higher job satisfaction.

Example response:

"The pay is nice, and the promotion has taught me people leadership skills. But those don't matter when you feel like the work you're doing has little impact on the company itself, much less the industry. We had consultants come in here for an engagement last year, and I was just so impressed by their influence and their ability to come up with such meaningful recommendations quickly. I though, 'I want to do that!' Although I'm making more now than I would if I transitioned over, my earning trajectory is better as a consultant. All in all, the more I learn about the job, the more confident I am in my decision to pursue the move."

You should not:

Imply that consulting will be easier – consultants pride themselves on having one of the toughest jobs and lifestyles out there.

Bad response:

"My current job is very demanding of my time and requires a lot of flexibility. I'm content taking a pay cut in order to come in at an entry level consulting position that will give me less responsibility."

3. What skills did you develop in your previous jobs that would make you a strong consultant?

What they're looking for:

An understanding of what makes a good consultant, and proof that you have what it takes and have already shown that in another role.

You should:

Discuss the following (hopefully several pertain to you):

- Ability to lead people, particularly in teams
- Ability to work well in intense environments
- Ability to understand and analyze complicated concepts quickly
- Ability to communicate well, even when it is challenging
- Quick recaps of situations that convey the 4 traits above

Example response:

"I'm currently a lawyer at a very prominent firm in New York. Strong teamwork is probably my #1 skill – I led teams throughout school and now here at work I oversee 5 people. I don't just tell them what to do – I inspire them and work closely with them. I know I'd lead consulting teams and liaise with client teams, and I'm sure my experience working with teams here has prepared me well to thrive in those roles. I think my #2 skill is the ability to absorb a lot of information quickly, but remember only the key things I need to know. In law, you have to review and understand complicated concepts quickly – but you can't remember every single fact or it'll overwhelm you. You really need to drill down on only the important facts."

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You should not:

- Take the opportunity to talk about learning experiences – instead, talk about areas where you are strong, or are a top performer.
- Use emotional or indirect language. Be direct and demonstrate that you were great at your previous job.
- Explain skills that you developed in fields/jobs that are not relevant to consulting (anything not in an office).

Bad response:

"I really learned about team management in my last job as a restaurant manager. I'm looking forward to applying that in consulting."

4. I see you're currently a doctor/lawyer/PhD student. What interests you about consulting and what have you done to learn more about it?

What they're looking for:

Similar to answers for those from liberal arts or engineering backgrounds, they want to know that you are interested in and qualified for the job.

You should:

Prepare an answer that explains what you've done to learn more about management consulting, why you are qualified for the role, and most importantly, how you realized consulting was a better career path than the one you're currently in.

Example response:

"I've spent a lot of time researching and reading books, guides, etc. – as well as talking to many people in the industry, including a few from [INTERVIEWER'S FIRM]. From what they've told me, my background as a lawyer has developed my ability to utilize concise, effective communication and analytical thinking, which seems like a huge part of a consultant's daily job. What I dislike about law is that I rarely have client interaction, and rarely work closely with senior partners at my firm. But from what I've been hearing about consulting, you get that exposure in spades and that's really attractive to me."

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You should not:

Bash your current role. Instead, explain how you desire more variety, personal interaction, impact at a larger scale, etc., and how consulting will fulfill that desire for you.

Bad response:

"Being a lawyer isn't at all that I thought it would be, especially in the area I chose. I end up dealing with frustrating clients all the time and worry more about placating my bosses then getting my work done. I'm looking for a change and I believe that management consulting is a good fit for my background."

5. Given your engineering/technical background, why are you interested in general management consulting and not IT or technology consulting?

What they're looking for:

That you're serious about applying for a management consulting job and confirmation that you have the skills to succeed!

You should:

Describe what you know about management consulting and how that differs from IT/technology consulting. Describe your strengths, prior experiences, and career interests – making sure you explain how these align closely with management consulting. Emphasize your desire for strategic impact, not a focus on implementation.

Example response:

"IT/technology consulting doesn't come close to providing the variety of problems that you see in general management consulting. While my engineering background at a Fortune 500 has enabled me to see how business leaders influence the direction of a company, it's also made me aware that the road from my role doesn't lead me there – which was troubling when I realized that I'd like to have their job someday! I've always been interested in business and my 3 years with Oracle allowed me to work closely with clients. Now, I just want to take what I've learned to solve different problems. I believe consulting is a great introduction and training to help me become the type of business leader I know I can be."

You should not:

- Focus too much on your technical or functional expertise. Instead, emphasize your soft skills - team leadership, project management, client relations, etc. – in the context of your former roles.
- Disparage IT consultants or the industry as a whole to get your point across. Show you're respectful of the role that they play, but that you want a different one in the ecosystem.

Bad response:

"I'd like to get into consulting, and I don't want to pigeonhole myself into IT just because I have an engineering background. Besides, they're a little too structured for me – they work in an isolated area and tend to get stuck in their own part of the world."

General Business and Current Events

These questions are among the less common of the fit/experiential questions asked. The reason is that business knowledge is generally tested in sizing questions and case studies. However, it's important to be prepared because if these questions are asked and you don't have a good response, it's a huge negative. After all, consultants live and breathe business issues on a daily basis and if you don't understand and aren't up-to-speed on basic business issues, that doesn't bode well.

Our advice is to read broadly and extensively – our recommendations include the Wall Street Journal, The Economist, and [Fortune](.). Have a few developed thoughts on specific companies and leading business issues of the day.

When answering these questions, it's important to be 80/20. If asked about a company you admire, discuss 2 or 3 well-developed topics maximum. It's easy to ramble and incorporate many different reasons in an attempt to cover your bases, but it will make you sound unstructured, disorganized, and ultimately, unknowledgeable.

> **Disclaimer** – None of the example responses below are rooted in fact; they're complete hypotheticals. Read them for their structure and flow, but not for content!

1. Spend a minute and tell me what you think is the most interesting business issue in the news today.

What they're looking for:

That you understand and are interested in current business news, and that you're able to discuss business issues effectively. Because recruiting is typically a concentrated cycle, just read up on a few issues well and have enough understanding that you can riff on a topic for a minute – you should be fine. However, do not take that suggestion as proof that you don't need to read business news broadly – it's best to be prepared.

You should:

Have several of these prepared. At the very least it will provide you with some variety in your cocktail party conversation starters. The suggested structure is:

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- **Introduce** the context of the issue (e.g., which company or industry are you addressing).
- **Discuss** 2 highlights or controversies of the issue.
- **Close** by stating why the issue is important (e.g., it will revolutionize the XYZ industry in 2-3 years).

Example response:

"The bailout of the auto industry has been really interesting. The auto industry's been in trouble for many years now, in large part because of legacy healthcare costs but also because they just haven't innovated while foreign firms have. So today, they're running out of cash, people aren't buying their cars, and they don't have fleets that will be competitive in the future. No wonder they need a bailout! But they're facing issues that are representative of the U.S. manufacturing economy, which is struggling as a whole. Big firms like this are important because they employ so many people – whole towns are often built around a single car plant."

You should not:

- Focus on issues that are less business related and more related to pop-culture, politics, etc. (e.g., the top 10 celebrities with stock in Facebook). If you do talk about the impact of policy on business, make sure it's non-partisan.
- Talk about more than 1 issue. Stay focused to avoid rambling.

Bad response:

"I find the political campaign this year really fascinating – I'm a staunch Democrat. The candidates are polar opposites when it comes to certain business issues – like taxes and unemployment – and they seem to bicker most when it comes to issues like finding ways to grow the economy. As the election nears, it'll be interesting to see how things pan out for the candidates."

2. Which company do you think is having a tough time right now, and what would you recommend they do to improve their current situation?

What they're looking for:

Similar to above, an informed business perspective but this time with an emphasis on wearing a consultant's shoes and providing a case example.

You should:

Fortune is a great place to start to prepare for this as it does great profiles on "businesses of the moment." Have 3 recommendations max on how to improve their situation. The key to a great answer is to not make it sound too canned. In the answer, try to place yourself in the CEO's shoes and discuss what changes you would recommend and how you would implement those changes.

Example response:

"Definitely Microsoft. Their stock has been going nowhere and public perception is that they're like a dying dinosaur. If I were Steve Ballmer, I'd do a couple of things: one, I'd do a really thorough performance review and lay off 10-20% of the employees. That's tough to do, but it seems like the company is just too big and too complacent. Then, I'd use the money saved and start providing huge bonuses to the best employees to motivate them to work harder. Finally, I'd turn the company into a bunch of small startups, almost like an incubator. Teams can propose ideas, get funding, and run with them. There will always be Windows, but it'll now be Windows plus hundreds of startups."

You should not:

Fake it. Make sure you pick something you can talk about because you'll most likely get pushback/additional questions from the interviewer to test your business mettle. Preparation is key.

Bad response:

"I read an article recently on the struggle Barnes & Noble is having right now. Even with one of their competitors, Borders, going out of business, they reported a loss in their fourth-quarter this year. The Nook is keeping them alive – offering a light at the end of a dark tunnel – and I think they should continue to invest in that side of the business. I'm not sure what kinds of partnerships B&N has, but that would be an area to explore. And I remember the article saying something about expanding internationally with the Nook – I think that's a good idea, definitely something to look at."

3. Tell me about a company you admire and why.

What they're looking for:

Additional info on your business thinking, as well as what inspires you.

You should:

Have at least 3 reasons why you admire the company. Discussing a few shortcomings that would make the company even stronger/more admired is a plus – it shows you're growth oriented and that you believe you can do great things.

Example response:

"Zappos is an impressive company. They've done really well in a very competitive, low margin market –online shoes. The CEO is this amazing serial entrepreneur. And my friends who work there, as well as people I know who buy shows from Zappos, rave about it. Something like 75% of their customers are repeat! They have this incredibly creative culture where people are always experimenting, but with the specific goal of customer satisfaction in mind. Even though they are already amazing, they could still improve by really moving into footwear education, and not just sales. Teach people about shoes, customize the experience, and then show them what the best footwear is – I think that could drive a major increase in sales for them."

You should not:

Pick an easy, mainstream choice (like Apple or Google.) They're easy options, but top grades won't go to candidates who pick the easy options.

Bad response:

"Who doesn't love Google, right? They always make it into the "top 10 coolest places to work" and anyone I've ever met who works for them is super intelligent. I think they do a lot to keep their employees happily creating great new ideas for the business."

4. What book/periodical do you read that has taught you the most about business? Why?

What they're looking for:

An indication that you're well-read, and that you invest your spare time in discovering new insights to apply to business.

You should:

Go with The Economist or any number of Jim Collins-type books – here, you might want to play it safe so they know what you're talking about (don't want to embarrass the interviewer). Have several solid reasons for your choice. Anecdotes are your friend – perhaps there was one article in The Economist that really made a light bulb go off in your head. Talk about it!

Example response:

"The Economist. Sometimes the articles are really dense, but it does the best job of talking about complicated, cutting-edge issues in a way that makes sense. And it has a variety of articles – from industry level to biographical – that make reading it entertaining. They had one article about Ray Ozzie, this Internet visionary, that was so interesting that I cut it out and keep it above my desk to inspire me to work harder and smarter every day."

You should not:

- Try to talk about a book you haven't read, just to impress.
- Assume that an academic book is the better choice – some of the best books out there are practical.
- Mix up business and personal finance.

Bad response:

"This summer I read "Rich Dad Poor Dad" – it's a popular personal finance book. I loved how the author talked about getting out of the rat race and creating passive income so that working a day job becomes a thing of the past – that's my 10 year plan!"

5. How do you think the recent economic crisis is going to affect the consulting business?

What they're looking for:

A tough question that separates the good from the best. If you haven't pondered the future of consulting, are you really cut out for the job?

You should:

Discuss the basic ramifications to corporate America, assess how those would be magnified/reduced in consulting, and take a stab.

Example response:

"It's been tough on corporate America, particularly finance. In some ways, I think consulting is anti-cyclical, because when companies are not doing well, they need as much help as they can get. At the same time, consulting could be considered a luxury expense and so many companies will be reducing expenditures. I think net-net, consulting firms will see a slowdown in business, particularly from small to midsized client companies. But the large ones will continue to request sufficient work to prevent dramatic layoffs. I would also expect that to respond, there will be a brief hiring slowdown, but things should pick up in a year to 2, max."

You should not:

- Stress if you're asked something of this difficulty, particularly given your lack of experience in the consulting industry.
- Give up without giving it the old "college try."

Bad response:

"This is a really tough question, and one that I'm not sure I can answer – given that I've never worked in consulting. I do know that with businesses suffering, that could mean that consulting firms suffer too."

6. Give me an example of a tough quantitative/analytical work assignment or class that you've taken.

What they're looking for:

Evidence of your analytical skills, and an explanation that shows that you can apply analytics to problems of a strategic nature.

You should:

- Have this answer prepared.
- Describe the work assignment or class and highlight the key challenges.
- Discuss what that experience taught you as well.

Example response:

"In my summer internship at [FINANCE FIRM], I was asked to build a functioning CDO model in Excel. At that point, I wasn't even sure what CDOs were, and had never built an Excel model. But I took the next few weeks, learned as much as possible about CDOs, sought the advice of

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people who'd done it before, and took several Excel classes online to learn how to model. My final model was good enough that my boss used it as an example for our internship class. And now, I can do Excel offset functions in my sleep."

You should not:

- Focus on the calculations you made – instead, talk about why the problem was tough and how you solved it.
- Be too vague – make sure to give a full picture of the skills you used and the level of difficulty you handled.

Bad response:

"In my operations management class I had to build a demand forecast for computer parts based on sales forecasts from a bunch of countries. Parts were coming from Asian countries and availability was super complicated. I ended up coming up with a plan that worked, but can't remember the specifics of how I got there. I did get an A, though."

Recruiting and Process-related

These questions are asked simply to get a better understanding of your current recruiting situation – which firms you're applying to, where you've received offers, etc. Interviewers want to know how desirable you are – which is a plus if you've already received offers at other firms. This can be a major factor in the decision-making process, and one you definitely want to harness.

My advice here is to be honest, but don't make yourself look bad and don't give too many details. Something along the lines of, *"I'm in the first round with Bain and final rounds with Monitor"* would be fine.

If you've been turned down at some firms, it's not necessary to bring that up. You can say, *"I'm in the process with a few other firms"* and leave it at that.

1. What other firms are you applying to?

What they're looking for:

Consultants are competitive, so they want intel on where you stand in the recruiting process and where your head is. For instance, if theirs is the only business-related firm you're applying to, interviewers may think you're not serious about a career in the industry.

You should:

Hopefully you're applying to more than one consulting firm, so mention the others. It's okay to also mention a few non-consulting firms (e.g., finance, Fortune 500) where you're applying – the more prestigious, the better.

Example response:

"I'm also applying to Bain and BCG, as well as a few investment banks."

You should not:

- Give them a comprehensive list.
- Voluntarily tell them where you are in the recruiting process unless they ask – especially if you haven't received any offers yet.

Bad response:

"I have an interview with Bain but was rejected from BCG."

2. Can you tell me where you are in the process with [INSERT FIRM NAME HERE]?

What they're looking for:

This is **rarely asked**, but it means that either, a) they're very interested in you as a candidate and want to see how aggressively they need to court you, or b) they're interested but unsure and want to be validated by seeing what other companies think of your prospects.

You should:

If you've been very successful, by all means let them know! No need to give them a detailed run-down, but it's okay to mention which offers or final round interviews you have at other consulting firms.

If you haven't been successful, simply say that you're applying to XYZ firms but would prefer not to share details.

Example response:

"I actually received an offer from Bain yesterday, but am still in the middle of the process with McKinsey. In addition, I have one offer from an investment bank and am still in the recruiting process for a few others."

You should not:

- Feel pressured to explain in detail where you are with the other firm, what their offer was, or even if you have an offer yet.
- Promise that you are more interested in the firm you're interviewing with if it is not, in fact, your top choice. (If it is, go ahead and say it – just be prepared to accept an offer if they give you one.)

Bad response:

"I have submitted applications for PwC and Accenture but have not heard from them yet, and it's been about 3 weeks. My interview with Capgemini went really well and I expect to be invited back to a second round soon. I'd be happy there, but want to have a back-up plan just in case I don't get an offer."

3. Are you only interested in consulting? Are you applying for finance as well?

What they're looking for:

Additional insight into where you stand in the recruiting process and where your head is. By the way, this is usually good news…

You should:

If you're only interested in consulting, it's okay to say so. It's also perfectly okay to mention other companies and industries.

Example response:

"I'm interested in both areas. Consulting is definitely my #1 preference, but I'm applying to some investment banks as well."

You should not:

- Be afraid to mention other comparable, prestigious career paths that you're considering.
- Say they're the only company you're applying to, even if it's true (which, it shouldn't be!)

Bad response:

"I'm very interested in consulting and really want to work for your firm. If I don't get a position with you, I have a few buddies in finance who I'm sure I can network with – but consulting is my top choice."

Ethics and Integrity

These questions are increasingly common in interviews – due in part to the recent run of high-visibility corruption and fraud cases at leading corporations around the world.

The key is to have relatable answers that reflect real experiences.

1. Tell me about a situation where you faced an ethical challenge and explain what you chose to do.

What they're looking for:

A confirmation that ethical behavior is important to you and an understanding of how you think when confronted with a tough ethical question or dilemma.

You should:

Tell a real story, or describe a hypothetical but believable one. Clearly explain the dilemma and your mental framework for determining the right course of action.

Example response:

"I was working on a team where each of us had a component of the project to complete. We were all working on our own and met the night before the project was due to tie up any loose ends. As it turned out, one of our team members had found and used results from a project 3 years back – when a different professor was teaching the same curriculum – and was planning to submit those for his section. It was too late to redo the project – and we were all dead tired - but I knew I didn't feel right about how we had left things. The next morning we turned in the project, but I spoke with the professor after class and explained the situation, explaining that we hadn't realized until too late that some of our results had been adopted from an earlier project. The professor was very cool – he understood our dilemma and gave us 2 additional weeks to redo that part. It was a huge time crunch (we were originally allotted 6 weeks), but our team pulled together and we ended up with an A."

You should not:

Make yourself sound perfect. Showing small flaws is recommended, or else you'll look fake.

Bad response:

"At my previous job, I discovered that a coworker was clearly fabricating results for several of her lab experiments. I realized this as I was double-checking some of her procedures – my findings came nowhere close to what she claimed, and when I initially asked her why this was happening, her reaction clearly indicated that something fishy was going on. I didn't want to take it directly to the lab manager, because I felt that I'd be overreacting without understanding exactly what was going on. So I had a private discussion with her, where I laid out exactly how my suspicions arose and how the findings from my own experiments were so different from hers. She eventually confessed to me, and although she had a plan to talk with our advisor directly, I couldn't wait. I immediately went to the lab manager and told him what had happened. My coworker was removed from her position that afternoon – and I was confident that I had done the right thing, saving the lab from a potentially huge hit to our reputation."

2. Have you ever known someone who cheated? How did you react in this situation?

What they're looking for:

Similar to the above, confidence that you've been confronted with tough ethical situations in the past and handled them with an appropriate response – handling it privately if possible, and escalating only if it was absolutely necessary.

You should:

Describe a real situation where you made the "right decision." Explain how you arrived at that decision and the implications/lessons learned.

Example response:

"In a first year MBA class on accounting, we had a "pop quiz" of sorts midway through the term. One of my classmates sitting to my right was clearly not up to speed on everything covered, and I could see that he was starting to panic. Midway through the quiz, he excused himself to use the restroom. On his way out of the classroom, I saw that he had brought a textbook with him. He was basically going to study in the bathroom and come back to ace the quiz! I decided not to interrupt the rest of the class at that point, but to bring up the issue with the professor after class was over. At the end of class, I told the professor what I had seen, but I didn't

mention a name at first. We agreed that it'd be best for the cheater to reveal himself. So the professor basically sent an email to the entire class explaining that he knew what had occurred, and eventually my classmate turned himself in privately. I realized from this situation – and I've been lucky thus far to have avoided many sticky issues like this – that you should always tell the truth and monitor not only yourself but others, but you shouldn't do so in a way that accuses someone without evidence or embarrasses them needlessly."

You should not:

Carry it too far. You need to show that you can handle situations on your own but know when it's the right time to escalate an issue.

Bad response:

"I've always taken ethical situations very seriously – my nickname was 'the narc' growing up. I bring every questionable behavior to my manager's attention. After all, cheaters should be punished, and quickly."

Hero/Challenge Stories

If you think we haven't covered all the bases, we will now!

Even though we've prepped you with answers to nearly 60 questions, we know haven't covered all the possibilities, variations, topics, etc. Because there was a gap, and a potentially huge one, we created a way for you to prepare for absolutely ANY fit question that drops from an interviewer's mouth.

Think of it as a top-down approach – instead of trying to imagine every question you could possibly face (which we all know is impossible), focus on documenting your inventory of experiences, then draw from them as needed.

Your hero stories describe a time when you saved the day or made a big impact on a project (in a good way), while your challenge stories illustrate a challenge or failure you faced and overcame. There may be some overlap – that's okay. Craft 4-6 stories with just the right level of detail, and you'll be good to go.

Follow these guidelines as you go:

- **Be thorough!** Don't go overboard with details, but don't leave out any key components.

- **Hit the important themes**, like leadership, initiative, teamwork, perseverance, continuous improvement, and overcoming obstacles.

- **Maintain structure** (context, challenge, actions, results, + re-assessment for challenge stories).

- **Do not** use examples from your personal life – stick with work, school, and extracurricular activities.

- Once you've written them out, **practice verbally** – each story should take you no more than 1 minute to deliver.

Here are two good examples to model:

Hero story example:

Context – I started a neoprene accessory company right out of college. Our manufacturer was in China, through a connection I made during a summer internship.

Challenge – Following our initial 3 months of success, sales died off rapidly. One night I was up at 2am reviewing our sales data

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and realized that one particular product hadn't sold well – our sleek black camera carrying case.

Actions – The next day, I proposed to the team that we survey previous customers on their perceptions of the product through a quick email questionnaire. When the results came in, we found that our product didn't meet expectations, competitors were offering brighter/cooler colors, *and* we found negative reviews on a few 3rd party websites. We had to choose between dropping the product or improving it. I did a cost analysis to demonstrate how improving and re-launching the product would be more beneficial than removing it; then I talked with our Chinese manufacturer to determine what had to be done on their end to improve quality and provide more color choices.

Results – We went forward with my plan, and 4 weeks later we re-launched with an improved product and 3 new colors. Now it's our flagship product!

Challenge story example:

Context – I was in school working on a business planning assignment. There were 4 of us on the project team, with one very vocal person who strongly suggested a divide and conquer approach.

Challenge – When we got together for our interim meeting, he stood at the white board collecting everyone's feedback. A few minutes in, we realized that no one was on the same page – and our self-designated leader blamed everyone else for not pulling their weight. Tensions were rising quickly.
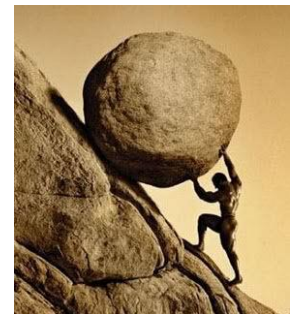
Actions – I stepped in to calm the storm, suggesting that everyone take a 15-minute break. While the other 3 were out of the room, I jotted down all of the sections of the b-plan on the white board. When we reconvened, I went around the room asking each person to determine which sections they thought still needed to be completed, and we adjusted our master list accordingly.

Results – Everyone's ideas were heard, and new assignments were made. I assigned myself the partner who was really difficult, and by the final review meeting we had a polished, professional business plan. We actually ended up getting 2nd place out of our class of 60 people!

Reassessment – This semester, I'm on another team for a similar project, but I made sure I didn't wait until the middle of the year to voice my suggested approach. I also offered to facilitate weekly check-in meetings to evaluate our progress and keep us on track.

Ultimate Fit Prep Plan

With so many questions to cover, how do you know where to start? You need a gameplan – a step-by-step guide that will keep you focused…

…like the Ultimate Fit Prep Plan. Follow these steps to get the most out of the hours of fit interview prep ahead of you.

1. Record yourself verbally responding to these common 3 questions:
   - *"Walk me through your resume."*
   - *"Why are you interested in consulting?"*
   - *"Tell me about a time when you were leading a team and you faced a challenge. How did you overcome that challenge?"*

> It's pointless to answer the whole list of fit/experiential questions without **self-awareness**. Practice with these 3 questions first to get the key answers right, then build from there.

2. Review the recording and evaluate yourself. Specifically, you're looking for the same things a fit question would evaluate:
   - **Time** – a succinct answer (2-3 minutes for *"Walk me through your resume"* and 1-2 minutes for each of the others)
   - **Structure** – there is a clear order to your story
   - **Clarity** – it makes sense

3. Write out bulleted answers to all 50+ fit questions and full stories for 10 of them. Review them with a friend.

4. Write 4-6 hero/challenge stories.

5. Do a mock interview. Practice with a partner, such as a firm contact, a colleague, a professor, a friend, or us (your friendly MC guides). For your mock interview, here are 4 things to keep in mind:
   - Come prepared with 8-10 questions for your interviewer to ask you.
   - Don't practice for more than 1 hour at a time (a guideline for "out loud" practice only).
   - Simulate a real interview environment as much as possible. Consider wearing interview garb.
   - Ask your interviewer to assess you. Use the guidelines in #2.

What to look for in a practice partner

Your practice partner doesn't always have to be someone who knows consulting (although it will help if they do). At minimum, your practice partner should have the following qualities:

- Ability to give bluntly honest feedback to help you improve.
- Relevant business interview experience of their own, even if it's not in consulting.
- Comfort asking improvised yet relevant follow-up questions.

Another common question we get is, *"How early should I start practicing?"* In our experience, it's **never too early** to start – the earlier you begin thinking like a consultant, the more natural your responses will be in interviews.

Begin preparing for your fit interviews one week before case preparation – note, we said before *case preparation*, not the interview! Start it, get it out of the way, then do a refresher right before you go in for your interviews. Ideally you're starting to practice just before you begin networking, 6-8 weeks prior to interviews. Good news! The stories you practice here will come in handy when you begin responding and selling yourself in informational interviews and at recruiting events.

For undergrads and MBAs, your fit interview prep should start in early to mid-August. And for interns, you should get started over the holidays – before the New Year starts. For experienced hires –start before you begin applying (before submitting your applications). You likely have interview experience so will be tempted to skip this portion of the interview, but your interview process can move much more quickly, and you want to be very prepared.

Good luck!

Case Interview Guidelines

Beyond our own interview experiences at McKinsey and Bain, we've conducted hundreds of hours of interview preparation (we served 600 clients last year alone!). Trust us, we've seen it all – the good, the bad and the very, very ugly. We've added this new section in our 3rd edition so you can start off on the right foot with your case practice – using an 80/20 approach to focus on the most important issues and practice to the point where you can nail every case, every time. Even if you don't work with us, please do yourself a favor – read through this section in its entirety *at least* once. If you're one of our premium clients, from here to the end of the book is a textbook for you – so pay attention!

Core Principles

The 16 case studies below aim to test a variety of skills – qualitative and quantitative, ambiguous and precise. To ace them and to ace any case thrown your way, here are the **5 case study principles** you must know:

- **Structure is everything**, in any and all answers. Use signaling phrases such as *"The 3 areas I'd want to investigate"* or *"The 4 explanations that come to mind,"* **even if it feels contrived**. Why? Because interviewers **want to know that you can do it** – and being explicit is a way to publicly announce that you have the skill.

- **Unorthodox answers are encouraged** – **as long as they're justified with facts, data, and logical reasoning.** Why? Because 95 interviewed candidates will regurgitate the same answers when discussing post-merger integration. The 5 candidates who have different, innovative, thorough responses will get the offers.

- **Frameworks are helpful, but you can't rely on them solely.** The 2 most important academic ones to us are the 3CP and Porter's Five Forces. However, they don't have a financial component – so we've put together our own practical frameworks that are more useful for actually solving cases. Just remember - **do not rely solely on frameworks!** If you do, you will often miss the insightful, creative responses that separate you from the pack. Explicitly build into your answers the opportunity to include creative, innovative solutions.

- When answering quantitative questions, the best responses **discuss implications of the answer.** For instance, if the answer is 15 apples – it's great that you mastered the calculations. But the answer "15 apples" in itself is meaningless – talk about **why this is important** in the context of what you already know. Put yourself in the client's shoes.

- **Act like a consultant.** This one is CRUCIAL. What does this mean? Show confidence, state hypotheses where appropriate, and **make recommendations!** Be confident – don't qualify your statements with *"maybe"* or *"I'm not sure, but…"* State hypotheses for open-ended questions before you dive in, and always be recommending things that the client should do – particularly when you're synthesizing the case at the end, or wrapping up open-ended questions. The more you act like you're already a consultant, the closer you are to that offer.

Expert Tactics During Case Studies

Now that we've covered some of the overall key themes for top case interviewers, let's get practical. The following are things that top candidates do naturally – expert tactics that, once mastered, will make every case feel solvable. At minimum, practice with them to avoid huge missteps.

1. With generic and open-ended questions, ask a **clarifying question** regarding the **question's objective**. This will help you avoid going on a long and unnecessary tangent. For example:

   Interviewer: *"What types of issues do we need to better understand here?"*

   Clarifying question: *"Are you looking for company-specific issues such as capital costs, or are you looking for industry-wide issues such as level of competition?"*

2. Past versus present. When given data, it's critical to look at trends and how performance has changed **over time**. You can also include in your discussion an interest in projections – not only focusing on where the numbers were, but where they are going.

3. For any case question, you should never confuse **company-specific** and **industry-wide** problems. Make sure you differentiate between these when diagnosing issues.

4. **Segmentation** is critical. For example, there are never just "customers," there are specific customer segments; there are not just overall revenue declines, there are revenue declines by product/service. Don't assume all customer or product segments have been impacted in the same way.

5. Call out any **pre-existing assumptions** that you use in formulating answers. Examples include: the U.S. auto industry is in decline due to legacy costs; in tough economic times, Wal-Mart dominates given their low cost value proposition. These are generally appropriate assumptions but the case solution may assume otherwise. Be explicit when using your own knowledge.

6. Practice math of large numbers – do mental math whenever you have the chance. Get comfortable, as it's **frequently** required in sizing questions and case studies. Wean yourself off of Excel and calculators for as long as you can – the skill becomes more natural the more you have to use it.

7. Round numbers when possible. **Use common sense!**

8. **Ask for time** when you need it – don't take longer than a minute, but don't be afraid of the silence! The most appropriate time to ask is at the beginning, but you can ask later in the case if you need to.

9. Pause during long answers to give you interviewer an opportunity to **course-correct**. Always take their advice – they know the answer, and they wouldn't offer a suggestion unless they knew you were off-course.

10. Always be ready to take a position and give a summarized conclusion – most interviewers will explicitly ask you for these at some point during the case. Don't ask for time – come right out with it. They want to know what you think from a high-level, not what your notes tell you. **Be confident** – interviews are not an opportunity to be shy.

Case Anatomy and Style

From a candidate's point of view, one of the great mysteries in case preparation is, "what is coming next from the interviewer?" This fear of the unknown is the cause of the most trepidation and nerves, but each case actually follows a very similar, very predictable format and your method of approach can be very similar. What many of our interview prep clients find most surprising is that the fabled "interviewer-led" and "interviewee-led" formats are actually almost exactly the same – it's just that the leader (we know, shocking!) is different. However, because there are many myths around the anatomy of a case and what you can expect, we'll set out to debunk those myths here.

Interviewer-led cases. Most often used by firms like McKinsey, Bain, and Oliver Wyman, these cases are pre-made (often by a central department or a consultant "on the beach"), are based on real consulting engagements, and can be answered in 5-6 parts. The larger firms that hire for general consulting positions use these cases because they employ a scoring system – 4-6 points – for each individual question. When interviewers are conducting many interviews across schools and offices, they use these codes to standardize across interviewees and interviewers to ensure they are getting the top candidates. And yes, in case you're wondering – a spreadsheet is used. So…don't freak out, but be on your best behavior at all times.

If you find these types of cases intimidating, that's normal –however, you might be surprised to discover that they often actually provide the easiest pathway to the answer. You might be more aware of glaring mistakes you make as you go through the case, as they often give you the preferred answer to a section before moving on, but **the interviewer will tell you where he/she wants you to go** – and you can't ever go too far astray. We have opted to design our cases in this format, as they are much, much easier to give and to provide answer keys for than the interviewee-led cases. You should know, however, that any of our cases can be given in interviewee-led format – we'll give tips on this when we offer hints later on giving mock interview cases.

Interviewee-led cases. Most often used by firms like BCG, Booz, Accenture and Deloitte, these cases - while based on real consulting engagements – center around a general strategic question, often top-of-mind for the consultant (they might have been working on this exact issue with a client just an hour before your interview). The larger firms that hire by practice area utilize these cases because **they can do a deeper dive on your**

understanding of a key concept they need you to know – from prevailing HR policies to key finance current events to important technology implementations. With these cases, also called "choose-your-own-adventure" – it's imperative that you **over-invest in the up-front structure** because it is your actual gameplan for solving the whole case.

If you find these types of cases terrifying, that's normal – they can be like a black hole, and you can go far, far afield from the desired answer. You also might feel like you're searching for a needle in a haystack as you attempt to get the secret information from the interviewer that you'll need to do calculations or hone your hypothesis. You might get to the end of the case without ever knowing what the interviewer really wanted to hear from you – and your case can be drastically different from the person who just interviewed or the one that interviewed after you.

Don't worry – we have tips on how to stand out, in a good way, and a lot of these cases allow you to demonstrate structure on-the-fly as well as rampant creativity, which is incredibly important to firms that love out-of-the-box solutions.

Basic Anatomy of a Case. The good news, as we mentioned earlier, is that case anatomies between the 2 styles (interviewee-led and interviewer-led) are very similar. We'll lay them out with suggested key pointers below. If you follow these, you'll be well on your way to addressing the cases in a way that will feel familiar to the interviewers – and will free you up to focus on the content of your solution.

We're going to lay out the case in 8 parts, with an over-emphasis on the beginning part of the case because that's the most important. Your interviewer will likely decide – broadly – if you are a yes or no after the first 3-5 minutes of the case. It's imperative that you nail that part of the case – for this, you need practice, practice, practice! Don't underestimate the importance of starting off on the right foot.

1. **The Background.** Here, the interviewer lays out the key context of the case. They will (usually) tell you the company (by the name you will call it in the case), the company's industry, the key strategic problem faced (e.g. declining profitability, entering a new market, rise in competition, etc.) and any other relevant market or contextual information. Your job: take good notes, in shorthand (don't try to capture everything) – this is your first 80/20 exercise in the case – and make sure you understand the client's key problem.

2.   **The Recap.** It's your turn to speak, and it's imperative that you make the first impression count. We recommend an intro something like this: *"Thanks so much for the background. Just quickly, to recap and make sure we're on the same page…"* Then, launch into your abbreviated recap of the key issues in the case. It's a great way for you to show that you can synthesize. It's also important that you start out with statements instead of questions at the start of the case. You can ask clarifying questions (more about that next), but don't let a question be the first thing out of your mouth. Finally, don't belabor the background or recap. Stick to the key takeaways, and make sure you don't try to capture or recapitulate every key detail. Conclude the recap with the key questions you are exploring in the case.

3.   **Cases and Objective Clarification.** We know other key sources might say that this is where you start, but you can really open yourself up to idiotic blunders here, so be super careful. After the recap, and **only after the recap**, if you didn't catch something you think was material in the background, now is the time to ask for it. Also, if you don't understand how the company makes money (e.g. are they a manufacturer, distributor, or retailer), go ahead and clarify that – even if it wasn't covered in the background. You could ask about other objectives, but 95% of the time there won't be other objectives that aren't obvious. If the company wants to grow, they obviously want to maintain profitability. If they are thinking about acquiring a company, they obviously want to increase their cash flows to hold the company and/or exit for a profit. Most key "other" objective questions are business basics and they don't make you look smart. We're just saying that you don't have to say anything here, and that might be the very best approach.

4.   **The Grand Pause.** We're often asked how long you can take to formulate your hypothesis. Our answer? If you come up with a brilliant, well-structured answer, you have up to 2.5 to 3 minutes before you present it (although 2 minutes is definitely the sweet spot). If your answer is unstructured (sloppy), or doesn't answer the question, 30 seconds was too long because the return on time invested was poor. So…make this time count. Before you take the time, let the interviewer know you're about to go stealth – *"Do you mind if I take a moment to structure my thoughts?"* Don't define

how long you're going to take, saying something like, *"I'm just going to take a minute to structure my thoughts…"* – their internal clock will start ticking at a minute. Also, don't say, *"I'm going to take a few minutes"* because they'll think – oh, boy, here is someone who can't focus on the key issues quickly.

5. **The Gameplan.** Often considered by interviewers to be the most important response in the case, there are a lot of telltale signs of good (and bad) interviewees that come up when you reveal your gameplan for the case. We're going to go into a lot more detail on what you should do for this part when we're covering frameworks, but there are some key points that we need to mention upfront – your response should start with *"I'd like to look at X key areas;"* it should include 3-4 main points verbally demarcated in 2 levels (high-level buckets and metrics you will use to identify key findings); and your response should conclude with an overall hypothesis that you will test throughout the case. The response should take 1-2 minutes, and should feel to-the-point without being too light or brief. There are **major pitfalls** here worth exploring in more detail, so here is a deep-dive on those key issues here:

   a. **The formulaic framework.** We offer some killer practical structures, and you might have some from other reading you've done, from classes you've taken, workshops you've been to, etc. The disappointing news – you can't apply academic, standard frameworks to cases – even ours - without appearing uncreative or stiff. Sometimes a framework will apply perfectly to the question – but more often it won't, and you'll need to use all of your frameworks together as a tool to create your own best practice structure to solve the case.

   b. **The one-tier structure.** Some of you might be worried about being unstructured, and you'll deliver your 3 key points in rapid fire without any explanation (e.g. revenues, costs, and implementation plan) or without applying the case to the type of business at hand. Make sure your structure has at least 2 levels.

   c. **The gloopy monologue**. You might be tempted to tell a story without laying out the key points in a 1-2-3 format, but don't. The interviewer is taking notes and they need to be able to follow you. Besides, you want to develop a structure that's easy to refer back to – especially if the case might need to be led by you!

Up until this part of the interview, you likely won't know (and it shouldn't matter) whether the case is interviewee-led or interviewer-led. This is the magic moment – you find out here.

It's recommended that you pause for a moment and wait for the interviewer to lead you into the next question (interviewer-led) – if they don't, at that point it's reasonable to suggest you first take a look at point one from your gameplan (interviewee-led).

Either way, you're going to go through a series of approximately 3-5 key steps to explore different issues and get to the end of the case. Whether it's you or the interviewer leading, keep an eye out for these key types of questions.

6. **Creative Questions.** Many cases start out with these types of questions, and they also often follow after quantitative questions when you begin to propose solutions. Framed as questions like *"What do you think are the key drivers of X?"* or *"What do you think are likely reasons that customers would be purchasing less of Y?"* or *"What are a few options the company should pursue?"* the interviewer is looking for you to respond with a few (read: 3 or 4) possible solutions that are reasonable. It's not imperative for you to say at the beginning that you have 4 reasons – it's just as effective to say, *"There are a number of reasons this could be happening. First, second, another, finally,"* and do a recap at the end. The key is demonstrating an appropriate blend of creativity and structure – which will take some finesse, and is important to practice.

7. **Quantitative Questions.** Just admit it – your heart beats faster when you think about doing math on the fly, without Excel or a calculator. It's okay – your terror is normal – and all you need are a few tactics for both practice and performance that will help you face these key questions.

    a. First, drop the spreadsheets and calculator for at least 2 weeks before the interview. You have to force yourself to re-learn elementary level mental math, and practicing in every area of life is the best way to retrain your brain.

    b. Second, make sure you have **all of the information** that they laid out at the beginning of the case. There may be red herrings included, but for the most part the information is critical.

c. Third, **clarify the end goal** before you dive in. We can't tell you how frustrating it is to have someone brilliantly work through a structure to come up with an answer we didn't ask for. Clarify revenue vs. profit, the term (daily, weekly, monthly annual), per-store or across a system, etc. Make sure you can be confident when you do arrive at that hard-fought answer.

d. Fourth, and perhaps most important – use your algebra basics to **create a plan** before jumping in. Identify how you're going to solve the problem, including any detail you might need that you won't have. Ask the interviewer for that information up front, but be prepared that they may have you make an estimate (such as the market size) or an assumption/ approximation.

e. Finally – utilize the combination of a now-complete set of information and an algebraic plan to **quickly calculate** the answer. When you get there, don't forget to explain the so-what – *is the answer reasonable? how is your hypothesis confirmed or contradicted by the findings? what else are you now interested in understanding?*

As if you needed any more pressure – the day is often won or lost based on these responses, because your quantitative ability (and quantitative structure) is critical! Although a quick and correct response is optimal, focus on getting it right above all.

8. Case summary and next steps. At this point, you might or might not have gotten to the natural conclusion of the case. Whether you're out of time or because you've exhausted all possible issues, the interviewer (in either style) will usually prompt you to summarize the case. A small percentage of the time, they will allow you time to prepare a response, and you can feel free to ask for a minute to gather you thoughts – but I don't recommend practicing that way. Be fully prepared to just dive into the answer without reviewing your notes. The interviewer here is looking for the ability to synthesize and support a conclusion with facts.

One of the oft-forgotten best practices for cases, in moments of passion and frantic desperation (you're thinking…is it over yet?), is the proposal of next steps. Offering 2-3 next steps at the end of the case gets you **bonus points**. They are cues that you are already thinking like a consultant, because consultants make more money

when they sell follow-on work after answering the initial question a client has is answered.

Next steps might often include an expansion of some analysis you did (maybe you looked at one customer segment – why not now look at the other two?), a revival of some brilliant information you proposed at the start of the case, an implementation plan, or an assessment of the risks of a strategy you just recommended.

A word of caution – if the case hasn't gone as well as you'd like it to, don't write yourself off. We've seen amazing comebacks – Cinderella stories – from folks who we thought were clueless throughout a case who rallied big-time and gave a great finish. We wouldn't give them an offer in a second round, but for a first round it might be enough to secure a desire to see you back just one more time.

Secrets of the Case Scoring System: Revealed

In hundreds of calls with candidates, one great question stuck out and gave us the idea to implement a scoring process in our case system. What was it? A woman from Yale asked, "I could see the interviewer scribbling something on a piece of paper while I was answering my questions, but **I couldn't tell what it was**. How do they score the cases?"

What did we decide to do? Give *you* insight into **the way the cases are scored**. Those of you who have been through the process before have probably asked for feedback after a case. However, you've most likely received vague answers like, "it was a competitive year" or "you need more structure." These could mean thousands of things, so our goal is to make you much more self-aware of what makes or breaks a case as you enter the process.

There are many reasons why firms don't want you to know about their scoring systems. First – if they become public, they open themselves up to huge legal liability from candidates who think they should have been chosen and weren't. Choosing candidates based on borderline issues like dress, presentation, and personality is a vague area that could border on discrimination (how does the candidate know it wasn't their race or gender that was the real issue?), and using these systems are a bit dangerous. However, they are hugely practical, which is why they are globally popular and many firms even beyond the top consulting houses employ similar systems.

Now, we know this is a touchy subject, so we'll provide a very clear and very huge caveat here: the scoring system we're providing below, for legal reasons, isn't the exact one that's used by any firm we know (imagine how much corporate rage we would have to endure if it were!). It's fictional, and any reference to real or actual scoring systems is entirely coincidental. However, with 500+ cases from firms and consulting clubs in our online Case Bank – as well as our own proprietary cases we've built – we do know the scoring systems in detail, so we have crafted the below as a unique proxy to accurately simulate the process top firm interviewers use to assess candidates (subliminal and actual). We're providing it for you so you can have a better way to identify your target areas for improvement.

One additional important note to mention is that these styles of case scoring are usually used for first-round interviews. Why? The interviews are conducted by more junior members of the staff and are used as screening rounds – to distinguish good from bad (not great from offer, like in second round). If you're at a university career center and you personally interview 12

candidates, while 4 other colleagues do the same, it's helpful to have a numerical system that produces at least a best-guess list for who you'll invite to second rounds the next day. That list can be adjusted to account for things like grade inflation or a really tough scorer, but for the most part it makes it easy to identify who are the clear winners of the bid and who are the clear losers. (If you're in between and were delightful and charming, a brief review session to determine who gets the last few slots will probably operate in your favor).

In contrast, when the firms are filtering between good and great in the second round, and you as a candidate are most often talking to senior managers and partners, the use of metrics – and sometimes, even cases – is less formulaic. The stakes are higher – a salary, investment in training, and possibility of having you on someone's team – are all on the line. The most senior interviewers also have what we like to call "Partner ADD" – and the use of a scoring system becomes an unnecessary, undesirable burden for someone with a short attention span. In those cases, the discussions come down to a basic 2-point system: yes or no. The in-or-out system is supported by 3 key underlying themes as assessments of the candidate:

1) *Do they have what it takes to do the work?*
2) *Are they going to make me look good/like an idiot in front of a client?*
3) *Could I imagine being happily stuck in an airport for 8 hours with this person?*

Regardless of whether you're headed into a first or second round interview, there are some key guidelines that will help you succeed. Knowing the secrets of how the man in the suit on the other side of the table thinks will undoubtedly provide an edge that only the few top performers have mastered.

Without further ado, here are few key notes about what the scoring system should reveal to you:

1. The case is scored from the moment you open your mouth.
Your heart might really start pumping when you take your 2 minutes to think about your structure for the case, but by this point, it's too late – the assessor has already made a judgment call on whether or not you're likely to be successful. Based on the way (content and confidence of delivery) you recap the case, ask questions, and ask for time to build your structure, the interviewer begins to take a thumbs-up/thumbs-down view on your likelihood of success. In fact, it could be worse than we've painted it here –

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if you've already had 10-15 minutes of a fit interview, they've decided on your likelihood for success even before you're at this point – and if that didn't go great, this is your last-ditch effort at recovering from a weak first impression! If you start off strong – you're in good shape going into the first question you know is the real one. If you don't – you've just created an uphill battle for yourself for the entire remaining 18-35 minutes.

There are some additional first-impression factors that are taken into account in an actual interview. How put together you are (Is your tie tied appropriately? Is your skirt a modest length? Are you wearing closed-toed shoes? Do you look well-groomed?), your punctuality (Were you on time? Were you ready to go or were you lethargic?), and your verbal clarity (Do you know the required languages? Are you well-spoken – a true orator? Are you comfortable expressing your thoughts?) – are baseline factors that are used to determine fit with the firm. We don't include them in our book here because we recognize many of you will practice your cases with someone over the phone or Skype, so they might not all be relevant – but that doesn't mean they aren't factored in and aren't important to keep in mind.

Key takeaway? Every moment you're in the room with the interviewer counts, so start with a great first impression and build on it every step of the way.

2. **Structure is key in every part of the case – not just in your opening framework.** You might think it's all about answering the question – that structure is all about the first "let me structure my approach to this problem" response – but you are **dead wrong** on both accounts. A true consultant is defined by his or her inability to separate work and play – they are known for presenting an order at a McDonald's counter in the following way: *"I'd like to have lunch. First, I'd like to order a combo – the number 7. To that, I'd like to add an additional dessert – a McFlurry. Finally, I'd like to super-size my drink."* The underlying use of structure in every area of life is obsessive for a consultant, and you need to demonstrate that obsession starting in your case.

What does that look like? We'll go into even more detail on specifics of how to do this well when we address how to build "castles in the sky" or structure on the fly, but it means one major thing – you need to approach

every part of the case – from your opening recap, to the initial structure, and including your quantitative and creative questions, with structure.

When someone gives you feedback about your need to be more structured, it's rarely about the first part of the case – it's more likely that you didn't demonstrate a natural knack for structure consistently the whole way through. Learn this secret, and you've mastered one of the keys to distinguished case performance.

And yes, if you want to know when you're there, head to McDonald's. You might surprise yourself!

3. **Defining 2 levels of structure provides both high-level and metric-based support for your answers.** So you came up with a structure – you applied it – and you think you're golden. Why might your 3-point layout not be good enough to merit the highest score on a question? You'll notice as you go through the scoring guide that **just using structure most likely gets you about a 3-out-of-5 on a 5-point scale**. To migrate upwards to a 4 or 5, you need to demonstrate a little something extra. Just what is that?

Think about bridges – the strength of a bridge's structure is not just about its ability to get you from point A to point B – just being a log across a creek doesn't mean you're a good bridge. The strength of the structure is defined by its additional support that provides stability and ability to flex under change – wind, earth, water changes that could otherwise majorly affect the bridge. So too in cases – just having a case structure (a log across a creek) might get you from point A to point B, but it won't under most circumstances stand up to scrutiny, confusing data, or conflicting client desires. You need to have a structure that's defensible and well supported.

In the case examples we've created, you'll notice something in the answer keys – all of the areas where structure is used support 2 levels of structure. You need to know both **what you want to investigate, as well as why**.

For example, if you find yourself putting together a structure at the beginning of the case that looks like a market entry case, and you know it's important to know what competitors are doing, you could just say that – "I want to know what competitors are doing." In contrast, if you use additional, metrics-driven supports to why you want to know what

customers are doing – "I am interested in understanding if competitors are targeting a specific attractive segment of the market that will cause a threat for us. I'm also interested in understanding their pricing in competitive products and how that pricing has changed over time" – your reasoning for wanting to know about competitors just got 100x stronger.

Key takeaway? When you're using structure in every part of your case, make sure that it's at 2 levels – a high-level, easy-to-take-notes-on structure, and a lower level of support that demonstrates the ability to take action and, with clarity, defend your understanding of a specific factor affecting a client.

4. The use of an underlying hypothesis distinguishes good from great candidates.

We've thought about it, and to our recollection we've never met someone who was remotely successful in the case interview process that didn't possess an innate propensity for hyper-competitiveness. Your desire to win – in this case, to answer the case question successfully – is incredibly important. And while above we mentioned that just answering the case isn't enough on its own, **it is important to answer the case** – and in most cases, to answer it correctly. There is one key secret to helping you look like a genius as you're going through the case – define and utilize a hypothesis.

Why do many other case books not talk about this? Why do they not emphasize that every great case performance has the ability to identify their likely hypothesis and test it as they go through each question of the case? Probably because they've *never actually worked at a top consulting firm*. The only other reason I can think of is that the use of a hypothesis could be perceived as dangerous. Why?

If you state a hypothesis at the beginning of the case and never use it again, it's dangerous. However, you operate under a win-win scenario if you provide a hypothesis and use it consistently throughout the case. Of course, if you come up with a brilliant hypothesis on the first question of the case that identifies what ultimately becomes the answer, you look like an absolute genius – that's the ultimate best-case scenario. However, using a hypothesis that isn't the ultimate answer, but using it as a test or a barometer against which to assess your findings as you go – that's honestly just as good, and a very natural process.

Consultants use hypotheses when they're solving a case in real life. Let's say you have 2 weeks to do a private equity case – you start out with a hypothesis to focus you (80/20 style) on the most important factors that will drive a well-founded recommendation. If your hypothesis is proved false (you thought the company should be purchased but now you're going to recommend it's not, or you thought there was growth potential in the market but it turns out that there's not), you've still used your hypothesis to equal effect. And you'll use the same data to prove it right (size of the market, intensity of competition, pricing and market share opportunity, ability to increase profit) as you will to prove it wrong.

The last word? At the end of your case-opening structure, test how good it is by defining a hypothesis and ensuring that each point in your structure is going to help get you to the answer. Then, utilize the hypothesis (refer to it) as you go through the case, and finally harness it to make your final recommendation. If you can do this effectively, the case interviewer will become comfortable with your analytical decision-making process – and you can just about guarantee you'll move onto the next round (or receive your long-awaited offer)!

Two key notes on hypotheses here – they don't always have to come at the start of your framework. In fact, it can sound unnatural to lay them out at the beginning. It's no problem if the hypothesis comes at the end of your 3 key points – it's then a natural outflow of the data you're interested in.

Second, a hypothesis does not always have to involve the answer to the question. It can simply be an area of focus or priority when you're thinking about solving the case. For example, perhaps you think costs are the main cause of declining profitability – you'd state that up-front, and it would be your hypothesis.

5. It's your responsibility to build the bridge between questions.

Regardless of the style of the interview – interviewee-led or interviewer-led – you have a responsibility to drive the momentum of the case. The best way to do that? **Summarize your findings at each step and make sure to lay out actionable items that would be reasonable to investigate next.** In the answer keys to our cases below, you'll notice this is a theme for any top performer – they not only summarize the question at hand, ensuring that the answer is reasonable – but also tie back the summary to the hypothesis. Then – and only then – they tell what else the client should look into.

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What does this look like? If you're answering a question about market share in one segment (Baby Boomer women) and determine there is opportunity, shouldn't the client look into market share opportunity of other segments? Shouldn't they also know how much it will cost them to go get that new market share? Shouldn't they want to define a plan on how to go get it, factoring in likely competitor response?

The ultimate place where this is obviously necessary is in the last section of the case – the SUMMARY. If you summarize the results of a 20-minute case and don't provide more things to look at, you seem like you don't really understand the bigger picture. We're suggesting that this principle holds true in the rest of the case as well.

Like the use of the hypothesis, you have the opportunity to look like a genius – or at the worst, just a good decision maker. If you get what the next step in the case is (determining key steps in an implementation plan), you look like you're one step ahead of the interviewer and they wish they could just give you an offer on the spot. If you're not, you still show you're thinking about key next steps and that you're "in the groove of a consultant." You win both ways!

Key takeaway: You may be leading, or they may be leading, but come to the table with 1-2 next steps in every part of the case and you'll provide momentum – and guarantee top scores – as you go.

Okay – now that you've got some background, you're probably ready to dive into the numbers.

Each question is scored on a **5-point scale** – 1 is low, 5 is high. Just as an FYI, we've never given someone a set of 5s on their first case with us (we can think of 2 people – out of hundreds – that we've gotten there after maybe 4 cases at a minimum, but for the most part 2-4 is a super-standard range).

These are for your insight, but also for your use – apply them to our cases, or other cases you have, to have an interviewer test how you are doing and provide you with concrete feedback.

Let me lay out our scoring process at a high level:

Scoring a case

- *Opening question*
- *Initial structure*
- *Creative questions (1-2 questions)*
- *Quantitative questions (1-2 questions)*
- *Summary*
- *Overall*
  - a. *Structure*
  - b. *Problem Solving*
  - c. *Communication*

We'll provide just a bit of insight on each part below:

Opening question

This is literally set up to evaluate the very first thing that comes out of your mouth. You'll see how important it is to develop good habits here – this is a first impression that provides as much weight as the next question (overall frameworks).

Scoring key 1 (Opening question)

☐ **1** Candidate does not recap the background

☐ **2** Candidate recaps the background with too much detail or lacks confidence

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case

☐ **4** Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does

☐ **5** Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

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Initial structure

This is probably the scariest question, and the most important for solving the case (especially for interviewee-led cases, where what you come up with is your gameplan for the rest of the case). However, you'll notice that this answers a key question – "How long can I take to develop this structure?"

Our answer – proven out by the numbers – is that **it depends on how good your resulting structure is**. Ten times out of 10, we'd prefer a candidate to take 2 minutes vs. 1 and provide us with a clear 2-level structure instead of some rushed, unsupported jumble of ideas.

Scoring key 2 (Initial structure)

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)

☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis

☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis

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Creative questions

For all you English and History majors, and hopeful lawyers, this should be a sigh of relief – initial structure is done and you don't have to use numbers here to answer the questions (although you can use numbers to define examples of how something would work).

Just be careful – you can't go paint some Picasso-style abstract picture of what needs to be done – you need structure here as always, and supportable, actionable thoughts. Because structure isn't self-evident, it can seem like you don't need it. Please don't make that mistake – this is the **most important** place to structure if you want to give a distinctive performance.

In addition, make sure you tie the possibilities back to the hypothesis – and use this as a discussion with the interviewer.

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Scoring key 5 (Creative question 1)

☐ **1**   Candidate does not sufficiently answer the question

☐ **2**   Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3**   Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4**   Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5**   Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

---

Quantitative questions

If you weren't sweating just working on the initial structure, numbers questions (mental math – ahhh!) can be equally (or more) terrifying. Quantitative structure looks like a definitive algebraic plan to address the question. You don't have to be Einstein, but you do need to have a good process (not handwritten long-division) to develop assumptions, ask for data, determine an answer, triangulate to see if it's reasonable, and tie it back to the big picture.

Scoring key 3 (Quantitative question 1)

☐ **1**   Candidate does not sufficiently answer the question

☐ **2**   Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3**   Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4**   Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5**   Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

Summary

It's rarely done, but we have seen candidates save a case performance with one flick of their wand – where we thought they were clueless about the big picture, they explain it here. Where we thought they forgot their hypothesis – they address it here. They come up with a definitive, supported recommendation layered on top with insightful, thoughtful next steps – and they're believable!

Now, best-case scenario is that your summary flows out of great mojo throughout the case, but if it doesn't, you still need to bring your A-game here. Why? There were folks who up until the last 2 minutes, we would have axed – but we pass to the next round because their conclusion is so compelling that we believe they should be seen in the next round (with just a little constructive feedback that will help them improve before their next case).

Scoring key 6 (Summary)

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time, and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking clearly through the solution, proposing a direct, actionable recommendation and providing clear, metric-driven next steps for further analysis

---

Interviewer Summary

Beyond the tally of how you did in other parts of the case, the interviewer gets to assess you overall on areas that are covered across multiple sections of the case. When you get recommendations afterwards, these are often what they are talking about. There are 3 key sections:

Case Interview Guidelines

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Structure. Have you arrived to the point of obsessive, consulting-style structure we mentioned earlier? Can they imagine you writing 3-bullet emails to your significant other? Have you consistently applied structure to each question in the case, displaying confidence in your analytical process? If you have, expect a top score here – but if not, take heart – you can improve.

Problem Solving. Did you answer the question? Did you do it with a hypothesis in mind? Was your drive for the answer apparent enough – but also open enough that you didn't assume that your hypothesis would be confirmed? Would they want you on their team? All of those are included here.

Communication. How clear are you? How well-founded are your thoughts? How confident is your style? Did you have a positive, can-do attitude when faced with adversity (or correction)? Did you work well with the interviewer? This is not clearly assessed in any other section of the case, but it's imperative for anyone who wants to successfully sail through the case interview process.

Interviewer Summary

___ **1**   Opening Question (1-5)
___ **2**   Initial Structure (1-5)
___ **3**   Quantitative (1-5)
___ **4**   Creative (1-5)
___ **6**   Summary (1-5)
___ **7**   Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.
___ **8**   Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.
___ **9**   Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____   **OVERALL TOTAL**
_____   **OVERALL AVERAGE**

You can find all scoring templates in appendix B (sent as a separate file).

Now that you know all of our deepest, darkest secrets on case scoring, it's time to get practical. We'll do a deep dive on frameworks so you don't flounder when starting a case – and offer actionable suggestions on how to provide structure throughout the case.

4 Practical Frameworks to Get You Started

We've been working with interview prep clients for 3.5 years without a practical tool to help them understand how consultants think about business. Often we'll cover something in an interview session, and our client will ask, "Where can I read more about this?" We have had nowhere to point them.

There are academic frameworks – like 3CP and Porter's Five Forces – that are great for on the job, and you should be familiar with them (check out Google or Mark Cosentino's Case in Point for a good baseline.) Those frameworks work fine when you have 3 months to actually do a case as a McKinsey consultant, with full research and a deep dive into each area.

But when it comes to practice for solving a case in a case interview, throw the academic approach out the window. You need simple-to-understand and flexible tools to quickly drive to the key insights. You don't have 3 months here – you have 3 minutes (2 to structure your thoughts and 1 to deliver).

Now, there's a new resource out there that we really like – so if you want to go into more detail on any of these, check out Victor Cheng's Case Interview Secrets. It's a good resource, and his approach is very helpful. But there are still some gaps that need to be filled.

We're giving you 4 frameworks that will do exactly this. But before we let the cat out of the bag, here's a framework for the frameworks we're going to give you (literally!)…

For each one, we explain the underlying business concepts, which key questions they're meant to address, delivery strategies, and creative applications – in a nut shell, **when and how to use them**.

Guidelines for the use of the frameworks:

- Use them as a starting point to understand the concepts – then adjust them to the case at hand. These frameworks are tools in your toolbelt – and it can take elements from all 4 to solve your case.
- Listen carefully to the question you're asked to know which one (or ones) to use – often the opening question will give you a direction.
- Not all of them will apply to the opening of the case – your interviewer may ask you a question mid-way through that allows you to switch gears to another framework.
- You can mix and match – weave them together – in order to solve the problem.

- Don't plan to stick only to these frameworks – they're a good starting point, but sometimes you'll have to go off the map.
- The tools we give you is not meant to be comprehensive, but you should be able to solve every case with a subset of the concepts in these frameworks.
- Never use the word "framework" in an interview setting. These are all "structures." The word "framework" will give the impression that you've memorized, or that you're trying to cram the case into a fixed set of rules. It cues the interviewer up to expect a canned response as opposed to something innovative and dynamic.

Without further ado, here are the 4 key frameworks every successful candidate needs to know:

- Market Sizing
- Profitability
- Market Study
- Mergers & Acquisition

We go into great detail on each in the pages to follow.

Framework 1: Market sizing

When to use

Market sizing questions are fairly straightforward – the interviewer is asking you to measure the existing market of an item in total units or total sales ($). The questions that would cue you off (so you know it's a market sizing question) would sound something like this:

1) *How many of X exist in a market?*

    For example: *How many garden hoses are there in Florida?*
    The answer is measured as total units that exist in a market regardless of when they were sold.

2) *How big is the market for X?*

    For example: *How big is the market for cell phones in India?*
    There could be 2 sub-questions for this, either stated or implied:

    a. How many cell phones were sold last year in India?

    To figure this out, you first have to calculate the number of cell phones in India, and then take into account how many were replaced (purchased new). The answer is measured in units.

    b. What is the value of all cell phones sold last year in India?

    This involves one extra step beyond "how many cell phones were sold." After calculating the units sold, you either need to multiply by prices in different segments or an average price. The answer is measured in dollars (or local currency) of sales in a given year.

3) *What is the opportunity if the client introduces X into the market?*

    For example: *What is the opportunity if Saturn introduces a hybrid car into the market?*
    The answer is measured as a percentage of the total sales (units or dollars) that you think the client can gain in a given year.

    Here, you're figuring out how many exist, how often they are replaced (how many are sold this year), and of those, what % the client will be able to sell.

> ___Note:___ A market can be defined by the size of a country (India) or the size of a building (Taj Majal). The framework is essentially useful for anything where the approach is algebraic and the answer is numerical – including brain teasers and estimation questions that don't have the word "market" in them.

How to use

First, you need to define what you're looking for. The question you're trying to answer should fall into one of these categories:

- Market total (e.g., total number or value of iPhone covers in the market)
- Market quantity last year (e.g., total number of iPhone covers sold last year)
- Market value last year (e.g., total amount spent on iPhone covers last year).
- Market share of client (e.g. total value of iPhone covers our client sold last year)

Next, choose 1 of 2 primary approaches:

1) *Top-down* (by population segment or household)
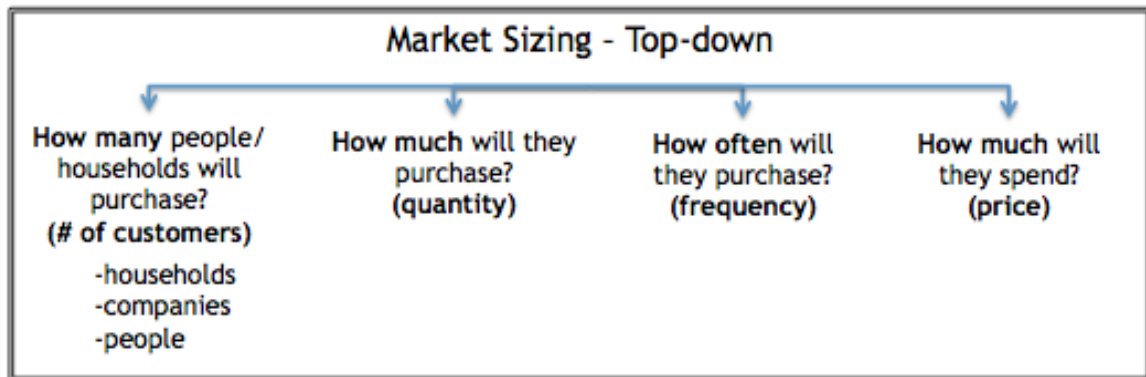
If you're choosing the top-down approach, you'll base your hypothesis on a large overall number, like population and dig down from there – eliminating parts of the initial group as you go. One of the most popular ways of sizing a market, you can divide populations in multiple ways – but the most common is by age. Here are some guidelines for segmenting population by age.

- Use 75-years or 80-years as your overall age span (whichever is more calculation-friendly), and then…
    - Divide the population by 75 or 80 to get size of each 1-year age group OR
    - Divide the population into 5 segments (0-15, 16-30, 31-45, 46-60, 61-75 for an age span of 75), 4 segments (0-20, 21-40, 41-60, 61-80 for an age span of 80), or 8 segments (0-10, 11-20, 21-30, 31-40, 41-50, 51-60, 61-70, 71-80 for an age span of 80)

Note, population doesn't always have to be broken down by age. It can also be broken down by segment (e.g., female vs. male, urban vs. rural).

2) *Bottom-up* (by geography or consumption)

Market Sizing – Bottom-up

| What customer/ product segments exist? | How many purchases are there in "an hour" by segment? | How much is each purchase? | How many hours/ year do they operate? -Assume 50 weeks per year or 350 days |
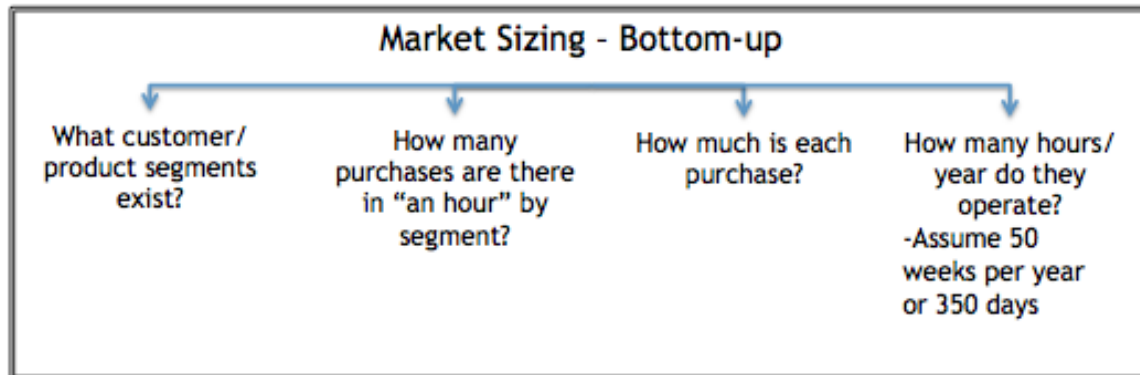
When you take the bottom-up approach, you isolate a single geography, store, unit, consumption pattern, or other micro-element of a larger population – then roll the numbers up to a larger scale.

When you're asked to measure the physical distribution of something, the geography approach is the way to go. For instance, in order to answer the question, *"How many payphones are there in London?"* you'll be better served to estimate how many payphones there are in a city block (starting with a smaller scale), then multiply by the number of blocks in the whole city vs. the top-down approach of identifying how many people live in London, how often they use payphones, how frequently payphones are used daily, etc.

Consumption, in contrast, is where you look at the number or amount of something "consumed," most likely on a given day, and then annualize it. For instance, in order to find out how many bags are lost in a year at Heathrow airport, or how much is spent on Starbucks in L.A., you'll estimate the number of occurrences daily (bags lost or customers served), then multiply by the number of days the business is open (adjusting for weekends, holidays, etc. as you see fit). You may still need to factor in value (e.g. spend on an average Starbucks order), but that's an easy calculation at the end.

For either approach, use market sizing structure to **identify a 4-5 step process** that takes 10-15 minutes to complete. As for a few moments at the start to lay out structure first – mentally and verbally – then go through and support each step of your assumption with explanations.

Whether you use the top-down or the bottom-up approach is up to you – and either is fine – pick the simplest approach for the question at hand.

Just be aware, you may get different answers depending on which route you take. Plan to triangulate your final answer to test how reasonable it is, and if it's a part of a larger case, don't forget to highlight the strategic implications – is the market big? Is our client's potential share attractive?

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Framework 2: Profitability

Profitability

Revenue
- Price/spend
- Quantity

Cost
- **Fixed**
  - overheads
  - interest
  - fixed labor
- **Variable**
  - COGS
  - variable labor
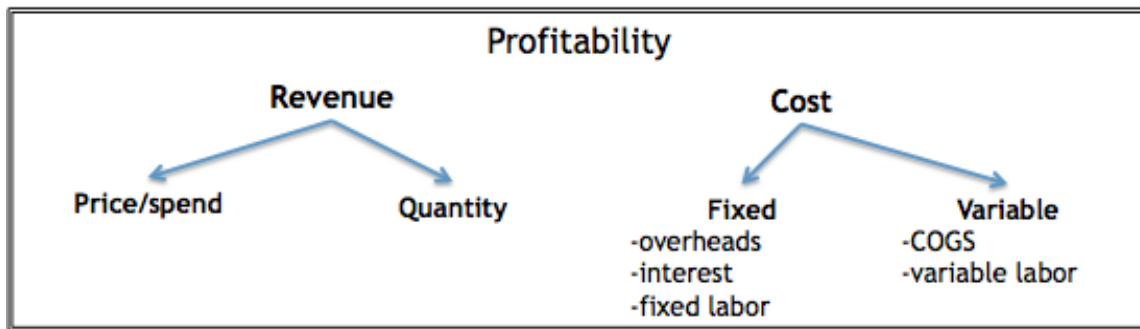
This is the **most important framework to know**. Why? Because profitability problems are most often used to open cases, and they're the most frequently used in cases overall. The concepts are always lurking somewhere – profit is the number one driver behind every business decision.

Think this is drastic? Think about it. Why invest in a new product launch? Increase revenues, yes, but it's only a go if you're spending less than the new product makes (profit). Why buy a company? To increase its profits and farm it for cash or resell it. Why do stock prices increase (ignore the complexity of speculation)? Earnings – aka profits. Yes, in business, profits make the world go 'round.

When to use:

Problems involving profitability can take on many forms, but most look something like this:

1) Growth strategies - *How can our client increase profitability?*

   These are the first type of typical profitability cases (declining profits are the second). In these types of scenarios, clients want to grow – revenues, market share, profits, or all of the above. However, the focus for growth is usually on top-line growth - increasing prices (or spend/customer) or volumes (numbers of customers or customer frequency).

   Just increasing revenues won't ever be sufficient alone. You need to understand which operating costs (fixed and variable) increase for the new initiative, as well as the investment costs the company will incur to launch the new initiative. You also might need to know the payback period.

   Every case that includes revenues should also include costs – although some cases will be almost solely cost-focused. Even if the interviewer directs you toward revenues or costs, make sure you keep the other side of the equation constantly in mind.

2) Declining profits - *The client has hired us because they've been experiencing declining profitability. Why is profit declining and what should they do about it?*

For the second core type of profitability case, declining profits, one or both of these are the drivers:

   a. Declining sales – *The client's sales are declining. What should they do about it?*

If the problem is on the sales side of the equation, the client's prices (or spend/customer) have gone down, or the volumes (number of customer purchases) have gone down.

Now, here's the first opportunity for the blending of 2 frameworks. In the next framework (which we call Market Study), you will study the influences more, but your second level of understanding this question addresses why. Why have sales gone down? The answer might be changing customer needs, or the introduction of a new competitor. Either way, you'll first need to isolate *what's happening*, and then understand *why it's happening*.

   b. Rising costs – *The client's costs are increasing. What should they do about it?*

If the problem is on the cost side of the equation, the client's variable costs (or cost/customer) have gone up, or the fixed costs have gone up – or both. Again, the goal is first to isolate *what has changed,* and then understand *why it's changed*. If you know both (what and why), you'll be able to clearly generate a solid recommendation.

3) Creative cost/benefit

The idea here is that the benefits are the potential increased revenues or savings from reduced expenses. Costs are usually investment costs – what it would take to roll out the new program or process. Sometimes, however, the costs and benefits aren't financial – but they still may be able to be quantified.

Often these types of cases are used for non-profit clients (e.g., foundations, city governments, schools, etc.) for whom monetary profit is not the ultimate goal. You're not just looking for the bottom dollar result – you're also taking into consideration the client's mission. However, you'll still start with the financial (profit) implications – benefits are revenues or reduced costs, and costs are costs or reduced benefits.

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Some examples:

The City of New York is considering shifting their parking meters from coin-operated to digital. Is this a good idea, and why or why not?

The Metropolitan Museum is considering introducing a season pass. Is this a good idea, and why or why not?

Here's an example where the costs and benefits would be measured primarily in non-monetary terms.

Should Meg Whitman run for Governor of California again?

4) Weighing scenarios

In consulting, the idea of economic opportunity cost is not used. Instead, consultants look at the profitability of scenario A versus the profitability of scenario B to decide which one to recommend.

In some interviews, you're given 2+ options and you must measure the profitability of one against the other(s).

Some examples:

You need to get to a client's headquarters. You can either take a toll road that's faster and more direct or surface streets with no toll. Which one do you take and why?

Your client is a manufacturer of saltshakers and they're trying to determine which packaging option is more profitable – the 3 oz. or the 8 oz. What factors should they consider?

In the saltshaker question, for example, you'd want to know how many of each you'd sell, how much each of them costs to produce, and what price you could sell them for. It's entirely possible that it may make more sense to manufacture the 3 oz. because more units will sell, or it may make more sense to sell the 8 oz. because there's no difference in production cost between the 3 oz. and 8 oz. but the 8 oz. can command a higher profit, or maybe there are no competitors for the 8 oz. so you can easily capture more of the market.

The point? Go through each scenario (profit of the 3 oz. and profit of the 8 oz.) and select the one with the highest profitability overall.

How to use:

First, you need to identify which question you are addressing to determine your approach.

Next, you'll likely start with determining revenue (benefits) or revenue drivers.

By definition, revenue is price x quantity. But when you're solving the case, that's not always the best way to think about it. In fact, whenever you do a profitability problem, make sure you understand what the definition of price would be in the context of the case.

In its simplest form, revenue = average price x total quantity. However, as a consultant, you're paid the big bucks to provide insights that not everyone can see – and that means looking at *revenues by segment*. Average prices don't necessarily weight the segments appropriately – and many insights can be gained by digging into the different segments in a market.

Segment your market by customer needs, products, demographics, regions, or any other metric that would have a different price associated with it. Now your revenue equation becomes:

> Revenue = (Price Segment 1 x Quantity Segment 1) + (Price Segment 2 x Quantity Segment 2) + …

When revenue is not segmented by product, what you would otherwise call price is the total spend of the customer. Don't confuse the 2 – the price list is not always the same as price.

Examples:

> Revenue = (average spend of women per month x number of women) + average spend of men per month x number of men)

> Revenue = (Insurance Premium Group A x # People in Group A) + (Insurance Premium Group B x # People in Group B) + …

Knowing the profitability equation is just the beginning. Knowing **what impacts profitability** is the key to the case. When you're thinking about effects on revenue, these are the key drivers:

1) Price

   a. **Overall market demand** - Is the product or service becoming a commodity with multiple providers offering identical options? Is fundamental demand declining for the product (i.e. typewriters)?

b. **Competitors** – Are they driving price down by offering cheaper products or a comparable product for a cheaper price?

c. **Customers** – How much buying power do they have? Are they negotiating for lower prices through bulk discounts?

> Customers do not necessarily equal consumers! Customers are whoever buys the client's products or services – even if they're retailers, resellers, wholesalers, or manufacturers.

Price is the simpler of the two. Quantity is more complicated.

2) Quantity

a. **Overall market demand** – Is it increasing or decreasing (e.g., is the demand for iPhones increasing or decreasing?) Especially if demand is decreasing, you can expect to see declining quantities across the whole market, both for the client and its competitors. (This would also affect prices – it would start a price war as competitors fight for a shrinking pool of customers.)

b. **Competitors** – Are competitors stealing customers (market share)? Are competitors offering a more attractive product or service?

c. **Customers** – Are we meeting their needs? Have their needs changed, or have they found a competitor or substitute that better meets their needs? Are we missing out on targeting an attractive customer segment?

d. **Channels** – Are we marketing and selling through channels that are relevant to our key segments? E.g., if our consumer is buying shoes on the Internet and we have a retail store, we're not selling through the right channel.

So, at its core, revenue is simple – price x quantity. But the nuances we've just explained can help you simply understand what might affect profitability on the revenue side of the profit equation.

Now, let's move to the dark side - cost. There are two kinds of cost that affect profitability – fixed costs and variable costs.

3) Fixed costs

a. **Fixed labor** – Have salaries of management or required staff increased? (note – fixed labor can still be hourly. It just won't flex with the number of units produced).

b. **Marketing** – Has the client increased spend without seeing a related increase in sales? Is there an opportunity to use the marketing budget more effectively? Is the client marketing with the appropriate message? Through the appropriate channels? With the appropriate level of spend?

c. **Overheads** (i.e., rent, general utilities) – Are these increasing? Is there an opportunity to decrease the utilities without impacting operations?

d. **Interest/Depreciation** (i.e., on mortgages, leases) – Are rates increasing? Has the client made a major capital investment?

e. **Taxes** – Has the client moved to another tax bracket? Have they opened a facility in a new location? Are there opportunities to shift to lower-tax options?

f. **Other fixed costs**, e.g., insurance – Are costs increasing?

4) Variable costs

a. **COGS** (input costs) – Are costs rising due to market factors such as an increase in energy prices? Is there an opportunity to negotiate with suppliers or switch to lower cost options?

b. **Variable labor** – Dependent on how much is produced/serviced? Have wages increased without a corresponding increase in price?

c. **Distribution costs** (e.g., fuel, shipping, etc.) – Are costs rising, perhaps due to changes in transportation (i.e. rising fuel pricings)?

d. **Other variable costs**, e.g., storage, variable utilities, packaging – Are costs increasing? Have the client's providers raised *their* prices?

One important note – when talking about profitability, don't confuse costs and prices. From the client's standpoint, prices are what they charge customers and costs are what they pay providers. Keep it clear throughout the case.

In summary, to solve the all-important profitability cases, use simple structures in 2 levels (what is changing, and why) to **identify 4-5 issues** that take 20-30 minutes to explore. Lay out structure first – mentally and verbally – then go through and investigate each potential issue by reviewing the relevant data.

Finally, don't think that profitability won't show up if it wasn't in the posing of the overall question. Even in the next 2 types of cases (Market Study and M&A), profitability will be essential to crafting a well-supported answer.

One last tip – if you're ever not sure about which framework to use, go with profitability. Just be willing to be creative on how you apply it to the problem.

Framework 3: Market study

Market Study

Overall market	Competitors	Customers	Company	Product
-Is demand increasing or decreasing? -Is the market big enough?	-How fragmented/ concentrated is market? -How do competitors compare on prices/ product features? Have they changed? -Have new competitors entered the market?	-How well do we meet customer needs? -What are growth rates by customer segment? -How is our share changing by segment?	-What costs do we incur to enter/operate in this market? -How is our sales force incentivized? -Is our marketing optimized?	-Have we made any changes? Quality? -Could we offer new product? -Packaging, channels, etc.

Now that you have a handle on profitability, you'll see how it works together with this next framework – market study.

The market study framework is our practical variation of the standard 3CP structure. At the end of the day, profitability will *still* show up in many market study cases (now that we've introduced it, we'll never leave it alone) – because when you study markets, you're most often focusing on top-line changes due to either external factors (the overall market, competitors, or customers) or internal factors (company operations or product).

These factors will have an impact on the client's prices, volumes, or both. So…once you've identified what's going on, make sure you tie the changes or shifts back to the core financials.

When to use

The questions here would sound something like this:

1) Market Entry – *Should we enter the market or not? If so, what's our approach?*

   What you're practically trying to answer as the consultant is this: *How much money (profit) could we make if we enter this market?*

2) Market Growth– *How can we increase our revenues?*

   Again, as the consultant, you're trying to answer a different practical question: *Can we increase our revenues by either increasing prices (or spend/customer) or volumes?* In addition, you're wondering: *What competitor or customer actions might prevent us from growing revenues?*

3) Market Share– *Why is our market share declining? What can we do about it?*

> Again, as the consultant, you're trying to answer a slightly different practical question: *What can we do to increase revenues either at or above the pace of the growth of the market (all of our competitors combined)?*
>
> Not only are you focusing on market growth, but you're aware that your market growth will likely be affected (or has already been hindered) by factors such as customer departures or competitors stealing share. In short, you're looking at the way you grow in context to competitors (the rest of the market).

You'll see cases that fall into each of these types of categories in our Case Bank. The same framework can be used to address them, but the overall question (and total calculations) will differ slightly.

How to use

The same factors at work in the second level of the profitability framework are at play here – competitors, customers, products – but the overall structure is different (they're organized differently). You're going to look at all the influencing factors, but the final questions you ask will be different.

First, identify which question you are addressing: Market Entry, Market Share, or Market Growth.

Next, look at the external factors at play. As with profitability, segmentation is important here – not all customer or product segments are affected by market influences in the same way or to the same degree.

1) Overall market

- Is market demand increasing/decreasing? If so, are some segments growing/shrinking disproportionately? Have there been substitutions that have emerged?

2) Competitors

- Who are they? Have there been any new entrants (locally or from outside area/different verticals)? What's our market share (by segment)? Is it changing? Is the market fragmented?

3) Customers

- What are their needs and are we addressing them? Are their needs, demographics, or regions shifting (or is one need, demographic, or region accounting for most of the shift?)?

Next, evaluate the internal factors.

4) Company

- Has the capacity of the company changed? How is the sales force incentivized (or are they?) What is the manufacturing process? Does the company have a high performance culture?

5) Product/service

- General: What are the prices of our products? Have there been any price changes? Have there been decreases in average spend for a particular segment? Does our product/service have differentiating factors that are attractive to our customers? Has there been a shift in quality/merits?

- Channels: Which distribution channels do we use? How do they compare in pricing/penetration? Are there opportunities to shift share or introduce new channels? Is our marketing message, channel, spend effective?

Market study questions are fun to solve, and many involve curveballs (the issue is not obvious, unless you're using our super-practical framework to hunt it down).

There are 2 keys to understanding market study questions. The first is to *understand what question is being asked.*

The second is to focus on financial impact, even when you lead with the framework we've laid out. For each type of question, the financial sub-question will be different:

- Market Entry: *How much money (profit) could we make if we enter this market?*

- Market Growth: *Can we increase our revenues by either increasing prices (or spend/customer) or volumes?*

- Market Share: *In light of what our competitors are doing or have already done, how much can we increase revenues?*

As with profitability questions, use structure to **identify 3-5 key areas** that take 20-30 minutes to explore. Lay out structure first – mentally and verbally – then go through and investigate each area to find the key issues and develop practical recommendations to solve the issues.

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Framework 4: Mergers and Acquisitions

Mergers & Acquisitions

Market	Company	Post-Acquisition Strategy	Risks/Benefits

-Growing?
-Big?
-Competitors?
  -Who?
  -How many?
  (fragmentation)
  -New entrants?
	-Revenues (strong and growing?)
	-Profits (strong and growing?)
	-Market share (strong and growing?)
		-How to increase profits
		-Revenues
		  -Raise prices/avg spend
		  -Raise qty sold/frequency
		-Costs
		  -Decrease fixed costs
		  -Decrease variable costs
			-Other issues that may affect price or desire to purchase
			  -Regulations
			  -Intellectual property
			  -Management team
			  -Strategic fit

When to use

Thank goodness – finally, a case that's super easy to identify which framework fits it perfectly. The context will sound something like this: *Your client, X, is considering purchasing a company.*

The most important thing to know here is what type of acquirer we have as a client. We don't necessarily need to know their integration plan or exit strategy – see, all acquirers are interested in increasing cash flow (making more profits) after purchasing the business. However, their longer term plans may differ – depending on the type of client you're dealing with. For instance:

- A financial acquirer – like a private party or a PE firm – will own 100% of the new company. Their goal is usually to sell the company for a significant ROI – to another private party or through an IPO. To do so, they will rarely integrate it to anything – rather, they'll strip out costs and pump cash into it to grow top-line revenues and profits.

- A financial investor – like a hedge fund – will own a non-majority share of the new company. Their goal is to influence the value of the shares and sell them for a higher price than they purchased them for.

- A corporate acquirer – like a multinational firm or a portfolio holding company – will own 100% of the target company. Most plan to operate the target for a period of time and many plan to integrate the target with their current operations. A percentage of corporate acquirers will strategically plan to resell the target company; however, many corporate sales are not strategic choices, but opportunistic (they are given an offer they couldn't refuse). In addition, defensive acquisition – buying a company to keep intellectual property from the hands of competitors – occurs with a small percentage of corporate acquirers.

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How to use

1) Market Assessment

Start with a market assessment to answer the larger question: is the market attractive? Here are the elements you need to assess:

    a. Size of the overall market – Is it substantial? Are you looking at a $200K market, or is it bigger than that (with plenty of room for the target company to make money)?

    b. Growth of the market – Is it growing? How fast? (e.g, you wouldn't want to enter the market for Walkmans.)

    c. Competitive landscape – Who are the key competitors? How fragmented/concentrated is the market (are there a lot of small competitors or are there a few major players who run the show)?

2) Company Assessment

In every case, the client is looking for upside potential – that's never in question. What you need to understand here is what the starting point is – doing a deep dive into the target company itself will answer this.

You're usually looking at 1 of 2 scenarios (or a blend):

1. The target company is a **top performer** – well-positioned, a brand leader – and you know you're going to make money with it. How can you tell? There are 3 indicators:

    a. You want to see **revenue growth** (historically and projected)

    b. You want to see **profits and/or profit margins growing** (historically and projected)

    c. You want to understand **market share** (whether it's growing or declining)

2. The company has a lot of **room for improvement**, but the price you'd have to pay for it reflects is lackluster status. It's not performing well now, but the client needs to know it has the potential to perform well. In this case, you might want to understand (a), (b) and (c) above for comparable companies, and focus even more on market share – is there a potential to increase the target company's share?

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3) Post-acquisition strategy

A critical part of every M&A deal is the post-acquisition strategy. After the client buys the company, how will they make the acquisition pay back the investment they made – and then some?

Here, you're evaluating the upside potential of the target– identifying areas the client should focus on and the numbers they can achieve. The client will assume that both top performers and underperformers have room to grow. It's your job, as the consultant, to identify just how much room there is to grow.

a. Revenue

- Growth – Can you increase prices/spend? Can you increase quantities – through frequency, purchase volume, number of customers?

- Synergies – If you can combine operations with another company, can you can piggyback on what one company does well to improve the sales of another company - e.g., are there opportunities for cross-selling? Can you adopt the best practices of one company?

b. Cost

- Reduction – Can the company decrease costs without adversely affecting operations? Can they maintain current cost levels but still grow the top-line (therefore, increasing overall profits?) You'll want to investigate both fixed costs and variable costs here.

- Synergies – If the client plan to integrate the target into a parent or another holding company, can you reduce operating costs? Leverage economies of scale? Run through the fixed and variable costs outlined in the Profitability Framework to identify all possible synergies – and remember, some might just be best practices that one or the other company can adopt to reduce costs or spend resources more effectively.

c. Exit strategy

- After the client has increased the value of the company, what do they plan to do with it? Sell? IPO? Continue to operate? Spin-off? Expand?

4) Risks/benefits

In this, the final section of the M&A framework, you can define elements that would affect either the client's decision to purchase the target or the price of purchase.

These factors go beyond, or in contradiction to, the pure financial factors above. Where a deal may seem initially attractive financially, a risk could wipe out the attractiveness with one swift move. These risks and benefits are unique characteristics of a deal that can be difficult to measure in dollars.

a. Management team

- The client may be willing to pay more for a strong team, or less for a poor team, for example.

b. Cultural fit

- The client may be concerned about integrating departments with different structures – e.g. 2 sales departments with different compensation structures

c. Complications

- Governmental regulations can hinder the buying process

- Competitor growth or aggression would affect the buyer's decision or price point.

d. Defense

- The client may be willing to pay more to purchase intellectual property and keep it from the hands of competitors.

As with the other 3 types of cases, use structure to identify 3-4 key issues that you want to evaluate. Lay out structure first – mentally and verbally – then go through and support each area with numerical data.

Good news – recommendations for M&A cases are the easiest to put together. You're either for the purchase, or against it – and if you're for it, your next offer is to create the detailed post-acquisition plan for the acquirer.

And even better news – consultants will rarely ask you to do complex valuation calculations. You need to know how to use NPV, but won't have to calculate it in the case. If you actually go through to an actual valuation, plan to use a simple method – like profit multiples (5X as a standard). Have fun!

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Case Cheat Sheet

After working through hundreds of cases in interview prep with our clients, we found ourselves consistently drilling them on basic business equations, consulting terminology, and data points. Plus, we discovered that many of you either come from no business background at all, or a business background that is so jargon-y and theoretical that you battle to get back to basics.

So…we decided to make a master list – a case interview cheat sheet – of facts and figures **you'll be expected to know**.

Now, when we say cheat sheet, we hope you don't think it's something you get to take into the interview with you. It's got to become a *mental* cheat sheet – that means you'll need to memorize all the data below.

We start off with the must-knows then give you some nice-to-knows – those can give you the edge against a candidate in a close race.

3 must-know equations

1. Market share = The company's sales ($) / Total market sales ($)

Total market sales is also known as the "size of the market."

2. Profit = Revenue (Price x Volume) – Costs (Fixed + Variable)

3. Breakeven is the point at which Costs = Revenue. It is usually quantified in number of units. To find the breakeven point, you can use 2 equations:

- Breakeven units = Fixed Cost/(Contribution Margin = Revenue - Variable Cost)

- Revenue (Price x Volume) – Costs (Fixed Cost + Variable Cost) = 0

6 must-know assumptions

1. Population of major countries and the world

U.S. = 300M   UK = 60M

China = 1B   World = 6B

2. Population of your country (fill in the blank)

3. Major international currencies and their value (i.e., US dollar, Chinese yuan, euro, GB pound)

4. Average life expectancy – Use either 75 or 80 years (whichever is easiest to calculate)

5. Number of people in an average household (3 in developed countries, 4-5 in developing countries)

6. Gender split - 50% male, 50% female

18 must-know terms

1. **Amortization** – An allocation of the cost of an intangible asset over its estimated useful life.

2. **Cannibalization** - In marketing, a situation where the sales of a new product (introduced as an extension of an established brand) or differently branded product eat into the sales of other products within the same line.

3. **Capacity** – The total number of units capable of being produced by a manufacturing machine or facility in a given measure of time, usually 1 year. Utilization is a measure of the % of capacity a company has in use.

4. **COGS** - Cost of Goods Sold. The direct costs of the production of the goods sold by a company, such as the cost of the materials used to create the good. In accounting terms, the direct labor costs used to produce the good are included, while indirect expenses such as distribution costs and sales force costs are excluded. Consultants may use COGS loosely to imply the cost of material inputs only, or may abide by the accounting definition.

5. **Contribution margin** – The difference between the price per unit and the variable cost per unit; used to determine gross profitability per unit before considering fixed or investment costs (e.g. price is $5, variable cost is $3, so contribution margin is $5-$3 = $2). Otherwise known in layman's terms as the contribution one unit of a product makes to gross profit.

6. **Conversion ratio** – The percentage of customers who purchase or adopt a product or service out of the total target population; often used as a measure of success for marketing campaigns.

7. **Cost-plus** - A pricing method in which the selling price is established by adding a markup to total variable costs. The expectation is that the markup will contribute to meeting all or a part of fixed costs, and generate some level of profit.

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8. **Depreciation** - A method of allocating the cost of a tangible asset over its useful life. Businesses depreciate long-term assets for both tax and accounting purposes.

9. **Fixed costs** - A periodic cost that remains more or less unchanged irrespective of the output level or sales revenue, such as deprecation, insurance, interest, rent, salaries, and wages.

10. **Incremental Profit** - Profit made in excess of the forecast/estimate.

11. **Margin** - A ratio of profitability calculated as income divided by revenues, or profits divided by sales. It measures how much out of every dollar of sales a company actually keeps as earnings. For example, a 7% net profit margin means the company has a net income of $0.07 for each dollar of sales. Profit margins are usually measured in %, and can be either gross margins (no overheads deducted) or net margins (overheads deducted).

12. **Market Share** - A percentage of total revenue in a market captured by one brand, product, or company. Relative market share (used often by Bain) are revenues of the client divided by revenues of the largest company in the market (or the second-largest, if the client is the largest). An RMS >1 means a client is a market leader.

13. **Payback period** - The time required to recover an investment.

14. **Profit** - Profit = Total Revenue – Total Expenses. A financial benefit realized when the amount of revenue gained from a business activity exceeds the expenses, costs, and taxes needed to sustain the activity. Profit that is gained goes to the business's owners, who may or may not decide to spend it on the business. Profit is the king of all financial metrics and the #1 indicator of the success of a business.

15. **Profit multiples** - Product of pretax or operating profit and a number (called market multiplier), which is either estimated from the selling prices of comparable businesses, published by the financial press in some countries or determined by agreement between the buyer and seller. This number commonly ranges from 1 to 5 or more, depending on the current popularity or potential of a particular type of business. A high profit multiple indicates that a business is attractive, and is used as a measure of the maximum number of years a client is willing to take to pay back the investment.

16. **Size of the Market** - The number of individuals in a certain market who are potential buyers and/or sellers of a product or service. The size of the market does not necessarily indicate parties that will buy – just those that will potentially buy.

17. **Valuation** – Appraising/estimating the worth of something having economic or monetary value. Valuation methodologies can include NPV/DCF calculations, but most often in cases are handled by simple profit multiples. Valuations can be used for the purchase of entire companies, or restricted to investments such as capital equipment.

18. **Variable costs** - A cost that varies in step with the output or the sales revenue of a company. Good examples are raw material, energy usage, labor, and distribution costs.

    (Definitions from Investopedia, Business Dictionary, and MC experts)

3 *nice-to-know* math formulas

These are not often used, but they're good to know.

1. Volume of a sphere = 4/3 π x the cube of its radius

2. Volume of a cube = length x width x height

3. Volume of a pyramid = 1/3 x base squared x height

5 *nice-to-know* data points

1. 5280 feet in a mile, 1000 meters in a kilometer

2. Standard size of a city block, e.g., in NY City a short block is 1/8 of a mile and a long block is ¼ mile

3. Football field is 100 yards long

4. Price of gasoline, per gallon (U.S.) and per liter (Euro and GBP) - current

5. Miles/gallon (U.S.) – or Km/liter (international) of a car (20-25 mpg), consumer truck (15-20 mpg), and commercial truck (8-10 mpg).

10 Case Practice Mistakes You Don't Want to Make

Hopefully you're reading this book before you've made the following 10 mistakes. Start out on the right foot – persistent use of any of the following will **permanently** trip up even the most dedicated consultant wanna-bes.

1. **Reading cases.** Reading cases are about as useful as preparing for your speech by reading someone else's script. You get yourself pumped up, think you really know what you're doing, and then you get into the interview, and…you freeze. The best way to avoid stage fright is to practice every case, out loud, with a partner. (You can read and process them afterwards, but never before).

2. **No business understanding.** Yes, the cases are designed to be able to be cracked by an English major with a good nose for value, but you need to know some basics like profitability, why a company buys another company, and how companies grow, as well as the key calculations businesses use for evaluation. Every business issue is tied back to these core topics. (Don't worry – we give you a cheat sheet in just a bit.)

3. **Overinflated sense of business understanding.** This is almost as bad as no business understanding. You may have just graduated from a top undergraduate business school or MBA, you may have the equation to calculate a complex DCF or ratio memorized, or you may have worked in a business, but it's possible that you've never taken the time to clearly distill how an owner would think about the business – using just the basics. Why is growth important? What kind of company is an attractive acquisition? What defines winners and losers in a market? The best case candidates can think of a case from the high level, and use data to support their responses.

4. **Volume ≠ Quality.** We often get the question – how many cases do I need to practice before I'm ready? Our response? It depends on your history and the quality of your practice. If you're not using cases that have defined interviewer/interviewee roles, and you're also practicing with an amateur who has never worked in consulting, you are not simulating a real case environment – the more cases you practice like that, the more bad habits you will develop. Either get your hands on the best materials available to practice with friends/family or make sure you practice at least a few cases with a professional. We offer both a Case Bank with 500+ cases and interview prep sessions as resources for you.

5. **Not simulating a real case interview.** Unless you're working with a case prep professional who is coaching you through responses, the cases you do should take no more than 30-45 minutes; you need to feel time pressure so you can learn to adjust. Additionally, it's helpful to dress up so you are used to wearing a business suit, and it's also good to practice using only the tools you will have – no calculators, just pen and paper.

6. **Letting bad habits slide.** Unless you are the exception, establishing bad habits during practice will guarantee you will demonstrate them in an interview. Here's a key example – note-taking. Some firms are notorious for collecting your notes at the end of the interview to see how structured they were (although in reality, they probably could tell based on your performance). If you finish a practice case with crappy notes, go back over them and re-write the notes until they are presentable. The next time, force yourself to improve.

7. **Memorizing 18 frameworks.** As you'll see in our "secrets to scoring," just using a framework does not get you points. Some of our clients, after trying to memorize 18 frameworks (most of which are heinously academic and don't include a financial component – which **every** case includes at some level), come up with some really confusing stuff and manage to demonstrate no practical understanding of the business issues at hand. We have to get them back to the basics and down to the details. You need to know a few frameworks to structure the beginning of any case, but more importantly, you need to know how to build structure where there is no structure – for calculations and even for brainstorming. We'll cover this more later.

8. **Too much focus on cracking the case.** Look, if you don't crack the case, it will be hard for the interviewer to vote you into the next round, but *just* cracking the case is not everything – and too much focus on it during practice can really freak you out if you miss a key point during the interview. If you consistently crack the case in practice, you could also be disappointed and confused if you do crack it in your interview but are not invited back. Remember - the firm has already cracked the case problem that they are presenting you – it's not life or death if *you* solve it. What they do absolutely, positively have to see is that the **process you use to solve the case makes them comfortable** with your ability to solve *any* case, not just the one at hand. Keep this in mind - the *way* you crack the case, not just cracking the case, is what's really important.

9. **Crappy structure.** This is the electric chair for average, unprepared candidates, and it's not just the first question (the notorious structure section) that can kill you (although it's the #1 cause of death). The top firms (but really, every firm) is looking for your ability to build structure where there is no structure, and that means laying out the algebra behind a problem before solving it, defining a brainstorming question by 3 areas of focus, generating recommendations and next steps based on the 3 key things you learned and the 2 you would still like to explore, etc. The #1 feedback given to candidates, even if they are invited back, is that they need to improve their structure. We know you don't always know what that means, so more tips on this later.

10. **Trying to prepare too close to the interview.** Some people come to us before they establish bad habits, but others we have to help unlearn old ways – or sadly, some come to us desperate, the day before their interview, and there's only so much we (or they) can do. In a best case scenario, you give yourself at least a month before your interview (starting at least 2 weeks before applying) to prepare, and blend your practice with current/former members of a firm and friends. Give yourself plenty of time to start thinking like a consultant – if, while waiting in line in your favorite restaurant you begin assessing the 3 ways they could enhance profitability, you'll know you're there!

Building Castles in the Sky: Secrets to Case Structure

Key tactics to utilize throughout the interim part of the case.

As we explained earlier, when someone receives feedback after completing a case interview (hopefully when being passed to the next round and coached on how to improve, not as an explanation of why their road to consulting just ended abruptly), "you need to be more structured" is the most frequently offered advice. We've discovered, in working with hundreds of clients, that most of you **don't really know what a consultant means** by that – especially if you gave a good structure to start off the case. Here, we aim to deconstruct the secret ways that consultants look for structure so you can use them to your advantage.

When working with our premium services clients, they are often amazed (and bewildered) at a comment we make when laying out the insider view of cases. It's this – *"Your primary job is not to solve the case."* In fact, there are interviewees that can consistently get the right answer in cases but will not get the offer. Why? Well, first of all, the case has already been solved – so the urgency for the answer has worn off. More importantly, the issue at hand is that your job is to **make the consultant comfortable with your decision-making process** – demonstrating that the standard method you use is highly likely to lead you to the correct answer. Of course, if you crack the case in the meantime, that's great news too.

We touched on this before…consultants are highly risk-averse creatures, and they are asking themselves **3 key questions** throughout the whole interview:

1) Can this candidate do the job? Would I want this candidate on my team, especially in a pinch?
2) Is this candidate a savvy communicator? If I left them with a client for an hour, would they make me look amazing or would I have a mess to clean up?
3) Would I enjoy working and traveling with this person? Would I be happy being stuck in the airport with this candidate for 8 hours?

These 3 questions are answered in subtle ways throughout the interview, and the use of structure is as soothing to a consultant as a pacifier is to a baby – it says, "I'll think through what I'm about to say before I say it. I'll look at a situation from multiple angles. I'll work within a plan that minimizes my opportunities for mistakes." In short, you're saying, "You won't have to micro-manage me." That's music to the boss's ears.

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Now, we've already covered structure in great detail when we talked about the up-front structure of a case - frameworks. But how can you communicate structure consistently throughout the whole case? What do distinctive problem solvers offer? We call it the ability to "build castles in the sky" – use structure without prompting, and create order out of chaos.

Here we go into multiple ways you can use structure as you move through the case – and how to practice these tactics if you're just starting out.

It's worth noting that while we focus here on structure in the case interviews, your use of structure really starts in the fit interviews. By way of a recap, you need to be sure to structure your responses right out of the gate – from "walk me through your resume" to "tell me about a time…" There are **3 key tactics** you can use – these themes will arise in this section once again.

1) When telling a story: The situation – Your role – Your action – The Result
2) When given an open-ended question: Respond in threes
3) For all questions: Summarize conclusions

Now, recognizing that many of the following tips carry over from fit interviews to create a consistent portrayal of structure throughout the interview, let's transition over to structures that are useful during cases.

1) ***Restate the question clearly, in bullets if possible***. Good news – you get easy points for structure by just re-stating the question. The only rule? You can't restate it verbatim – it takes too long, and you'll sound like a parrot. Instead, abbreviate and "re-structure" the question.

   This achieves a few key goals. First, you confirm that you heard correctly. Second, you buy yourself some time to plan how to respond. And third, you can demonstrate that you can use what you're given and structure your approach to tie it to the overall question.

   What is the alternative? Not pretty. By not restating the question at all and launching in to an answer right away, you fail to accomplish a few key objectives:
   a. You don't show that you know where you're going
   b. You don't demonstrate you know what you need to get there
   c. You can't identify what's missing

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> **Interviewer:** "First, our team wants to investigate the drivers of growth in the infant diaper market. What would you say are key drivers of growth?"
>
> **Model response:** "Awesome. So, just to confirm, I am going to propose a few key drivers of growth in the infant driver market. To clarify, we are talking about the market in the U.S. only, correct? And we're not just talking about growth for our client's sales, but demand in the market overall? To restate, we're not talking about actions our client can take to grow sales, but external factors that drive the need to purchase or interest in purchasing infant diapers."

2) ***Explain where you're headed.*** Before launching into the full response for a question, a master of structure will give the key high-level points. Now, novices starting out find this terrifying – how do you know that what you lay out at the start is where you want to finish? How do you make sure you don't forget the most important thing? What if you forget which numbers you're using? Never fear – there are ways to use structure without being confining.

   a. ***Identify key areas to look at using general terms, not numbers.*** You don't have to use structure that weds you to a certain laundry list – if you say you have "3 things to look at" but come up with a fourth, it's harder to adjust. Instead, use keywords like "First, second, finally" – you can add as many items in the middle as you need to.

      You should be aware, however, that every mini-structure should have a minimum of 3 bullet points (even profitability really has 4, if you count volumes, prices, fixed costs and variable costs).

   b. ***Tell the interviewer your game-plan.*** If you've been tasked with doing a comparison or you're working on a quantitative question (vs. coming up with creative ideas, where the previous approach really applies better), you want to tell the interviewer your plan before jumping in.

      This way, you can check on your strategy before getting into the middle of a calculation and realizing there is an issue or a missing piece of information.

There are 3 key opportunities to use this kind of up-front structure:

i. If you're doing a comparison between your client and a competitor, first look at the client and then at the competitor – and use those verbal cues (*"I'd like to look at the market share for each of the last 5 years, first for our client, and second for our key competitor. That should tell me how share has changed."*)

ii. If you're comparing 2 scenarios, first explain one, and then dive into the second. (*"I'd like to look at the base case profitability first, and then evaluate the potential increase in profitability that would result from introducing apple juice into the market."*)

iii. When starting a quantitative question, lay out the algebra before diving into the numbers. (*"First, I'll need to know the number of patients in each of the 3 key segments. Then, I'll need to know how much each segment spends on average on prescriptions each year. That will allow me to calculate the total spend on prescriptions by segment to identify the most valuable segment to target."*)

3) *When you complete repetitive actions, walk through them the same way.* If you go through the same actions twice – calculations especially – make sure you use the same methodology both times (or all 3 times, or however many times you complete the action). You're trying to communicate a clear, organized approach – which, in practice as a consultant should minimize mistakes (or at least maximizes your chances to catch the mistakes yourself).

For example, if you're looking at a base case and a new option, either **look at both elements for each in turn** (e.g. revenues of base case and revenues of the new option, then costs of base case and costs of the new option) **or look at one complete scenario first and then at the second complete scenario** (e.g. revenues and costs of base case, then revenues and costs of new option).

Subliminally, you're creating a table or spreadsheet with responses to these kinds of questions – and every consultant loves a well-organized spreadsheet!

One key note here – your notes should reflect the way you complete questions of this kind. You should either have scenarios side by side, or up and down in a table– you shouldn't weave a labyrinth around your page or scribble in the margins.

4) ***Recap your findings***. If you do nothing else, make sure you take the time to recap your findings. **The last impression of an answer is as important as your first impression.**

Why? An otherwise hopelessly disorganized answer can be saved by adding a recap to your findings, and as you practice organizing your thoughts after-the-fact, you'll become better at presenting your organization before you get started.

If you get only one part of subliminal structure right, this is the one you should go for! Using a recap at the end of literally every question is a must, and there are 2 key reasons why:

a. ***Recaps allow you to creatively pull together a stream-of-consciousness approach***. If you are all over the place in your answers, but you realize that you touched on 3 key areas and highlight those key areas in your recap, you make it sound like you had a secret structure all along.

b. ***Recaps set you up to confirm that your hypothesis/finding is reasonable, explain the so-what, and present next steps***. Regardless of whether you're doing an interviewee- or interviewer-led case, you'll want to make sure you are creating a bridge between the answer to the question you've been asked, tying it back to the hypothesis, and creating momentum toward the next answer. With each part of the case, you're building toward your final conclusion – either *evaluating the situation, identifying the problem,* or *proposing solutions to the problem* you've identified. These all tie back to the start of the case (your hypothesis) and culminate in the end of the case (your conclusion).

5) *Explain the so-what*. After recapping what you've found as you've answered the question, tie your conclusion back to the hypothesis. This is an extension of a good recap – beyond regurgitating what you've found, explain how it confirms or denies your hypothesis and contributes to the answer of the case. Explaining the so-what shows that you can digest data and create strategy from it – that beyond what's obvious (what the data tells you), you can explain why the client should care (what the client should do).

> **Example:** Let's say you found that a new competitor entered the market 2 years ago and that they offer a product identical to ours, but at a lower price. So what? You need to explain that the new competitor entering the market might have led to the initiation of a price war, or a market share decline for our client, or both.

6) *Refine the hypothesis*. After completing your recap and explaining the so-what, take a minute to tie your answer back to the overall hypothesis. Did you hypothesize that the client should enter this new market? How does what you just found confirm or deny that hypothesis?

Your terminology here doesn't have to be definitive – it can be directional (for example, "It looks like this may be telling us that entering this market would actually be more risky than we had initially supposed). Refining the hypothesis as you go shows the interviewer that you're aware of the underlying structure across the whole case, and ties the micro-structure of each question to the macro-structure of the case.

7) *Suggest next steps*. Many candidates, especially in interviewer-led cases (where you know the next question is coming regardless of whether or not you recap and provide next steps), don't do this in the interim of the case – they only do it at the very end.

Maybe you're worried about looking stupid by providing next steps that the interviewer doesn't offer, or you've just gotten lazy as you're spoon-fed the questions. Either way, next steps have more upside than downside – in the worst case, you give the interviewer the notion that you are self-motivated and care about what's coming next, and in the best case you pre-empt their next question and look like a genius.

In an interviewee-led case, this step is critical to moving down the pathway toward the answer. Suggesting next steps tells the interviewer you know where you are and have a plan for where you're going next.

Where a recap starts the building of a bridge to the next question in a case, this action completes the bridge. Great ideas to include in next steps are:

a. *Further analysis*. You may have answered one question, but still have others that are outstanding. Perhaps you looked at one segment, but want to look at others. Maybe you investigated revenues, but need to investigate costs. Maybe you quantified the upside of one market, but haven't quantified the downside. In any case, further analysis is always an appropriate next step.

b. *Implementation planning*. Especially later in the case, when you've identified what you'd recommend for the client to do, you can offer implementation planning as a key next step. What does this convey to the interviewer? You're inside the mind of a consultant –after all, each strategic case ends with an upsell to offer implementation, so you're already demonstrating your potential for an upward trajectory in the firm.

c. *Pilots/trials*. A key focus of any point of implementation – after you've decided what you will recommend, and how you will work with the client to put it in place, is a *soft launch*. Let's say you suggest re-branding, or re-pricing a key product. Would you roll it out across all stores nationwide in one go? Probably not. Instead, recommend doing a test to confirm that your recommendation works before making an enormous investment.

Making structure natural

Want to become a structure genius overnight? It might be hard, especially if you're an English major used to flowery language and a full exposition of every idea from multiple angles or a researcher used to a 2-year cycle from hypothesis to conclusion.

We've provided some tips to our premium clients over the years, and we thought they'd be worth including here.

In short, we recommend bleeding beyond the borders of case practice to employ the tactics we've listed below. As we've said before, consultants aren't just consultants on the job – they are consultants **all the time**.

Use the following to practice structure as you're getting started, so structure becomes more and more natural the closer you get to case interview day.

1) *Emails*. If your email doesn't include an intro, bullets, and a conclusion, you're not emailing consultant-style. Get started in your written word – where you have the chance to edit and review – and it will carry over into the spoken word.

2) *Personal/fit interviews*. You need to practice for interviews anyhow, so why not start right away? Get structured in the way you talk about things you are an expert about – like your personal experience, a class you've taken, or even your hopes and dreams.

   Present them in threes, and provide context, bullets and conclusions. The better you get at this (think elevator pitch), the more effective you'll be with networking – and you'll be ready to apply your natural structure to unfamiliar topics (like cases)!

3) *Personal practice*. You can test out how you are at building castles in the sky when you're practicing on your own. Of course, any good mock interviewer will be looking for them – but can you recognize when you're using them on your own?

   Bring a smartphone to your personal practice section, speak out loud, and review the cases you do by yourself for the above tactics. How many do you deploy? How consistently? Get good at using them when you're relaxed, and you'll be ready to be put on the spot.

10 Bad Habits to Avoid

If you've got any bad habits, you know how hard they are to break. The reason they've become bad habits is either, one, you haven't recognized them, or two, you've never been told to stop. Check yourself!

A lot of these habits come from practicing alone – which is another reason to do partner cases! Even then, however, your partner is inclined to be nice to you, and may not know what they should be looking for – it's your job to encourage them to look for these issues.

1. Practicing without time pressure.

2. Allowing yourself to be spoon-fed the data without asking for it.

3. Ending your answer without summarizing the question and tying it back to the hypothesis.

4. Poor note-taking. Some firms collect your notes after the interview – they're looking for evidence of your structured approach.

5. Giving responses that do not interact with the interviewer.

6. Reading the answer before you try answering it completely.

7. Applying oversimplified structures – in the opening question, the initial structure, quantitative questions, and creative questions.

8. Using standard frameworks without tailoring them to the case question at hand, through emphasis or addition/subtraction of parts.

9. Relying on data to tell you the answer instead of structuring a hypothesis that you work to confirm or disprove.

10. Not practicing in environments where the other interviewer can see you (either in person or via video chat).

We offer 1:1 interview prep, so make sure you take advantage of time with us.

Case Studies and Exhibits

Case studies are the bread and butter of the interview process. Not only do they account for a majority of your interview "score" when firms are determining offers, they also require the most preparation.

Case studies hold their esteemed role because they mirror a real consultant's work. From sizing markets to exploring acquisition opportunities, from analyzing sectors to communicating summary findings – solving case studies is the **best simulation possible** for an actual consulting job. Until you land the offer and get started, that is!

In the 3rd edition of this guide, we've expanded the number of cases to 16 – and we offer an online Case Bank with 500+ cases if you bought the bundle. If you focus on this enormous case resource alone – along with the frameworks and guidelines we outline for you – we've provided tools you need to ace your case interviews in a one-stop-shop.

What to Expect

We've categorized our 16 cases here into 3 categories – mini cases, self-guided cases, and partner cases. Within each section there are a variety of case types and skills tested.

Give yourself 10-15 minutes for each mini case. For self-guided cases, your goal is 20 minutes. For partner cases, shoot for 30 minutes from start to finish.

In our online Case Bank, we give you data on each of the 500+ cases to give you the ability to target the types of cases you're looking for. Here are some of the items we include:
- Case name (from dozens of industries, like retail, financial services, healthcare, transportation, oil and gas, etc.)
- Case type (profitability, M&A, brain teaser, PST, human capital, investment, market entry, operations/supply chain, etc.)
- Which of 25 firms wrote it
- Which interview round it was used in (1 or 2)
- Whether diagram(s) are included
- And more!

Now, let's cover an overview of what you can expect for each of the case categories included in this book.

Brain teasers

In their pure form, brain teasers are uncommon in management consulting interviews, but we include them here for 2 reasons. One, it's good to be prepared for them in case you have an interviewer who decides to throw them in, and two, you solve them the same way you solve a market sizing question – so it's great practice.

Mini cases

Cases 1-8

Also called sizing cases, mini cases are tough – you're expected to present a sound solution with minimal data. The cases can be ambiguous and complex, and range from geometry-related brainbusters to foreign currency puzzles.

Sizing questions are meant to test the following:

- Your facility with calculations
- Your analytical horsepower
- Your "business judgment" in making assumptions
- Your communication skills –describing a process and summarizing results

With full-fledged cases, there are more qualitative components and fewer calculations that are dependent on previous calculations, so there is less risk that a small mistake will build into a big one. With sizing questions, it's the opposite – the **little mistakes can kill you**. A simple error in order of magnitude, units, or assumptions can completely turn you upside down. To avoid upheaval, follow our advice:

1. Ask for 30-60 seconds upfront to **gather your thoughts**. (Any longer and you're asking for trouble.)
2. **Round your answers** to calculation-friendly numbers. If your answer comes to $5400, use $5000.
3. When making assumptions, **use calculation-friendly numbers** and percentages, like 5, 10, 25, etc.
4. Clearly **label units**. This will help avoid confusion and make sure you're answering the right question.
5. **Avoid numerical ranges** – they complicate solutions and slow progress.

6. Use a **"sniff test"** to "sanity-check" the validity of each calculation. This will help you catch missteps as early as possible.

7. It's okay to **communicate doubts** and mistakes with the interviewer – don't expect them to give you the answer, but leave the door open if they're willing to provide you with more info or point you in a direction.

8. **Interpret interviewer body language** – nodding is good, a quizzical or doubtful look is bad.

9. **Communicate each step** in your thought process clearly and concisely – remember, this is as much about how you communicate as it is a test on your ability to problem-solve.

10. **Don't overcomplicate** the solution – keep it simple.

Self-guided cases

Cases 9-12

These are cases you can do on your own. We've given abbreviated responses, but feel free to be creative. These are meant to give you a sense for how cases flow and to test your skills before going one-on-one with somebody else.

Optimally, try to respond to the questions before you read the answers (have a blank sheet of paper handy to cover the answers). At the very least, write down bullets or quick notes on what your answers would be. At best, use a smartphone to record yourself giving answers verbally – and actually review them later!

Partner cases

Cases 13-16

These cases are specifically built for mock interviews – with a partner acting as your interviewer. The best part about these is that we provide you with a complete framework for your partner to use – so if they're not a consulting whiz like you, they can still help you practice.

Give your partner 10 minutes to read through the case before you begin. They need to understand what they're listening for, so they can adequately score your answers – and know when and how to prompt you if you get stuck or ask questions.

The better you can prepare your practice partner, the more effective they'll be in delivering the questions and assessing your responses. Ideally, your practice partner will score you as you're giving your answer – so you avoid long periods of down-time once you've finished your answer.

Don't feel wedded to the model answers we've given. You have a lot of leeway to create your own responses – but feel free to use our answers to understand how a successful candidate would sound.

Now, on to the cases!

Brain teasers

Solving brain teasers requires a clear understanding of the case interviewer's objective, an ability to break down the question into relevant components, and the application of logical thinking to find the solution – all skills needed to tackle case studies and market sizing cases. And they're more interesting for the interviewer – they get to test your creativity and ability to structure, while giving some variety to the interview.

Brain teaser #1

If you look at a clock and the time is 3:15, what is the angle between the hour and the minute hands?

Answer:

Remember that both the hour hand and the minute hand move. The distance between any two hours is 360 degrees / 12 hours = 30 degrees. The minute hand will show 15 minutes. The hour hand will move towards 4 o'clock by 15 minutes / 60 minutes = 0.25. Multiply 0.25 x 30 degrees to get **7.5 degrees**.

Brain teaser #2

You have a 9-gallon jug and a 5-gallon jug. You need to obtain 6 gallons of water. How would you do this?

Answer:

Fill the 5-gallon jug and pour it into the 9-gallon jug. Fill the 5-gallon jug again and pour it into the 9-gallon jug. When the 9-gallon jug fills, you should have 1 gallon left in the 5-gallon jug. Empty the 9-gallon jug. Pour the 1 gallon from the 5-gallon jug into the 9-gallon jug. Then fill the 5-gallon jug and pour it all into the 9-gallon jug. You end up with **6 gallons**!

Brain teaser #3

You have 12 coins. All are identical if you look at them. However, one is heavier than the rest – it's a fake. You have a scale. You can only use the scale 3 times. Can you determine which coin is fake?

Answer:

The solution for this one is rather long and complicated.

Take 4 coins and weigh them against 4 other coins. Two things can happen here – either you get an imbalance or you don't. Let's tackle these scenarios separately.

First, let's assume we get an imbalance. That means we have a group of 4 heavier coins and a group of 4 lighter coins. Since we know that we have only one fake coin, we know that it is definitely among these 8 coins. The 4 remaining coins do not contain fakes so you can ignore them.

Take 3 out of the 4 heavier coins and weigh them against 3 coins out of the 4 lighter coins. Again, two things can happen here – either you get an imbalance or you don't.

a) Assume you get an imbalance, and the heavier coins are shown to be heavier again. Now we know that the fake heavier coin is in that group of 3. Now we have 1 weight left, and 3 coins of which 1 is heavier. Just take 2 and weigh them against each other. If they balance, the remaining coin is the fake heavier one. If they do not balance, the heavier coin is the fake!

b) Assume you don't get an imbalance – you've only got two coins left! Use your last weight to match those against each other. The heavier coin is the fake.

In the second scenario, assume you don't get an imbalance when you weigh the two groups of 4 coins. That means the fake has to be in the group of 4 coins you didn't weigh.

You have two weights left. First, split the 4 coins into two groups of 2 coins, then weigh those against each other. One side will be heavier than the other. Ignore the 2 lighter coins and weigh the 2 heavier coins against each other. The heavier coin is the fake.

Brain teaser #4

There are 10 bowls with 10 coins in each bowl. One bowl contains fake coins which are 1 gram lighter. Using one weight (i.e., you can only weigh coins one time), how would you determine which bowl contains fake (lighter) coins?

Answer:

Take 1 coin from the first bowl, 2 coins from the second, 3 from the third, and so forth. Compare the total weight with the theoretical weight. If the total weight is 3 grams less than the theoretical, the 3rd bowl contains the fake coins.

Brain teaser #5

4 people (A, B, C, and D) need to get across a narrow bridge to play a concert. Since it's dark, a flashlight is required to cross. However, the band has only 1 flashlight, and only 2 people can cross the bridge at a time. (If one has crossed the bridge, he can come back by himself with the flashlight.) Person A takes only 1 minute to get across, B takes 2 minutes, C takes 5 minutes, and D takes 10 minutes. A pair can only go as fast as the slowest member. They have 17 minutes to get across. How should they do it?

Answer:

A and B go first. A would then return. Then C and D should go. Then B returns and picks up A. 17 minutes.

Brain teaser #6

What is the sum of numbers from 1 to 1000?

Answer:

Sum of an arithmetic sequence. (1+1000) x 1000/2

Brain teaser #7

If you have 7 red balls and 9 blue balls in a pocket, how many do you have to pull out blindly in order to ensure that you have a red colored pair?

Answer:

Take worst possible scenario. R-B-B-B-B-B-B-B-B-B-R = 11 balls

Brain teaser #8

There are two rooms and one door between the two. Room 1 has 3 switches. Room 2 has 3 bulbs that are turned off. You are in Room 1. You can go into Room 2 only once. How do you identify which switch leads to which bulb?

Answer:

Number the switches from 1 to 3. Do not touch the first one. Switch the second one on for 5 minutes and then turn it off. Switch the third one on, and leave it on.

Go into Room 2. The illuminated bulb belongs to switch 3. Touch the remaining two bulbs. The warm bulb belongs to switch 2, and the last bulb belongs to switch 1.

Brain teaser #9

You have two fuses that burn at varying speeds. However, both burn up in 1 hour. Find a way to time exactly 15 minutes.

Answer:

Light both ends of the first fuse and one end of the second fuse.

When the first one is gone (30 minutes have passed), light the other end of the second fuse. Start timing!

When the second fuse burns out, you've timed exactly 15 minutes.

Brain teaser #10

You hire a girl who works for 7 days. You want to pay her with gold. You have 1 long bar of gold with 7 parts (like a long chocolate bar). You need to pay her one piece every evening. Where should you snap the bar, if you can do it only twice? If she has some gold, she can give you change.

Answer:

Snap the bar in 1, 2, and 4 pieces in long smaller bars. On the 1st day, give her the 1 piece. On the 2nd day, give her the 2 piece. On the 3rd day, give her the 1 and 2 pieces. And so on.

Brain teaser #11

There are two doors. There is a guard in front of each door. Your job offer is behind one of the doors. You need to find out which door leads to your offer. One guard always tells the truth, the other always lies. You do not know which guard lies. How would you find out which door contains your offer?

Answer:

Ask, "If I asked the other guard which door is correct, what would he say?" Both guards will direct you to the wrong door in this case. The other door would hold your offer.

Case 1. How many personal computers are used in the U.S. today?

Start by clarifying the case to precisely define the problem.

Example questions you could ask would include:

1. By computers, do you strictly mean retail computers (e.g., laptops, PCs) or are computing devices also included (e.g., smartphones, computing devices like the Amazon Kindle)?
2. Would you only include those that are used on a regular basis, or also the discarded/decommissioned computers stored in warehouses or recycling yards that are still functioning?

Let's assume that the interviewer is just asking about retail computers in households.

Example approach #1: "U.S. population"

Step 1. Start by estimating the size of the U.S. population.

About 300 million (you should have this memorized).

Step 2. Make an assumption about average household size to calculate the number of U.S. households.

3 persons per household, totaling about 100 million households. (If you memorize this number, you still have to explain how you arrived at it – it's not necessarily common knowledge. Rather, explain that small households are 1-2 members, and large are 5-member families with 3+ kids; 3 is the midpoint.)

Step 3. Make an assumption about the average computers per household, supported by rationale.

"I'd estimate that there are 2 computers per household. Most nuclear families have a 'home computer' that the entire family uses, and often the working parent has an additional office computer; or if the child is a teenager, he or she will have a computer."

> **Note:** The shortcut here would be to just give a number. However, this is a clear opportunity to **demonstrate a nuanced understanding** of the subject by explaining the **reasoning behind your assumption**.

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Step 4. Final answer. Multiply total households by computers per household.

100 million households x 2 computers per household = **200 million computers**

Example approach #2: "Top-down"

Step 1. Start by estimating the size of the PC industry in annual sales.

Estimation: $25 billion (ask the interviewer for this data if you don't know it).

Step 2. Calculate the annual number of computers sold from the annual sales number.

First, you'll have to assume an average sales price. Let's go with $1000/computer.

So, $25 billion divided by $1000/computer = 25 million computers sold annually.

Does this past the sniff test? 25 million computers sold in the U.S. annually sounds a little high (that's 1 computer for every 12 people), but it doesn't seem off by an order of magnitude (your standard for sniff tests).

We now know that 25 million computers are sold annually. If we multiply that by the number of years that computers have existed, we'll have the total number of computers ever produced. But that won't tell us how many computers there are in the U.S. at that particular moment. We need to determine a computer's average lifespan.

Step 3. Use common sense to determine a computer's average lifespan.

Make an assumption. An average lifespan of 4 years is logical.

Now that we know how far back to go to determine the number of computers outstanding, we can easily calculate the total number of computers in the U.S.

Step 4. Multiply the number of computers sold annually by the computer's average lifespan.

4 x 25 million = **100 million computers**

Does this pass the sniff test? There are roughly 300 million people in the U.S. 100 million computers would mean 1 computer for every 3 persons, or roughly 1 per nuclear family. Sounds a little low, but again, does not seem wrong by an order of magnitude.

To earn bonus points, there are many additional things you can do here, including:

- Increase the answer given that it seems slightly low (e.g., raise the computer's average lifespan; increase the estimated size of the PC industry in annual sales, etc.)
- Refine the answer to account for tremendous growth in the PC industry in the last few years (the market size can't be $25 billion every year).

To get this answer right, you need to have a good sense for the size of the PC industry – if you had guessed $25 million as opposed to $25 billion, not only would the interviewer raise an eyebrow, but you'd quickly encounter an absurd answer that wouldn't pass the sniff test. This is yet another reason why the sniff test is critical in sizing questions.

The first "top-down" approach is the more popular of the two – in fact, we've rarely seen candidates use the second "top-down" approach. We give you both here to demonstrate that there's more than one way to tackle a problem – and that the "right" answer isn't necessarily the number result at the end, but the process you used to get there.

Scoring Key

_____ **Overall Structure (1-5):** Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

_____ **Overall Problem Solving (1-5):** Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

_____ **Overall Communication (1-5):** Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

Case 2. How many rounds of golf are played annually in the U.S.?

In this case, you need to determine the number of times that golf is played in one year in the U.S. This case requires several assumptions, so sanity-check often and **don't over-complicate your assumptions.**

Example approach #1: "U.S. population"

Step 1. Determine the number of serious golfers in the U.S.

You can assume 5% of the total U.S. population is a reasonable number – that's 300 million x 5%, or 15 million serious golfers.

Step 2. Determine how frequently they play golf. Separate summer and winter months.

Assume that in summer months (6 of 12 months), they play once every 2 weeks. This equals 12 rounds of golf.

Assume that in winter months (the other 6 of 12 months), they play once a month, equaling 6 rounds of golf.

This gives you a total of 18 rounds per year per serious golfer.

Step 3. Determine the number of casual golfers.

I'd say there are another 15 million people who play casually.

Define the difference between casual and serious – casual golfers only play during the summer, and only once a month.

This equals 6 rounds per year per casual golfer.

Step 4. Find the total.

15 million serious golfers x 18 rounds per year = 270 million rounds per year

15 million casual golfers x 6 rounds per year = 90 million rounds per year

Total = 360 million rounds of golf played in the U.S. annually

To earn bonus points, you could incorporate data about tourists/travelers to the U.S. who play golf – surely a sizeable percentage of the answer.

Example approach #2: "Golf course utilization rates"

Step 1. Estimate the number of golf courses in the U.S. I would focus on the big cities because those will have the greatest concentration, and then add a generic number per state for the rest.

Let's assume there are 100 big cities in the U.S., and an average of 20 golf courses in the areas surrounding each city:

100 cities x 20 courses = 2000 courses

Then, let's assume another 200 golf courses per state (highly variable, of course) for all 50 states:

200 courses x 50 states = 10,000 courses

This gives us 12,000 golf courses in the U.S. Do a quick sanity-test. It feels high, but doesn't seem radically off.

Step 2. Now we need to find a constant utilization rate on weekends to apply to all golf courses.

Let's assume that in one weekend day, a typical golf course will see 100 groups of people. Sanity-test. If golf courses are open for 8 hours, this means 12 groups per hour, which means a new group is teeing off every 5 minutes. It seems reasonable because people can tee-off from different holes on the green (usually 1 or 10).

Let's assume that each group averages 4 persons.

4 persons x 100 groups per course x 2 weekend days per weekend x 12,000 golf courses = 9.6M rounds of golf on the weekends

Step 3. Now let's calculate for the weekdays.

Let's assume much lower utilization rates on the weekdays and go with 10 groups of people instead.

3 persons x 50 groups per course x 5 days per week x 12,000 golf courses = 9M rounds of golf on the weekdays

Step 4. The final answer.

9.6M + 9M = 18.6 rounds of golf. This answer is too high to judge by the sniff test, but that would mean 5% of the U.S. population is playing one round of golf per year. The number we've come up with is very low.

So clearly the answer needs to be higher – sanity-checking is your best friend in cases like these. It seems like the first example approach was more accurate.

Scoring Key

_____ **Overall Structure (1-5):** Candidate consistently presents ideas in logical lists and bullets, even during creative responses.
Candidate manages the flow of the case with ease and does not get confused.

_____ **Overall Problem Solving (1-5):** Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

_____ **Overall Communication (1-5):** Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

Case 3. How many basketballs would fit into the Empire State Building?

This case would be straightforward until you realize the Empire State Building is not a rectangular skyscraper, but rather a pyramidal one. You'll need to divide the analysis into two parts: one for the rectangular bottom, and another for the pyramidal top.

Example approach:
"Splitting into two sections"

Step 1. Let's find the volume of the rectangular bottom section.

It's tough to judge the length and width, but let's assume it's roughly 2 city blocks by 2 city blocks. I know that a standard NY city block is approximately 1/10 of a mile, so that would make 2 city blocks equal 2/10 of a mile, or roughly 1000 feet. The length and width are both 1000 feet. Now let's find the height.

Don't just guess the height. Use numbers/measurements/concepts that are public knowledge and easy to communicate. We can guess that the Empire State Building is easily 100 stories tall. Let's assume each story is approximately 20 feet (this is a skyscraper, not an apartment). That gives us a height of 2000 feet.

Sniff test? About 7 football fields. Maybe a little high, but close enough to move on.

The trick here is to not forget that we're only doing a portion of that. If we assume the pyramidal section starts about 4/5 of the way to the top, **discount your answer by 20%.**

Now let's calculate the volume:

1000 feet width x 1000 feet length x 2000 feet height = 2 billion cubic feet

MAKE SURE TO CHECK YOUR UNITS.

2 billion cubic feet x 80% = 1.6 billion cubic feet

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Step 2. Now let's find the volume of the pyramidal top section.

The easy thing to do here – as opposed to going through these calculations over again – is to see that we discounted the 2 billion cubic feet by 400 million cubic feet. Since a pyramid is 1/3 the volume of a rectangular solid (I hope you remember your geometry), we can quickly calculate the volume of the pyramid.

400 million cubic feet x 1/3 = 133 million cubic feet

Step 3. Add the two together to get the total volume.

Adding the 133 million cubic feet of the pyramid to the 1.6 billion cubic feet of the rectangular solid gives you a total volume for the Empire State Building of 1.733 billion cubic feet.

Step 4. Now we need to find the volume of an average basketball to find out how many can fit into 1.733 billion cubic feet.

The volume of a sphere is $4/3$ x π x r^3.

If you don't remember that, you should ask first, and if it's not given, just use 2/3 the basketball cube's volume as an approximation.

Let's assume the radius of a basketball is 6 inches. That would give us a volume of:

4/3 x 3 x 6 x 6 x 6 = about 800 cubic inches

The conversions can get tough, but for the sake of simplicity, let's convert the volume of a basketball to cubic feet. Since there are roughly 1500 cubic inches in a cubic foot, the volume of a basketball is roughly 0.5 cubic feet.

Step 5. Calculate the number of basketballs that would fit into the Empire State Building.

1.733 billion cubic feet divided by 0.5 cubic feet per basketball = about 3.4 billion basketballs

You're not done! Remember that basketballs aren't stacked perfectly like cubes, so you'll be able to fit less than 3.4 billion into the building because there will be empty space between the basketballs.

Assume a discount (let's say 20%) because a precise calculation for something like that is too complicated and not needed.

3.4 billion x 80% = **2.7 billion basketballs**

And you have your answer!

Scoring Key

_____ **Overall Structure (1-5):** Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

_____ **Overall Problem Solving (1-5):** Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

_____ **Overall Communication (1-5):** Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

Case 4. How many liters of house paint are sold in the UK annually?

This case is pretty simple – except that it requires you to make 2 big assumptions with very little to back you up. In these situations:

- Make assumptions that are easy to work with (e.g., 100 and not 108).
- Use reasoning to back you up – either anecdotal or preferably logical/quantitative.
- Make clear that you're making an educated guess and don't act like you know the real number when you don't.

Example approach: "Demand-side"

Step 1. Estimate the number of houses in the UK.

First, estimate the UK population – approximately 60 million.

> **Note:** You won't be required to know this if you're not a UK resident. It's okay to ask your interviewer for guidance here – don't be scared of looking stupid. You'll look a lot worse if you guess a number like 10M!

Second, determine what percentage live in self-owned houses versus every other form of housing (e.g., flats, university dorms, etc.) – let's assume 75%.

75% x 60 million = 45 million

Third, determine average household size to find the number of houses – let's assume 3.5 people.

> **Note:** It's okay to use decimal numbers in assumptions – here, it's reasonable because 3 is a bit small but 4 is probably too large for a universal household size.

Fourth, determine total number of houses.

45 million / 3.5 people per house = approximately 13 million UK houses that require house paint

Step 2. Now let's determine how frequently houses need to be painted.

There's not much we can work with here – you'll just have to make an assumption and back it up with anecdotal observations.

> **Model response:** *"Let's assume that every house needs to be painted every 10 years on average. Some people live in their homes for as little as one year, but others stay for 20 years or longer. I'm going to estimate that most houses turn over on average every 5-10 years, and it makes sense that new owners will want a new coat of paint. I'll go with the conservative estimate and select 10 years as my assumption."*

Step 3. Now let's figure out how many liters of paint are required for every house.

Again, this will require a big assumption from you backed up with relatively flimsy logic or anecdotal observations (unless you grew up helping out with your dad's house painting business – then hit 'em with some data!)

However, pick a number that's easy to work with. That in itself demonstrates a skill that interviewers look for.

> **Model response:** *"Let's assume that every house requires about 100 liters of paint. Although I haven't done this personally, I'd assume that 100 liters represents sufficient volume to paint the entire house."*

Step 4. Determine the total amount of house paint sold annually.

13 million UK houses / 10 years per repaint = 1.3 million UK houses needing a paint job every year

1.3 million UK houses x 100 liters per paint job = **130 million liters** of house paint sold annually

130 million liters. That's your answer.

To earn bonus points, you can get more sophisticated by assuming a surplus (e.g., demand is 130 million liters but there is probably 10-20% extra house paint that is purchased, from owners that are preparing for a paint job in the upcoming year, etc.)

Scoring Key

_____ **Overall Structure (1-5):** Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

_____ **Overall Problem Solving (1-5):** Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

_____ **Overall Communication (1-5):** Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

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Case 5. How much do Koreans spend on daily newspapers in a given year?

For U.S. applicants, answering internationally-oriented cases may not come easily. For one, you may not know many basic facts – in this case, Korea's general population. If you have a rough idea, it's okay to guess and ask for interviewer confirmation. If you have no idea, it's best to make a ranged guesstimate and **defer to the interviewer** (e.g., "It's probably between 30 and 50 million people, but honestly I don't know the right number.")

In addition, you need to **remain sensitive to the international context**. For instance, it would be ignorant to arrive at a US$ estimate for the annual newspaper expenditure without converting that into the local currency – come on, it's clearly a case about Korea. Interviewees can often forget this in the heat of the moment, so be careful.

Finally, with customer segmentation you should always start with the basic variables – **age and gender**. Reaching beyond these can often lead to unnecessary complication, and force you to make inaccurate assumptions.

Example approach: "Customer segmentation"

Step 1. Examine and size the various groups of customers who buy daily newspapers.

When examining customer segments, it's easiest to divide by age groups.

First, let's assume that the 18 and under age group doesn't buy daily newspapers. That leaves roughly 3 groups:

1) Students (19-24) – 10% of 50 million people = **5 million people**
2) Working people (25-54) – 50% of 50 million people = **25 million people**
3) Retired people (55+) – 25% of 50 million people = **12 million people**

Do a quick sniff test – that would mean 8 million kids aged 18 and under. Feels a bit low, but **close enough** to warrant moving on.

If you did want to calculate more accurately, divide the population of 50 million into 5 segments (15 years each). You'd then come up with a 0-15 year old segment of 10 million – close to what you've just calculated.

Step 2. Now determine how frequently each age group buys daily newspapers.

Here, relative assumptions (e.g., how one group compares to others) are more important than static assumptions. They need to **make sense** to the interviewer.

Relative assumptions: students may read as much as other age groups, but buy newspapers less often. Working people buy newspapers most consistently.

- Students – **1** daily newspaper per week
- Working people – **4** daily newspapers per week
- Retired people – **2** daily newspapers per week

Step 3. Now determine the annual total across age groups.

- Students – 1 per week x 50 weeks x 5 million = **250 million**
- Working people – 4 per week x 50 weeks x 25 million = **5 billion**
- Retired people – 2 per week x 50 weeks x 12 million = **1.2 billion**

Total annual Korean daily newspapers consumption = **1.95 billion**

Step 4. Determine the total amount of money spent.

It's okay to make one general assumption about newspaper price – make sure, since it's Korea, that you use the appropriate currency (the won). You can ask if you don't know!

Average newspaper price is 600 won (about US$ 0.50).

2 billion x 600 won = **1.2 trillion won**

(Notice that we rounded 1.95 billion to 2 billion for ease of calculation.)

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Case 6. How much would one Starbucks make by adding hot breakfast to their menu?

Not all market sizing cases can be solved by looking at an individual's behavior. In fact, the "individual" in some cases may be a family, or a region, or a store – some larger unit.

Here, we explore the impact of the addition of a new product. There are many ways to solve the problem, but this approach is the most straightforward.

Example approach: "Daily volume"

Step 1. Determine how many hours Starbucks is open.

Assume open 6am-9pm, for a total of 15 hours.

Step 2. Segment a day into morning, afternoon, and evening.

- Morning (6am-11am)
- Afternoon (11am-4pm)
- Evening (4pm-9pm)

Each of these is a 5-hour block.

Step 3. Determine how many customers visit Starbucks per hour during the morning (6am-11am).

Assume there's an average of 1 visitor per minute and all of them purchase a beverage (that's 60 beverages per hour).

Step 4. Segment the market into types of breakfast eaters.

Out of the ones who are buying beverages, how many are currently:

- Not eating breakfast?
- Purchasing breakfast elsewhere?
- Buying a pastry?
- Eating at home?

Assume an equal distribution, 25% for each.

Step 5. Estimate how many customers by segment would purchase hot breakfast at Starbucks.

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Here, you'll need to back up your reasoning. We assume that the 2 most likely segments to buy hot breakfast from Starbucks are those that are purchasing breakfast elsewhere (and used to paying for it) or buying a pastry at Starbucks already. We've made estimates below:

- Not eating breakfast – 0% (unlikely to convert to eating at Starbucks)
- Purchasing breakfast elsewhere – 12.5% (1/2 of 50%)
- Buying a pastry – 8% (1/3 of 25%)
- Eating at home – 6% (1/4 of 25%)

This is a total of 8% + 6% + 12.5% = 26.5%. Round to 25%.

Do a quick "sniff-test." 60 customers per hour x 25% is 15 customers per hour buying a hot breakfast. Does this seem reasonable? Yes, it's within reason – so we can move on.

Step 6. Calculate how many customers that equals during the morning.

15 customers per hour x 5 hours = 75 customers

You'll want to mention that not every hour is going to have the same volume, but you're taking an average over the 5-hour span.

Step 7. Calculate how much each customer would spend on breakfast.

Brainstorm the types of hot breakfast that Starbucks would be likely to roll out - they should be easy to hold or carry one-handed, easy to eat in the car, quick and easy to make, probably using a microwave.

Assume a price of $3 per item (this is higher quality than a $1 McDonald's breakfast sandwich, but smaller and lower quality than a $5-$7 made-to-order option).

Step 8. Calculate your final answer and annualize it.

350 days/year x $3 x 75 customers = $78,750 (rounded to $75,000)

For extra credit, you can mention other considerations Starbucks should take into account, such as:

- What is the effective of cannibalization from the pastries?
- How much would it cost to add new equipment/suppliers?
- Would weekdays and weekends be different?
- How does this compare to a Starbucks store's current annual revenues?

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Case 7. How many flights take off from Charles de Gaulle each year?

This case can get complicated quickly. It's dangerous, because without making some key narrowing assumptions, you could head off to start boiling the ocean pretty quickly.

Watch out for cases with **familiar data** – they may be the most dangerous, because you'll be the least likely to think all the way through your process from the very beginning.

Remember, make well-founded assumptions, and you'll be off to a major head start – plus, you'll guarantee you will stay on the straight and narrow.

Example approach: "Frequency"

Step 1. Estimate the number of runways.

Assume there are 4.

Next, it makes sense that not all runways are used by all sizes of plane. Some runways are allocated to larger planes while others are used for smaller planes. Assume 3 sizes of planes and segment them as follows:

- Small planes – 1 runway
- Medium planes – 2 runways
- Large planes – 1 runway

Step 2. Estimate how many hours per day the runways are active.

Assume the airport is open from 6 am – midnight. That's 18 hours per day.

Step 3. Estimate how often planes take off.

Assume that planes *can* take off:

- Every 1 minute for small planes
- Every 2 minutes for medium planes
- Every 3 minutes for large planes

But runways are also used for incoming planes – you'll have to account for this. Assume half the runway capacity is absorbed by incoming planes. That means planes *actually* take off:

- Every 2 minutes for small planes
- Every 4 minutes for medium planes
- Every 6 minutes for large planes

Step 4. Calculate how many planes take off in one hour.

30 small planes + 15 medium planes + 10 large planes = 55 total planes

Round to 50 total flights.

Step 5. Final answer. Calculate how many flights take off in a year.

50 flights/hour x 18 hours/day x 350 days/year = **315,000 flights**

Scoring Key

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Case 8. What is the value of the smartphone market in China?

Here we're going to determine the value of smartphones purchased in China in the last year – and for clarification, we're not talking about the total number of smartphones that exist in the market.

To simplify, we're also going to assume that everyone has 1 phone that's used for both business and personal reasons.

Recognize that the sniff test in China is going to be on a whole different order of magnitude, especially if you are a U.S.-based candidate. Prepare for this as you get started so you don't get caught off guard.

Example approach: "Population by age segment"

Step 1. Total population in China = 1 billion.

We've included this as one of the must-know populations– even if you don't live in Asia, China's a major player globally.

Step 2. Segment the Chinese population by age.

- 1-15 years old = 200 million
- 16-30 years old = 200 million
- 31-45 years old = 200 million
- 46-60 years old = 200 million
- 61-75 years old = 200 million

It's important to acknowledge that you understand the ages are not distributed evenly in China, but for simplicity, you're dividing them equally here.

Step 3. Determine how many people in each age group have mobile phones.

Recognize that the working populations will likely have the highest penetration of phones, but that phone ownership is pretty high across the board in China.

- 1-15 → 50% = 100 million
- 16-30 → 75% = 150 million
- 31-45 → 90% = 180 million
- 46-60 → 80% = 160 million
- 61-75 → 35% = 70 million

Step 4. Determine how many of the mobile phones are smartphones.

Again, we'll assume that the working populations will have the highest % of total mobile phones that will be smartphones.

- 1-15 → 20% = 20 million
- 16-30 → 50% = 75 million
- 31-45 → 75% = 135 million
- 46-60 → 75% = 120 million
- 61-75 → 20% = 14 million

Step 5. Determine how often smartphones are replaced.

- 1-15 → every 3 years
- 16-30 → every 1.5 years
- 31-45 → every 2 years
- 46-60 → every 3 years
- 61-75 → every 5 years

Step 6. Estimate the price of a smartphone.

Although many U.S. residents purchase cell phones as a part of a contract, not all international systems work this way. Let's assume that a phone with a subsidy is 600 yuan (ask for the exchange rate if you don't know it), and a phone without a subsidy is 1800 yuan, so the average is 1200 yuan.

Step 7. Final answer.

Age segment	Population w/ smartphone	Replacement rate	Smartphones purchased this year (value)	Total value (yuan)
1-15	20M	Every 3 years	= 20M/3 = 6.67M	8B
16-30	75M	Every 1.5 years	= 75M/1.5 = 50 M	60B
31-45	135M	Every 2 years	= 135M/2 = 67.5M	81B
46-60	120M	Every 3 years	= 120M/3 = 40M	48B
61-75	14M	Every 5 years	= 14M/5 = 2.8M	3.36B
Grand Total:			**167M** (17% of overall market –a bit low?)	**200B**

When you sniff test, you notice that it's almost impossible to know if the industry size is reasonable (it's in billions, so the order of magnitude is reasonable, but most of us don't have a good enough barometer to know whether or not it's accurate).

Instead, look at the number of smartphones – 167M/1B people in China is ~17%, which is reasonable or maybe even a bit low. It's good enough to move on to the final calculation, however, and to estimate the total size of the market.

And voila – you're done!

Scoring Key

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Case 9. Rojam Media

This is the first in our series of self-guided cases, which utilize more complicated frameworks. Lose the calculator and have fun!

Context for the case:

Rojam Media is a global media conglomerate. Over the past 5 years, Rojam Media has begun to expand internationally. However, more than 80% of the company's revenues are still coming from North America and Europe.

The trouble is growth. The geographies where Rojam is dominant forecast low single-digit growth in the next 10 years. Unless the company can find a solution to its international growth problems, it will see a dramatic decrease in global market share corresponding with a reduction in top-line revenues and profitability.

The CEO has issued a challenge to your consulting firm to propose a set of strategies and tactics that Rojam can employ in the next 5 years that will lead to a significant shift in revenue distribution to high-growth international markets.

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1) **Opening question:**
   What should Rojam do to position itself for growth in international markets?

   Model response:

   Thanks for the background. Okay, to quickly recap, our client is Rojam Media, a global media conglomerate. The company's core business and 80% of total revenues come from North America and Europe, but those are low-growth economies. Rojam wants to grow, and wants to grow more aggressively, so the CEO is interested in having us assist him with a plan to accelerate international growth. Did I cover all of the main points?

   Your response should give a brief recap that covers the key basics of the company's operations, region, key business problem, and how the firm makes money.

   Sample "good" follow-up questions that you could ask for clarification (note that we will not answer them in this case):

- Can you tell me which media sectors they're in/what products they sell?
- What would the CEO consider a "significant shift" in revenue distribution?
- Where do the 20% of international revenues currently come from?

Scoring key - Opening question

☐ **1**   Candidate does not recap the background

☐ **2**   Candidate recaps the background with too much detail or lacks confidence

☐ **3**   Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case

☐ **4**   Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does

☐ **5**   Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

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2) Initial structure:

What key areas would you want to explore in order to help Rojam Media achieve its international growth objectives?

Model responses include these components:

- Market

  o What are highest growth countries?

- Customers:

  o What do their demographics look like?

  o What does growth look like by sector?

- Competition:

  o Who are the key competitors by country and region?

  o What are competitor strengths by media sector and product?

  o What expansionary/contractionary moves have competitors recently made?

- Company:

  o What has been our prior success in these markets?

  o What talent do we have internally to address the markets?

  o What acquisition opportunities are available?

- Products:

  o What assets can we leverage by sector and by region?

  o Which new products can we develop or existing products that we can modify to drive growth in international markets?

This is a classic exploratory question where the Market Study framework (market, customers, competition, company, product) is sufficient. The key is to be 80/20 – focusing on a few (no more than 3-5) primary areas of exploration in each bucket of the framework.

*This question is **not asking for a hypothesis** – it's asking you to propose some areas for investigation. However, if you were to give a hypothesis, the data is light so don't get too specific. Rather, talk about areas of focus that are of interest to you.*

Scoring key - Initial structure
☐ **1** Candidate does not sufficiently answer the question
☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out
☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)
☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis
☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis

3) Quantitative question 1a

Given the information in Exhibit A, do you predict that Rojam's overall market share will go up, down, or stay the same?

Region	Size ($B)	Growth (5 year CAGR)	Rojam revenues ($B)
Exhibit A			
North America	$200	1%	$80
South America	$40	10%	$3
Europe	$100	2%	$60
Middle East	$20	7%	N/A
Africa	$5	10%	N/A
Asia	$60	14%	$5
Russia	$25	12%	N/A
Total	**$450**		**$148**

Model response:

Rojam's market share will go down based on a quick look at the data. Rojam has a high market share in the lower growth markets (e.g., North America, Europe) with almost no share in the faster growth markets (e.g., Russia, Asia, South America).

This question tests your intuitive feel for numbers and ability to discover key data-driven insights quickly.

Quantitative question 1b

Followup to 1a. Based on this information, which regions seem strategically suitable for Rojam Media?

Model response:

South America and Asia. These are the reasons why:

- South America and Asia are the largest amongst the international markets where Rojam wants to play. Both regions have high projected growth rates.

- Rojam is currently generating revenue in both regions, indicating that it has some market knowledge and assets in place that can be leveraged for expansion (this is why Russia would not be part of the answer).

An alternate answer could justify entry into Russia by acquisition.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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4) Quantitative question 2a

Exhibit B						
Region	Size ($B)	Growth (5 year CAGR)	Rojam revenues ($B)		Size in 2014 ($B)	Rojam revenues 2014($B)
North America	$200	1%	$80		$210	$84
South America	$40	10%	$3		$64	$5
Europe	$100	2%	$60		$110	$66
Middle East	$20	7%	N/A		$28	N/A
Africa	$5	10%	N/A		$8	N/A
Asia	$60	14%	$5		$116	$10
Russia	$25	12%	N/A		$44	N/A
Total	$450		$148		$581	$164

a. Based on Exhibit B (see above), what is Rojam's current market share in North America and Europe?

b. Overall?

c. What would Rojam's market share of North America and Europe need to be in 5 years to maintain the current global market share in 2014? (Assume the other Rojam regions maintain projected revenue growth.)

Model response:

a. Roughly 45% ($140B/$300B)

b. Roughly 33% ($148B/$450B)

c. Roughly 55%

To figure out the answer to C, you need to look at the question closely. It asks for the "current global market share," which is 33%. To maintain that in 2014, you'd need about $193B in 2014 global revenues. Their projected 2014 global revenues are $164B, which is a $30B gap. The question assumes that the other regions maintain their projected revenue growth, so you'd have to make up that gap in North America and Europe only.

Increasing North America and Europe revenues by $30B combined would lead to total 2014 revenues of $180B ($84 + $66 + $30). $180B divided by $320B (total 2014 market size of North America and Europe) gives you about 55%.

Quantitative question 2b
Based on this answer, what are the implications for Rojam Media?

Model response:

Clearly, they need to focus on international growth markets as they have reached market saturation in North America and Europe.

A strong answer would tie in the prior conclusions from Question #1b (e.g., a focus on South America and Asia).

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Scoring key – Quantitative question

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☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

5) Quantitative question 3

Now let's take a closer look at one of those regions – Asia.

Based on the data in Exhibit C, what can you tell me?

Exhibit C				
Regions in Asia		**Size ($B)**	**Market share of top media co.**	**Market share of next 5 largest media cos.**
Northeast Asia (China, Japan, Korea)		30	50%	10%
Southeast Asia (Vietnam, Thailand)		10	20%	60%
South Asia (India, Pakistan)		20	15%	10%

Model response:

a. Market is concentrated in Northeast Asia and South Asia.

b. Northeast Asia has a large entrenched media company – a great potential target for acquisition.

c. The other two have more fragmented competitive structure.

d. Southeast Asia could be tough for organic growth because while there isn't a huge player, there are many strong small ones.

e. South Asia presents the best opportunity for organic growth, while Northeast Asia presents the best opportunity for an acquisition play.

Scoring key – Quantitative question

☐ **1**   Candidate does not sufficiently answer the question

☐ **2**   Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3**   Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4**   Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5**   Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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6) Creative question 1
You are very short on time. Given the information provided thus far, and the hypotheses that you have about Asia, what 3 pieces of analyses would you do to determine the right strategy for this region?

Model response:

- Look at current market sizes and projected growth rates for countries in each region.

- Determine assets available in South Asia for organic growth and see what prior experiences we have with organic growth in foreign markets.

- Deep-dive on potential acquisition target including price estimate, funding capacity, etc.

- Look at past acquisitions and success of integrations. Also research Northeast Asian consumer receptivity to foreign ownership, potential regulatory and cultural barriers, etc.

- Determine Rojam's own asset mix relative to sector growth rates (e.g., internet access, free and paid TV, etc.).

- Deep-dive on top companies in SE Asia to determine if roll-up play is possible.

You don't need to include all of the above. The important thing here is that whatever your answer, you justify it with your hypotheses (e.g., South Asia seems like a good entry point for organic growth) and back it up with facts and data provided (e.g., South Asia is highly fragmented as the top 6 media companies combine for only 25% of the market).

Scoring key - Creative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3** Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5** Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

---

7) Creative question 2
After gathering data and doing extensive analysis about the Northeast Asian acquisition target, the team has determined that Rojam could easily finance the acquisition and that it presents no clear regulatory hurdles.

What other areas would need to be considered before moving forward with an offer?

Model response:

- Merger integration issues – from technology to culture to processes

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- Opportunity costs of distracting leadership, other resources to focus on this acquisition

- Public perception issues in Asia and the U.S.

- Likely competitive responses

- Customer reactions to foreign-ownership

- Availability of leadership and strong post-merger management team

A strong answer would supplement each explanation with examples and anecdotes.

For instance, if you said "Public perception issues in Asia and the U.S.", you could beef up your answer by adding "For example, similar to previous foreign attempts at local acquisitions in China, Chinese consumers may not be happy with an American company entering and acquiring their largest media company. There could be protests, public boycotts of products, etc."

Scoring key - Creative question
☐ **1** Candidate does not sufficiently answer the question
☐ **2** Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)
☐ **3** Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"
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☐ **5** Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

8) Summary

Let's say at this point in the project, you run into the CEO of Rojam Media. He has 2 minutes to kill and casually asks you for a quick summary of your findings to date. What would you say?

Model response:

> We've made significant progress. First, we determined that Asia presents the best opportunity for Rojam to accelerate growth. In particular, South Asia presents the best opportunity for us to pursue organic growth, while Northeast Asia presents the best opportunity for an acquisition play. We'd recommend a dual-pronged approach, and would like to begin investigating implementation plans for both strategies right away.

A quick summary should include your findings to date, hypotheses about where and how Rojam will solve its international growth problems, and next steps.

Scoring key - Summary

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time, and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking clearly through the solution, proposing a direct, actionable recommendation and providing clear, metric-driven next steps for further analysis

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Interviewer Summary

___ **1**   Opening Question (1-5)

___ **2**   Initial Structure (1-5)

___ **3**   Creative (1-5)

___ **4**   Quantitative (1-5)

___ **5**   Quantitative (1-5)

___ **6**   Quantitative (1-5)

___ **7**   Creative (1-5)

___ **8**   Summary (1-5)

___ **9**   Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

___ **10**   Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

___ **11**   Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____   **OVERALL TOTAL**

_____   **OVERALL AVERAGE**

Case 10. Pegasus International

Context of the case:

A private equity firm ("Redstone") is considering an acquisition of Pegasus International, an international chain of entertainment megaplexes with locations across the U.S. and Canada. Redstone has begun discussions with Pegasus but has not finalized an offer. They've asked your consulting firm to conduct strategic due diligence on the industry and company to make a recommendation on whether they should buy Pegasus.

Pegasus International has approximately 500 entertainment complexes spread throughout the continental U.S. and Canada. Its megaplexes provide a variety of entertainment services, from bowling alleys to billiard halls to arcade centers.

In addition, Pegasus has a multi-year partnership with McDonald's, which operates its fast food restaurants in each megaplex.

1) **Opening question:**
   Should Redstone acquire Pegasus International?

   Model response:

   Okay, so before we get started, let me quickly recap. Our client is Redstone, a private equity firm that is considering acquiring Pegasus International. Pegasus operates approximately 500 entertainment complexes, which include billiard halls, bowling alleys and arcades across the U.S. and Canada. In addition, the firm has a multi-year partnership with McDonald's, which operates a restaurant in each complex.

   Our charge is to evaluate the industry and company to make a recommendation on whether or not our client should acquire Pegasus. Did I cover all of the main points?

Your response should give a brief recap that includes the key basics of the company's operations, region, key business problem, and how the firm makes money.

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Sample "good" follow-up questions that you could ask for clarification (note that we will not answer them in this case):

- Does Redstone currently own other assets that would have synergies with Pegasus?
- What other primary entertainment products/services does Pegasus offer in addition to bowling, billiards, and arcades?
- Does Redstone have a clear exit objective (time of exit or expected ROI?)

Scoring key – Opening question

☐ **1** Candidate does not recap the background

☐ **2** Candidate recaps the background with too much detail or lacks confidence

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case

☐ **4** Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does

☐ **5** Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

---

2) Initial structure:
What key areas do you think our team should investigate to better understand whether or not Redstone should buy Pegasus?

Model response:

- *Market* growth – evaluate independently for nightclubs and megaplexes. A sophisticated answer would break this down further into specific customer segments and product categories (e.g., bowling vs. billiards)

- *Market* share and performance: also sliced by product categories and customer segments

- *Market*: Competitive landscape by region, product, segment and important competitor moves (e.g., M&A)

- *Company:* Revenues and profits of Pegasus, as well as access to capital, debt levels, etc.

- *Post-acquisition strategy:* Possibilities for increasing revenue and cash flow through operations, product expansion, market expansion, etc.

- *Post acquisition strategy:* Exit opportunities, including the plan for realizing a Pegasus exit, either through mergers, acquisitions, public offering, etc.

- *Additional benefit:* Existence of ancillary businesses and assets that could be sold

- *Additional execution risks* – ability for Redstone to close the deal, manage the transition, have talent to execute their operational and strategic goals for Pegasus

- *Additional regulatory risks*

The key here is not to conduct a hypothetical analysis, but to identify the primary areas that are worth further examination. As you can see, our M&A framework nicely covers many of the key areas a candidate could bring up.

Scoring key – Initial structure

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)

☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis

☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis

---

3) Creative question 1

What do you think are the drivers of growth in the entertainment megaplex industry?

Model response includes these components:

- Entrance of new competitors and innovations of existing competitors (for instance, if Wal-Mart were to build arcade halls in each store).

- The drivers of growth for each entertainment product/service (for bowling, examples would be popularity of competing sports, popularity and success of televised bowling and professional bowlers, etc.).

- Overall economic wellbeing (out-of-home entertainment is a luxury good and spending will be reduced in tough economic times).

- Population trends, particularly as they affect each product category.

- Public perception of megaplexes and attractiveness of all-in-one entertainment solutions.

- Attractiveness of McDonald's foods.

- Innovations and success of substitute goods (e.g., movie theaters, nightclubs, etc.).

Scoring key - Creative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3** Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5** Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

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4) Quantitative question

Your team estimates that 1/5 of teenage boys (12-18 age group) are frequent visitors to videogame arcades. The average teenage boy spends $40 per month at these venues to play videogames. 40 percent of these frequent teen visitors currently play videogames at Pegasus International.

What would be the annual profit impact if 50 percent of frequent teen visitors now came to Pegasus? FYI, the profit margin for the arcades is 75%.

Model response:

I'll start by figuring out the number of teenage boys in the U.S. and Canada. If we're looking at a population of 350 million people (U.S. plus Canada), and we assume half of those are males, we're looking at 175 million males. If 10% of those are teenage boys, that gives us about 20 million teenage boys.

1/5 of teenage boys are frequent visitors, which means 4 million teenage boys in the U.S. and Canada are frequent arcade visitors. 40% of those currently visit Pegasus. An increase of 10% (to 50%) would be an additional 0.4 million teenage boys.

0.4 million teenage boys x $40 per month x 12 months per year x 75% profit margin = $144 million per year.

A good answer stops here, but a great one would describe the implications:

"Given the high profit margin of arcades plus Pegasus' dominant position in teenage boys segment, this represents a significant growth opportunity.

However, further analysis must be done to determine which regions to target given the varying demographics for each megaplex location, and how much Pegasus would have to spend to acquire an additional 10% of the segment."

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

5) Creative question 2

Your team has determined that margins must be increased to justify the cost of acquiring Pegasus. What are some ways to increase margins?

Model response:

We can look at opportunities for revenue growth and ways to cut costs.

First, start with levers for revenue growth:

- Raise prices on specific products and services

- Increase sales – spread fixed costs over larger revenue base

- Open new megaplexes in high-potential markets and expand current high-profit megaplexes

- Provide new high-margin products and services

- Change existing product offerings to yield higher margins (e.g., negotiate and reduce supplier costs, conduct more operations in-house)

- Increase sales of existing high-margin products and services

- Negotiate with McDonald's for greater profit share and/or add additional vendors

Second, here are some ideas for cost reduction (fixed and variable):

- Renegotiate real estate leases

- Negotiate with suppliers and service providers to reduce the cost of goods

- Close megaplexes that are unprofitable/cash-flow negative – be careful here that even if they are barely profitable, they are still worth operating

- Reduce overhead/SG&A expenses from cutting headcount to reducing spending to eliminating perks and select employee benefits

- Streamline operations to identify cost reduction opportunities in the megaplexes and throughout the supply chain

This is a frequent question in case studies and components of the right answer will generally be the same. Margins can be increased either through increasing revenues or reducing costs (fixed and variable).

In a question like this, you may have a third category (in addition to revenues and costs) for creative, out-of-the-box solutions (e.g., partnerships with competitors such as Dave & Busters). This is why frameworks are a good starting point but will not suffice for every question.

Scoring key - Creative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3** Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5** Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

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6) Creative question 3:

Redstone is concerned that direct competitors such as Dave & Busters will move "down-market" while simultaneously increasing their entertainment offerings, thus becoming an even greater competitive threat.

Do you think this will happen?

Why or why not?

Model response:

If you think the answer is yes:

- Dave & Busters has greater scale and can offer better prices for the same products.

- Dave & Busters recognizes the growth opportunity in the younger and less-affluent parts of the market.

- Dave & Busters can outperform Pegasus on multiple dimensions that are important to customers, ranging from customer service to quality of entertainment products to the overall megaplex experience.

- Dave & Busters can use its strength in the adult category (21+) to attract families that bring their kids and then slowly build share/brand recognition with the younger customer segments.

- Pegasus does not have strong loyalty from its customers.

If you think the answer is no:

- Dave & Busters may be able to offer better prices, but customers are not price-sensitive.

- Dave & Busters is not able to compete on non-price dimensions (i.e., there is a clear reason why kids prefer Pegasus).

- Pegasus has strong loyalty and brand recognition from its target segments.

- The opposite conclusion from any of the reasons listed above.

Scoring key – Creative question

☐ **1**   Candidate does not sufficiently answer the question

☐ **2**   Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3**   Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4**   Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5**   Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

---

7) Summary:

You run into the Redstone CEO at the company café. Because he's short on time, he wants to know what your recommendation is in the next 2 minutes. What would you tell him?

Model response:

There isn't a right answer to this case. In fact, the answer should largely be determined by the response to the previous question.

My recommendation is to buy, and here's why:

- Market is strong

    o   Significant growth expected in key customer segments

    o   Significant growth expected in key product segments

- Many opportunities to increase revenue

    o   Build new stores

    o   Change product mix and expand product portfolio

- Many opportunities to reduce costs

- Competitive threat is manageable

- o Small likelihood of Dave & Busters becoming more of a threat, with several reasons why Pegasus can defend against this threat

- o Pegasus will defend its position well against substitute goods (e.g., movie theaters)

- Overall economic outlook is solid and people will continue to spend on out-of-home entertainment

- And so on...

A good answer will always include the basic components plus creative, out-of-the-box thinking. Some examples of innovative thinking are:

- *Likelihood of uncovering deal-breakers and hidden problems during the due diligence process*

- *Availability of management team able to implement recommended changes and close acquisition smoothly*

- *Potential regulatory risks to acquisition given Redstone's existing portfolio*

- *Competitor reactions to our acquisition of Pegasus – increased attractiveness of the megaplex industry as a result*

Scoring key - Summary

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time, and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking clearly through the solution, proposing a direct, actionable recommendation and providing clear, metric-driven next steps for further analysis

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Interviewer Summary

___ **1**   Opening Question (1-5)

___ **2**   Initial Structure (1-5)

___ **3**   Creative (1-5)

___ **4**   Quantitative (1-5)

___ **5**   Quantitative (1-5)

___ **6**   Creative (1-5)

___ **7**   Summary (1-5)

___ **8**   Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

___ **9**   Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

___ **10**   Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____   **OVERALL TOTAL**

_____   **OVERALL AVERAGE**

Case 11. Propaganda Cookies

Context of the case:

The client is Propaganda, a leading U.S.-based manufacturer of branded cookies. In the past few years, private label cookies have emerged and started to take share from branded cookie labels. Private label cookies are made directly by branded cookie manufacturers for retail chains and national outlets. The CEO is concerned with this situation and has hired you to assess what Propaganda's strategy should be to counter this threat.

1) Opening question:
There are 2 parts – (1) Assess the competitive threat of private label cookie brands and the companies that manufacture them, and (2) recommend strategy and tactics for Propaganda.

This case study is different from previous case studies in that it's more of a conversation. We recommend specific questions you (as an interviewee) should ask and indicate the types of things you should be looking for, as well as probable interviewer questions, responses, and data that they'd provide.

Sample "good" follow-up question that you could ask for clarification (note that we will not answer it in this case):

- What is the trend and extent of market share loss for Propaganda in the last 5 years?

Interviewer: Ok, how would you start to solve this case? Feel free to ask me for any data or information – if I have it, I'll share it with you.

This is really where you'd discover that the case is interviewee-led. If the interviewer starts out with a general/open-ended question, it's important that you only ask the most important things initially. In this case, it's all about Propaganda losing share to competitors – hence the request for market share data trends.

You: Okay. First, I'd like to look at market share data. Do you have this for Propaganda and its main competitors in both branded and private label cookies? I'd like to see how that has changed in the last 5 or 10 years.

Interviewer: Sure, here's the market share data (Exhibit A) that we have. What can you conclude from this?

Exhibit A	Brand sales ($M)			Private label sales ($M)		
Company	2001	2006	2011	2001	2006	2011
Propaganda	60	67	65	0	0	0
Main Competitor	30	25	23	0	0	40
All others	10	8	7	0	100	80

You: Can I take 30 seconds to look this over? (review data)

Okay, so from the data provided, there are a few important points:

- Propaganda is far and away the U.S. market leader in branded cookie sales.

- Its main competitor is losing share in branded cookie sales, but has recently shifted focus to private label sales and has done exceedingly well with $40M of sales in 2011.

- The vast majority of cookie manufacturers focus on private label sales, although their sales have been taken away by Propaganda's main competitor.

- Propaganda's branded sales have decreased in the last 5 years, as has the overall branded cookie industry.

As with all data provided, it's your obligation to highlight the important points that you're finding from it.

Also, don't be too long-winded in your answer – give the interviewer opportunities to cut in if you're going down the wrong path or to ask additional, drill-down questions.

Interviewer: Okay, that's good. What else would you like to know?

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You: Well, now we know that Propaganda is in a tough spot, and the branded sales industry is declining while private label sales are growing. Its main competitor is clearly doing well overall, driven by private label sales success. I'd like to understand more about the private label cookie industry, such as:

- What differentiates private label cookies – quality? Price point?

- What is the profit margin for manufacturers for private label versus branded cookies?

- How did the main competitor achieve such large growth in private label cookie sales in such a short period of time?

With conversational case studies, it's important to frequently summarize what you've learned thus far. Not only does that demonstrate a critical skill for case studies, but it also allows you to think through the important points and reprioritize if necessary.

Interviewer: Let's focus on the first 2 questions:

- With respect to price point, private label cookies sell on average for 20% less than branded cookies.

- Private labels have a 10% manufacturer margin; branded labels have a 15% margin.

You: That information all makes sense. Can you tell me more about the retailers and end-distributors for both private label and branded cookies?

Interviewer: So for the purpose of this case, we'll focus on retailers only. In the retail space, 80% of sales come from grocery stores (e.g., Safeway, HEB, Wegman's, etc.) and 20% come from mass merchandisers.

You: Has that distribution been consistent through the years?

Interviewer: Great question – mass merchandiser sales are growing at 10% per year, while grocery cookie sales are declining.

Grocers tend to be regional chains with a lot of local, smaller competition. There is some consolidation that is happening.

> Always look for trends. See section on expert tactics above.

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You: All right, so grocers dominate cookie sales, although mass merchandisers are increasingly important. In addition, they're regional so they're with less bargaining power, but consolidation is happening.

I still need to understand why private label has grown so much recently. Why have grocers and mass merchandisers made such a big shift to private label cookies? I know they have lower price points – are consumers more cost conscious these days?

Interviewer: Great observation. In the context of this case, the economy has significantly weakened in the last 5 years. We're on the verge of recession right now.

You: That explains a lot. As the economy weakens, consumers become more price sensitive. Thus, outlets are moving to cheaper products and private label cookies fill that need.

Let me summarize what I know so far so I can see what else needs to be solved:

- Branded cookie sales are declining.

- Propaganda is losing overall cookie market share due to its lack of presence in private label cookies.

- Its main competitor is increasing market share as it has rapidly expanded into private label.

- While smaller companies initially dominated private label, they have lost significant share – indicating that large cookie companies can dominate private label as well.

- Grocers make up the majority of sales, and due to the bad economy, they've shifted to private label cookies because they're cheaper.

Again, summarizing your findings to-date is a powerful technique.

Interviewer: All of that is correct. What else do you need to know? Or are you ready to make a recommendation?

You: I'm ready to make a recommendation to Propaganda.

We'll provide 2 potential recommendations – one for entering private label, another for staying away. In an actual case, you must make a stand. No "I think there's a second or third way" type answer unless you have a VERY strong case for that.

Recommendation #1 – Enter private label: The private label cookie industry is a huge threat to Propaganda. As such, we need to enter the market and start manufacturing and distributing private label cookies.

There are several reasons for this:

- Propaganda's sales have declined from $67M to $65M in the past 5 years, while overall cookie sales of their main competitor have significantly increased – driven solely by private label sales.

- Overall private label sales increased from 2006 to 2011, indicating an increasing consumer acceptance of private label cookies.

- Main competitor has ramped up private label sales extremely quickly, going from zero to $40M in 5 years while taking share from smaller players. This indicates that larger manufacturers such as Propaganda could increase private label share quickly.

- Grocery chains are consolidating, which means they will have increasing bargaining power and ultimately increase demand for private label goods on which they earn higher margins. Without a private label alternative, our main sales partners may decrease their business with Propaganda, further depressing branded cookie sales.

- The economy is in recession and will stay so for several years, which will further erode branded cookie sales and decrease our share unless we enter private label.

Recommendation #2 – Stay away from private label: The private label cookie industry is not a big threat to Propaganda. As such, we should continue to focus on branded cookie sales and distributor relationships to grow share.

There are several reasons why:

- The economy is in recession now and will begin to recover soon. As it does, both consumers and key distributors will lose interest in private label cookies and branded cookie sales will flourish.

- While Propaganda's branded cookie sales have decreased in the last 5 years, they have stood up comparatively well given the weak economy and huge growth in private label sales. This means our brand is strong and should rebound well once the economy upticks.

- There is significant room to increase sales through mass merchandisers – trend is pointing in this direction as grocer cookie sales continue to decline.

- As our main competitor shifts focus to private label, there is huge opportunity to completely dominate branded cookie sales for the foreseeable future.

- Grocers are still very fragmented with lots of local competition, limiting their bargaining power and indicating that we will have sway in those partnerships to continue pushing branded cookie labels.

Interviewer: That recommendation makes a lot of sense, and you've hit on the key points. Now let's assume Propaganda acts on your decision and decides to [enter/stay away from] the private label industry. How would they accomplish this? Be specific please.

You: No problem.

Model response for recommendation #1 – entering private label:

Given Propaganda's lack of experience in private label, there should be 2 initial goals: one, gain experience and knowledge of the industry, and two, minimize cannibalization that may happen to their own branded cookies. Here's how they can do this:

- Utilize any excess manufacturing capacity from existing factories – this is a win-win.

- Hire leading private label cookie executives to gain both product and customer knowledge. Start doing extensive product and customer research to figure out what works and what doesn't.

- Find the lowest-cost production channels in addition to excess capacity – private label margins are lower than branded margins and Propaganda has no room for higher costs.

- Pursue deals with mass merchandisers and grocers – exclusive if possible – to sell private label cookies in controlled batches.

- Keep brands distinct and make sure that private label cookies are uniquely packaged/branded/marketed to differentiate from and prevent cannibalization of branded cookie categories.

Model response for recommendation #2 – staying away from private label:

To stay focused on branded cookies in a tough environment, Propaganda should have 2 main thrusts: one, to double-down on its existing branded cookie labels and ensure their continued success and two, to strengthen retailer relationships for the long-term to minimize lost sales and position itself well for the economy's rebound.

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Here are ways these can be accomplished:

- Invest increased money in its various branded cookie labels and Propaganda's overall brand to support its premium price.

- Continue product innovation – margins are higher, per-cookie profit is higher, take some of that money and continue making branded cookies better for the customer along every possible dimension (e.g., taste, presentation, etc.).

- Test and alter prices based on consumer demand – there should be more room to increase prices on premium branded cookies where customers are less price-sensitive; reduce prices on certain branded cookies if market research indicates this will enhance its appeal relative to private labels.

- Use size to negotiate better deals with retailers – in particular grocers – to increase volumes sold, get better shelf position, in-store promotions, etc.

- Convince retailers that branded cookies are better – with respect to product quality, built-in attractiveness that draws customers into the store, the fact that private label cookie customers are less loyal to the retailer, etc.

Scoring Key

_____ **Overall Structure (1-5):** Candidate consistently presents ideas in logical lists and bullets, even during creative responses.
Candidate manages the flow of the case with ease and does not get confused.

_____ **Overall Problem Solving (1-5):** Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

_____ **Overall Communication (1-5):** Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

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Case 12. U.S. Convenience

Context of the case:

Our client is Whitestone Private Equity. They recently purchased U.S. Convenience and Drug Co. ("U.S. Convenience") and are exploring options to create value – ideally to exit in 3-5 years.

U.S. Convenience is a privately held retail drugstore chain in the Northeast U.S. They have 40 locations. The majority of stores are in small towns with limited competition. U.S. Convenience differentiates itself by offering compounding service (e.g., customized medication solutions).

While they are profitable, they have lower operating margins than their chief competitor, Walgreens.

1) **Opening question:**

Identify why U.S. Convenience has lower operating margins than Walgreens and provide operational recommendations to improve their profitability.

Model response:

Excellent. Okay, to ensure I got all of the facts, our client is Whitestone Private Equity. One of their recent acquisitions, U.S. Convenience, is a retail drugstore chain in the Northeast U.S. with 40 locations, mostly in small towns. U.S. Convenience is profitable, but has lower operating margins than Walgreens. Our charge from the client is to investigate the cause of the lower margins and identify opportunities to grow profit to prepare U.S. Convenience for an exit in 3-5 years.

Your response should give a brief recap that covers the key basics of the company's operations, region, key business problem, and how the firm makes money.

Sample "good" follow-up question that you could ask for clarification (note that we will not answer it in this case):

- How do U.S. Convenience's operating margins compare to other industry leaders (e.g., Eckards, Rite-Aid)?

Scoring key – Opening question

☐ **1** Candidate does not recap the background

☐ **2** Candidate recaps the background with too much detail or lacks confidence

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case

☐ **4** Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does

☐ **5** Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

---

2) Initial structure:

Can you hypothesize why U.S. Convenience has lower operating margins than Walgreens?

Model response:

A simple revenues-costs framework will suffice. Note that it's not specifically prices and volumes, but investigates the higher-level profitability buckets.

On the *revenue* side, U.S. Convenience may generate less revenue per location/per square foot. Some likely causes:

- **Different product mix** – U.S. Convenience may have lower priced products, lower average checkout totals, etc.

- **Different store configurations** – U.S. Convenience may have a poorer layout, less friendly and/or responsive customer service, poorer in-store advertising and displays and out-of-store advertising/ marketing.

- **Different locations** – U.S. Convenience may have store locations in neighborhoods with less disposable income, in areas with less foot traffic, etc.

On the cost side, U.S. Convenience may generate fixed and variable costs with less efficient operations. Some likely causes:

- **Higher fixed costs** – U.S. Convenience may have higher rents per square foot, higher salaries, and more employees per location.

- **Higher variable costs** – U.S. Convenience may have higher cost-of-goods sold (COGS) due to less negotiating power with suppliers and different product mix.

Strong case study interviewers always give anecdotal evidence to support generalized claims. For example, when mentioning different locations, it's important to highlight what precisely about the different locations may hurt U.S. Convenience's profitability.
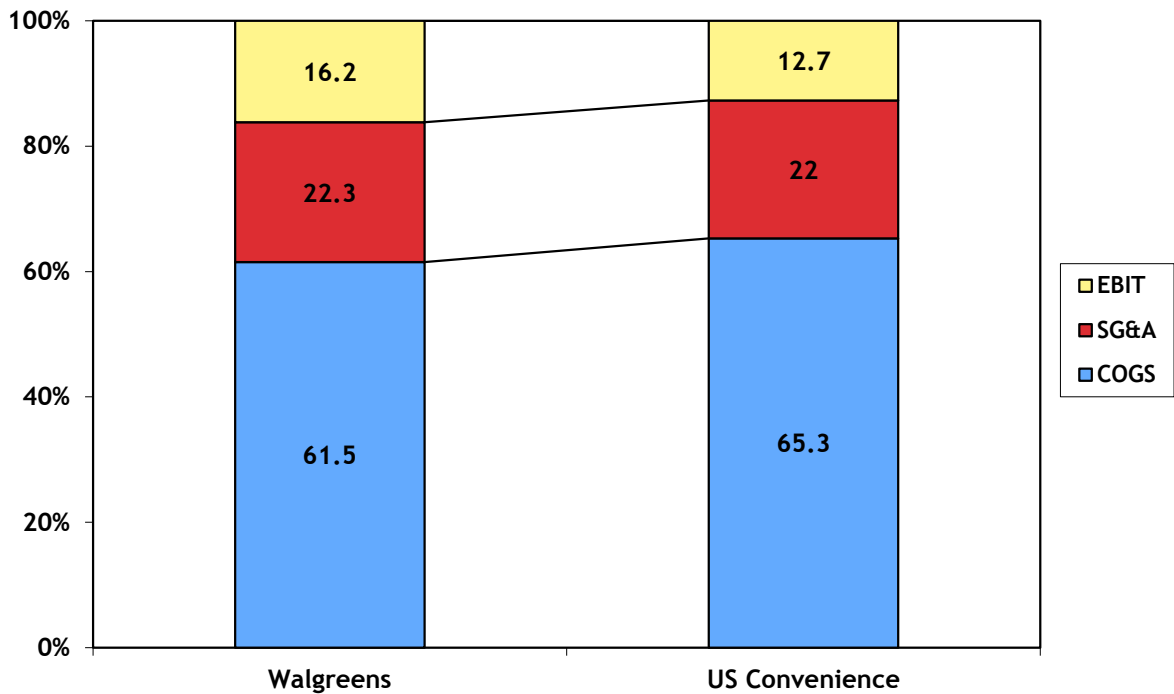

Scoring key - Initial structure

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)

☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis

☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis
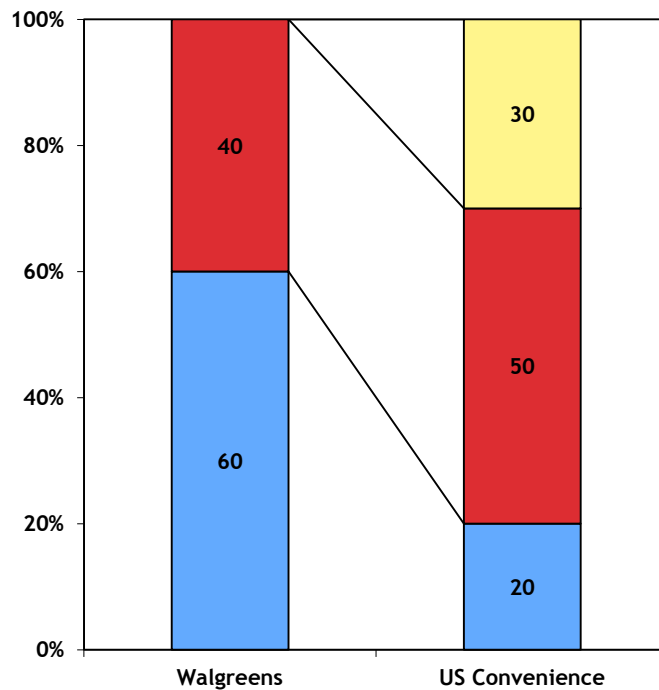
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3) **Quantitative question 1**

Here is some data on both Walgreens and U.S. Convenience with respect to cost structure and product mix.

What does the data tell you, and what conclusions can you tell me?

Cost Structure and Profitability

Product Mix

Gross margins

24%

12%

35%

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Model response:

Here are my initial observations:

- Walgreens has significantly higher EBIT margins, driven entirely by lower COGS.

- One reason for Walgreens' lower COGS is their product mix, specifically the higher proportion of general merchandise sold at 60% which has the highest gross margins at 35%.

- While U.S. Convenience does well in the compounding medicines product category with 24% gross margins, it represents a small portion of product sales, and their largest product category – prescription medicine – also has the lowest gross margins at 12%.

At this point, you should always provide concluding takeaways that go beyond the basic observations. Here's a model example:

"These charts indicate that U.S. Convenience has lower operating margins than Walgreens primarily due to higher COGS. This in turn is caused by U.S. Convenience's poor product mix – for U.S. Convenience to improve its operating margins it will need to reduce sales of prescription medicine as a percentage of total sales while increasing focus on general merchandise first and compounding medicines second."

Scoring key - Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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4) Quantitative question 2

Take a look at this table on sales by store and by square foot. What are the drivers behind this underperformance by U.S. Convenience?

	Walgreens	**U.S. Convenience**
Sales per store	$9.5M	$7.5M
Avg. square feet per store	14,500	18,000

Model response:

Looking at the numbers, U.S. Convenience actually has bigger stores but due to their significant underperformance in sales per square foot, they lag in total sales per store as well.

There could be many reasons for this underperformance as mentioned earlier:

- Store location issues – Walgreens stores may have fewer nearby competitors, wealthier populations, and higher levels of pedestrian traffic.

- Product mix issues – General merchandise may be more expensive on average than prescription and compound medicines.

- Store operations issues – Walgreens may have friendlier customer service, better in-store advertising, and so forth.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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5) Summary

Wrap up by explaining what you set out to do and what you found in 2 minutes or less.

Model response:

We were charged with identifying why U.S. Convenience has lower operating margins than Walgreens and provide operational recommendations to improve their profitability. There are a number of areas where U.S. Convenience can improve:

- **Improve product mix** to be higher revenue/product – U.S. Convenience should look at adding higher-priced products to its store and promoting higher sales/customer, through a rewards program or targeted promotions that focus on increasing high-margin general merchandise sales.

- **Optimize store configurations** – U.S. Convenience needs to revisit their store-layout to create a modern, sales-optimizing customer experience. They also need to increase both the quantity and the quality of out-of-store advertising/ marketing.

- **Different locations** – U.S. Convenience should consider opening stores in locations with smaller square footage, and moving stores or reducing footprints in areas where they currently have leases in order to drive down costs/sq. foot.

Scoring key – Summary

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time, and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking clearly through the solution, proposing a direct, actionable recommendation and providing clear, metric-driven next steps for further analysis

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Interviewer Summary

___ **1**   Opening Question (1-5)

___ **2**   Initial Structure (1-5)

___ **3**   Quantitative (1-5)

___ **5**   Quantitative (1-5)

___ **6**   Summary (1-5)

___ **7**   Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

___ **8**   Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

___ **9**   Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____ **OVERALL TOTAL**

_____ **OVERALL AVERAGE**

Case 13. Kiwi Prepaid Phone Service

Interviewer gives the context for the case:

Kiwi Prepaid is a company that wants to enable unlimited prepaid phone services via the existing mobile telephone infrastructure in New Zealand. For our case today, this telephone infrastructure is owned by the incumbent telecom operator in New Zealand. As in most countries, there is a regulator that has set a price for entrants to offer mobile services by renting the existing incumbent-owned infrastructure.

The technical setup that a new entrant would need to establish a prepaid phone connection consists of 3 basic elements: system access (a link to the current tower and satellite system), private routing equipment (like a power station that provides routing service for a large area and manages the use of data and minutes), and Internet capacity (fiber access connecting the equipment to the Internet). For simplicity, we will assume that the consumer phone is owned by the consumer (not by the telecom operator).

1) Opening question

Interviewer: Our client is considering entering this market. The client has hired us to help them determine whether or not they can run a profitable business offering unlimited consumer prepaid phone services in New Zealand.

Let me know if you have any questions about the background before we get started.

> *Note to interviewer:*
>
> Here, the interviewee can ask clarifying questions about the facts in the context box. Thereafter, they *should give a brief recap* to ensure you are both on the same page. The recap should be confident and concise and cover the key basics of the company's operations, region, key business problem, and how the firm makes money. Make a note if they don't meet this standard and let them know in your feedback.
>
> After completing their recap, well-trained candidates will have asked for and taken 1-2 minutes before starting on this question, and they will present a structured solution automatically. If they don't, use the Initial Structure question below as a prompt.

Model response:

Great, so before we dive into the case, I just want to check that I understood the background correctly. Our client is Kiwi Prepaid Phone Service – a company that is interested in licensing the mobile phone infrastructure in New Zealand to provide unlimited prepaid services to consumers.

To do so, they need to install 3 key technical pieces to have access to the system: a link to the current tower and satellite system, a power station to manage the use of data and minutes, and fiber access connecting the equipment to the Internet. Our goal is to recommend whether or not our client should enter this market.

Scoring key – Opening question
☐ **1** Candidate does not recap the background
☐ **2** Candidate recaps the background with too much detail or lacks confidence
☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case
☐ **4** Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does
☐ **5** Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

2) Initial structure

Interviewer: What key areas would you want to explore to help our client develop a strategy to enter the market in New Zealand?

Note to Interviewer:
There are many possible answers. What you are looking for is the ability to do 80/20 problem solving well to help you differentiate a good problem solver from a distinctive problem solver.

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Model response:

There are 3 key areas I want to evaluate – revenues, costs, and the breakeven point.

- Revenue is comprised of price x volume, so I'm going to take a look at both to see what the possible revenue is for our client in New Zealand.

- Price

  - *Competition.* How many competitors are there in the market? What market share do they have? What are their prices? Are we offering any service/value that is less than or more than the competitors that would dictate a different price?

- Volume

  - *Customers.* How many customers are there in the market (what is the size of the market)? How many currently use mobile phones? What would our message to them need to be to get them to switch to/adopt our service? In light of competitors and market demand, what is our likely share of the market?

- Costs are also important, and we'll need to evaluate both fixed and variable costs to determine how profitable this enterprise will be.

- Variable Costs

  - *Variable Labor.* We'll need a labor force to install and service the private routing equipment. Some cost will be variable and regional depending on the areas we cover.

  - *Input costs (per-household fees).* We're not manufacturing anything here, but some of the fees mentioned up front (like the system access) are likely to be charged by the incumbent per user. What are those fees?

  - *Fuel costs.* To initiate the service, I think we'll need to have technicians travel to the private routing equipment sites.

- Fixed Costs

  - *System equipment.* You said private routing equipment was like power stations, so I'm thinking that sounds like capital equipment. How many do we need to cover the whole country? How much do each of them cost? How long is the depreciation period?

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o *Marketing/Customer Service.* We'll need to get the message out to our customers. How much will it cost to message to them and support them once they've enrolled?

o *Overheads.* We'll need a staff, an office, etc. How much will that run us per year?

Finally, I'd like to determine the breakeven point for entry into this market to see how long it will take us to become profitable and ensure that timeline is reasonable based on our client's funding and desired investment payback period.

Scoring key – Initial structure

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)

☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis

☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis

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Note to interviewer:

The following optional questions are meant to test whether someone has the ability to identify the likely key issues first.

Optional question (if answer is highly unstructured):

If you only had time to look at 3 things, what would you do first, second and third? Why?

Optional question (if answer is very structured and you want to take it to the next level):

Knowing only what you know now, what is your hypothesis? What will you take a look at first?

3) Quantitative question 1

Interviewer: First, let's take a look at revenue. I would like for you to suggest things that you'd like to know that will help us calculate the revenue. I can provide data after you've identified the key issues.

Model response for how to ask for the data:

I would like to know more about the market and how much revenue we are likely to be able to make from this venture. For instance, is there a lot of growth in the market? How many competitors are there? How many customers are we likely to be able to get in the first year?

I can also imagine that customers would want to switch from current service if they are very unsatisfied or if the new entrant would offer the same value for a much lower price. Do we know anything about customer satisfaction? Finally, how much would they be willing to pay?

Data for the interviewer to provide the interviewee when asked:

- Total population of New Zealand: 4M people
- Penetration of mobile phone services last year
    - Mobile phone on contract – 60%
    - Mobile phone on per-unit prepaid (not unlimited) – 20%
    - No mobile phone – 20%
    - 1 year ago, prepaid service did not exist.
- Competitor pricing for average pre-paid bundle (not unlimited): NZ$30/month

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Model response:

- *Strategic*. First, I'm going to look at the price we're likely to charge.

    - Based on what I know about the phone service I have, there are pretty standard rates regardless of the provider. Maybe they offer promotions to get me onto their service, but most of them operate in a pretty similar price range. Because the incumbent is likely in the best position to acquire customers now, I'd say we should just set a baseline price of NZ$30/month for the service. We can consider discounts or maybe additional value-added services later.

- *Strategic.* Second, I'd like to look at how many customers we can acquire from the market.

  o To keep it simple, I'm going to isolate the number of customers that we could get in the first year – it should be our lowest number if we continue to operate for many years, but if we can break even at the first number, we will be in good shape. If not, we'll have to revisit our assumptions.

  o First, I'll take a look at the growth in the market. Looking at last year, and making a simple assumption that the prepaid market will grow again by roughly the same amount because the value proposition is so high, the market will increase from 20 percent to 40 percent of the overall market, which means 800,000 new consumers will subscribe to prepaid service. I'm assuming that most of these customers will come from the contract mobile phone users because the unlimited prepaid service is a much better value proposition. We will be competing for these clients against the incumbent operator and maybe some other new entrants like you mentioned – although I haven't heard that any of them would be offering unlimited prepaid. Let's say conservatively that the incumbent operator gets at least a 50 percent share of the potential market, because it has a strong presence in the market already. That gives them 400,000 new customers, on top of the 800,000 they already have, and leaves the remaining 400,000 to be split between the rest of the entrants.

  o We have 2 scenarios here – either we are the only entrant, and we get 400,000 new customers (the remaining 50% of the prepaid market), or we have to split that with other new entrants. Let's say that at most there will be 4 new entrants (including us), and there isn't any clear reason to believe we would automatically beat the other entrants, so in that situation our worst-case scenario would be that we would enter the market with only 100,000 customers in the first year.

  o There is one additional factor – we could add market share from the non-mobile users or from the incumbent's prepaid users. However, we're assuming that we'll price the same as the incumbent. True, our value proposition (unlimited prepaid) is better, but I'm going to keep it simple and keep this assumption off the table for now.

- *Quantitative.* Ultimately, we're going to make one of two revenue values based on the number of customers we can get – but I'm going to use the conservative number for the rest of my calculations. If we can break even there, we'll be in good shape.

  o If we acquire 100,000 customers, we'll make NZ$3M per month (100K x NZ$30) or NZ$36M/year.

- *Summary/Segue.* I'm going to focus on the lower end of the spectrum first, since that's our conservative estimate and I'm concerned about being profitable there. I'd love to get the higher revenues, but I'm just not sure how plausible it will be. Now, we're going to need to weigh the potential revenues we've identified against the costs it will take to enter this market – both operating and capital costs. Let's move on to that side of the profit equation.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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4) Quantitative question 2

Interviewer: Specifically, which areas of cost are you interested in looking into?

Note to interviewer:

This is meant to test whether someone has the ability to remember the key issues that they outlined in Question 1, as well as the ability to refer back in organized notes to a previous section of the case.

Model response:

I would like to know more about how much it will cost us to enter this market. For instance, what are the actual values of the costs we outlined above – the

system access, the routing stations and the Internet uplink capacity? Do we need to factor in overhead, service, and marketing? After factoring all of those things in – do we break even?

Interviewer:

I have some information that should help with that analysis. All prices are in New Zealand Dollars.

- System access tariff is $14 per line per month, set by the regulator.

- The required investment for the mini-power stations is $150,000 per location, with a depreciation period of 5 years. For simplicity, we assume linear depreciation with no interest costs.

- In total, there are 200 locations where power stations could be installed, covering all of New Zealand.

- Internet uplink capacity varies based on the speed the customers desire. Depending on how many customers it would need to support, costs are on average $4 per end-user per month.

- We also need an organization and a small marketing budget. The new entrant has calculated that an annual budget of $6M would sufficiently support the operations of the new company.

Model response:

- *Solution process A (Monthly):* Assuming we can acquire 100,000 new customers in the first year, the costs involved in entering the market are:

    o Access Tariff: 100,000 new customers x $14/month = $1.4M/month

    o Internet Connection: 100,000 new customers x $4/month = $0.4M/month

    o Organization: $6M/12 months = $0.5M/month

    o Power stations: 200 locations x $150,000 = $30M for 60 months = $0.5M/month

    o In total, the costs are $2.8M/month vs. the $3M/month revenue we have projected based already. We're in okay shape, and that's just at the most conservative level – but we're not breaking even by much.

- *Solution process B (Annual):* Assuming we can acquire 100,000 new customers in the first year, the costs involved in entering the market are:

- o MDF Access Tariff: 100,000 new customers x $14/month x 12 months = $16.8M/year

- o Internet Uplink Capacity: 100,000 new customers x $4/month x 12 months =$4.8M/year

- o Organization: $6M/year

- o ADSL equipment: 200 locations x $150,000 = $30M for 5 years = $6M/year

- o In total, the costs are $33.6M/year vs. the $36M/year revenue we have based on supply in the market. We're okay, but cutting it really close – we are barely breaking even.

- *Solution process C (Optimal but rare):* Assuming we can acquire 100,000 new customers in the first year, costs involved in entering the market are:

  - o Contribution Margin: 100,000 new customers x ($30 revenue - $18 Variable Costs) = $1.2M/month

  - o Organization: $6M/12 months = $0.5M/month

  - o ADSL equipment: 250 locations x $120,000 = $30M for 60 months = $0.5M/month

In total, the fixed costs are $0.2M less than the contribution margin, or $2.4M less/year. We'd need more customers, higher prices, lower variable costs, or lower fixed costs to really make this a profitable venture.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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5) Creative question

Interviewer: The team believes that with the information we have now, the business case looks acceptable but challenging.

Let's spend a minute to see if we can come up with some creative ideas here. Can you think of some ideas that would make this business case more attractive? Are there any options that the entrant can consider to change the game and make it possible to really enter this market profitably?

Model answer:

- *More customers.*

  One way to go after this market successfully would be to get more customers. Without assuming that we will be the only entrant, let's look at lowering the price. For instance, if we offer our clients a 20% discount, we would drop the price from $30 to $24, contributing $6 per customer instead of $12 to the fixed costs. For this alone to lead to our breakeven rate, we'd need an additional 66,666 customers ($1M fixed costs/$6 contribution margin = 166,666).

  Even if we could get a greater share from new customers, I think it would be unrealistic to assume we could drive more than a 50% increase in customers for just a $6 discount, particularly if they are satisfied with current service they have. In addition, there's the risk that our competitors would lower their prices too. In conclusion, I would say this would be risky and I wouldn't recommend it.

- *Higher prices.*

  After observing the effect a slight price decrease had on breakeven, and noting how narrow our contribution margin is, I want to take a look at possibly increasing the price and justifying the price increase by offering premium prepaid through some addition of customer service perks or increased speed. What if we doubled the speed of the service, or included unlimited international calls? I'm sure we could charge more for double the speed. I think it would be reasonable to charge $40 vs. $30 to include international calls – that would give us a contribution margin of ($40 - $22) = $18, which is even more attractive than the $12 we are getting now.

I know that data limitations on phone service are a big deal, so perhaps allowing customers have the choice to upgrade to a faster speed or including international calls would be more expensive but wouldn't cost us twice as much for higher speeds. Because these costs are driven by the Internet uplink capacity, maybe our cost would only double from $4 to $8.

To make this work, we'd need even fewer customers than we believe we can get easily in our worst-case scenario, and we don't have to offer premium service exclusively – we can give our customers a choice between the package with or without the international data.

- *Reduced variable costs.*

Our primary variable costs we're looking at here are driven by the system access, which is set by the regulator, so we can't really do anything about that. Plus, the Internet capacity is $4, and maybe we could negotiate that price, but even if we could I don't think there's a lot of opportunity there.

- *Reduced fixed costs.*

Our fixed costs are a big deal, and it would be great to drive them down. We could look at starting with less marketing or fewer staff, but I'm not sure that would be a good idea – we might not be able to adequately acquire or support new customers.

However, we are looking at major capital costs to set up the full range of 200 routing stations. From what I know about New Zealand, it has a few major population centers and then only a small number of the residents live in rural areas. What about starting in a limited number of more urban regions, instead of covering the entire country from the start? It won't get us the whole way, but it will make the upfront economics reasonable.

We started out with a scenario that was moderately profitable. Now, with the pricing increase we talked about before, and reducing fixed costs by limiting the roll-out, or perhaps getting more customers than our worst-case scenario, this is looking like it might actually be attractive.

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Scoring key – Creative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3** Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5** Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

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6) Summary

Interviewer: Let's say at this point in the study, you run into the President of Kiwi Prepaid Service. Let's pretend that I am the president – I have a few minutes and want a quick summary of your findings to date. What would you tell me?

> *Note to interviewer*:
>
> If the candidate asks for time to synthesize, let them know you'd like an answer right away. This question is to test their ability to think and compile a response on their feet.

Model response:

- After considering the New Zealand market's current landscape, including customers and competitors, we've identified plausible revenue and cost scenarios for entry into the market.

- Because there is an incumbent that is well established in the market and who has a cost advantage because they don't have to pay $14 for access to the current system, the business is risky. At the proposed revenue of $30 per user per month and a likely first-year entry rate of 100,000 customers, we will barely break even – especially if we invest in routing equipment to cover the whole country.

- However, we've done some preliminary research that shows that we may have some options. For one, we can give customers the choice between standard unlimited and premium service including international calls. They are likely willing to pay $10 more for service that will require only $4 more cost to support from our side, which makes our margins much more attractive.

- Additionally, we know that New Zealand's population is concentrated in urban centers, and we should be able to supply much of the demand with lower capital costs than our initial estimates by installing fewer routing stations.

- Finally, it's possible that our estimates for customers that will adopt the service will be conservative – it's likely there will be fewer than 4 entrants to the market or we will be able to aggressively capture more share.

- As far as next steps are concerned, we would like to do some further investigation into these assumptions, identifying just how many routing station equipment installations we could make do with while still providing good coverage. In addition, we'd like to do market research to determine how many customers we are likely to get at different prices and with different promotions. Finally, we'd like to develop a go-to-market strategy taking into account our own company's core competencies and funding for this initiative.

Scoring key – Summary

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time, and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking clearly through the solution, proposing a direct, actionable recommendation and providing clear, metric-driven next steps for further analysis

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Interviewer Summary

___ **1** Opening Question (1-5)

___ **2** Initial Structure (1-5)

___ **3** Quantitative (1-5)

___ **4** Quantitative (1-5)

___ **5** Creative (1-5)

___ **6** Summary (1-5)

___ **7** Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

___ **8** Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

___ **9** Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____ **OVERALL TOTAL**

_____ **OVERALL AVERAGE**

Case 14. Canadian Mobile Banking

> **Interviewer gives the context for the case:**
>
> Your client is the leading major bank in Canada, serving 2M customers nationwide. The bank is usually conservative when considering investments in technology, especially when that technology could pose a security threat for sensitive financial data. However, the bank has recently become aware of the increase in functionality of consumer mobile phones, as well as the importance of phones to their customers.
>
> A technology service provider has proposed that the bank white-label (re-brand) their technology to provide a mobile banking app to its customers. The app will provide access to account information, including balances and recent transactions, as well as the ability to complete remote check capture.

1) Opening question

Interviewer: The bank is considering this proposal and has hired you to help determine whether or not it is a good idea.

Let me know if you have any questions about the background before we get started.

> _Note to interviewer:_
>
> Here, the interviewee can ask clarifying questions about the facts in the context box. Thereafter, they _should give a brief recap_ to ensure you are both on the same page. The recap should be confident and concise and cover the key basics of the company's operations, region, key business problem, and how the firm makes money. Make a note if they don't meet this standard and let them know in your feedback.
>
> After completing their recap, well-trained candidates will have asked for and taken 1-2 minutes before starting on this question, and they will present a structured solution automatically. If they don't, use the Initial Structure question below as a prompt.

Model response:

Great, so just to make sure we're on the same page, let me give a brief recap. Our client is Canada's leading mobile bank serving 2M customers. While the bank is usually hesitant to lead the way on technology investments, they are considering a proposal to supply a service provider's white-labeled mobile banking application to their customers, and have asked us to help determine whether or not this is a good idea.

Did I capture all of the important points?

Interviewer: Yes.

You: Okay, excellent. Would you mind if I took a few moments to structure my approach to the question?

Scoring key – Opening question

☐ **1** Candidate does not recap the background

☐ **2** Candidate recaps the background with too much detail or lacks confidence

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case

☐ **4** Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does

☐ **5** Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

---

2) Initial structure

Interviewer: What do you think are the key issues the bank will need to consider when making the go/no-go decision on the mobile banking app?

Note to Interviewer:

There are many possible answers. What you are looking for is the ability to do 80/20 problem solving well to help you differentiate a good problem solver from a distinctive problem solver. You can push them for more detail if they just give a high-level structure – but don't let them ask questions.

Model response:

Okay, so I think the key issue that we need to address for the bank is the potential impact on profitability if they roll out the mobile banking app.

- First, I'd want to look at the impact on revenues, which is broken down into volumes and prices.

    o Would the bank expect to increase volumes by attracting more customers from its competitors?

    o Of the current customer base, which segments of customers would be most likely to adopt this service?

    o On the pricing side, would the value per customer increase?

    o Would the bank increase its SOW (share of wallet) or transaction volumes for current customers, or attract high-value, premium customers?

- Next, I'd like to look at costs. First, there are investment costs to consider.

    o How much would it take to integrate the new technology into their current system?

    o How much would they have to spend on marketing, to communicate the new app to their customer base?

    o What impact would the app have on overhead costs?

- Additionally, there are operating costs – both fixed and variable.

    o How much will the ongoing costs – such as technology maintenance and customer service – cost the bank?

    o Will there be a per-customer service charge from the technology provider?

    o Should the bank consider managing the program internally?

- Finally, I'd be interested in looking at other impacts the bank should consider. For example, will the mobile banking app actually save costs by shifting customers from more expensive service channels (like branches)? Will the app generate other marketing benefits or drawbacks – attracting buzz for demonstrating that the bank is on the leading edge (or conversely, attract concern from a conservative baby-boomer clientele)? Are there legitimate security risks to consider?

Overall, my hypothesis is that the benefits of mobile banking will outweigh the costs, but I look forward to investigating all of the aspects of the decision before making my final recommendation.

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Scoring key – Initial structure

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)

☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis

☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis

---

3) Creative question 1

Interviewer: Okay, so first I'm interested in understanding your thoughts on the revenue the bank would gain from introducing this mobile app. What would you be interested in knowing, and what data might be helpful to confirm or deny your expectations?

Note to Interviewer:

There are many possible approaches. What you are looking for is the ability to do 80/20 problem solving well and to lay out a structure before diving in.

Model response:

That's a great question.

Well, first of all, I'd like to know if we can expect to see an increase in the number of customers we could attract to the bank. To confirm that information, I'd like to do some competitive analysis. Have any of our

competitors already rolled out a mobile banking app, and perhaps published a report on its impact on their business? This would help us confirm how much market share we might stand to gain through this effort.

Second, I'd be interested in knowing whether or not our own customers are interested in this mobile banking app. I'd be interested in conducting focus groups to understand what rate of adoption we could expect, as well as any unforeseen benefits or risks of rolling out the app.

Additionally, I'd like to use the focus groups to understand how the use of the mobile banking app might affect customers' behavior. Could we expect to see them interacting with the bank differently, or just more (through the mobile channel)? Would they be more inclined to select our client's bank more readily when choosing where to store funds and which debit card to use? This would help us quantify the impact on our revenue.

Scoring key – Creative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3** Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5** Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

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4) Quantitative question 1

Interviewer: Well, I have some information for you. First, we will be the second bank in Canada to adopt a mobile banking app; the first was our next largest competitor, and data shows that they did not see any new customer adoption when rolling out the app (no customers switched just for the app).

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Second, in our focus groups we did not see an expected shift in the transaction volume or funds storage from our customers when presented with the idea of the mobile banking app – of course, reality could be different, but right now we are ruling out any benefit to revenues from rolling out the app.

However, we did find something interesting. We discovered that customers would likely change the way they interact with the bank if the mobile banking app was rolled out. I have some data for you on the average costs to serve customers:

Current channel usage (per month):

Channel*	Branch	Phone	Online
% Usage	60%	50%	50%
Cost/user	$2.00	$1.00	$0.25

Current channel usage (per month):

Channel*	Branch	Phone	Online	Mobile
% Usage	40%	30%	50%	40%
Cost/user	$2.00	$1.00	$0.25	$0.50

*Do not add to 100% because some users utilize multiple channels.

How will the introduction of mobile change the utilization and cost of the Canadian Bank's operations?

Model response:

Okay, great, so let me make sure we're on the same page here. To recap: we don't need to account for any increase in revenue, because we don't expect either volumes or revenues/customer to increase based on the introduction of the mobile app.

However, the introduction of the app will change the usage of our channels, which will change variable costs (an increase for mobile and decreases in phone and branch usage), so I'd love to take a look at the total change in cost.

First, I'll calculate the baseline – our total current costs of channel usage. Then, I'll calculate the net change after introducing mobile.

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So, to calculate the baseline, I'll take:

- *Branch:* 2M customers x 60% x $2.00 = $2.4M
- *Phone:* 2M customers x 50% x $1.00 = $1M
- *Online:* 2M customers x 50% x $0.25 = $0.25M ($250K)
- Total = $3.65M

Then, to calculate the second scenario, I'll take:

- *Branch:* 2M customers x 40% x $2.00 = $1.6M
- *Phone:* 2M customers x 30% x $1.00 = $0.6M
- *Online:* 2M customers x 50% x $0.25 = $0.25M ($250K)
- *Mobile:* 2M customers x 40% x $0.50 = $0.4M ($400K)
- Total = $2.85M

That means that we'll see an $800K savings per month from the introduction of the mobile app. Immediately, this looks attractive – that corresponds to $9.6M savings each year per branch, which is substantial – it's almost 3 months of our current cost, or almost 25% of the total channel operating costs.

However, we will have additional costs to think about. I'd like to look at those next – what will be the new investment costs and ongoing fixed costs of rolling out the mobile app?

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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5) Quantitative question 2

Interviewer: Okay, great – so now that we've discovered what the change in variable costs will be, our client wants to know how much it will cost us to manage the program on an on-going basis – and how long it will take to make back the initial investment. I have some additional data for you:

Up-front investment costs *(have candidate brainstorm these if they are strong and you have extra time)*:

- Software integration (internal): $2.1M
- Software integration (service provider): $4.2M
- Marketing (internal): $5M
- Overhead (internal): $1.5M

Annual on-going fixed costs:

- Risk management (internal): $3.6M
- Customer service (internal): $0.8M

On-going variable costs: $0.50/customer/month (service provider)

Model response:

Excellent. So, just to confirm, we're going to take a look at the total investment costs and on-going fixed costs. My approach will be to compare the investment costs to the difference between annual fixed costs and the annual savings to determine how long the payback period will be.

First, I'm going to add the up-front investment costs:

- $2.1M + $4.2M + $5M + $1.5M = $12.8M in up-front investment costs

Then I'm going to look at the difference between the annual savings and annual fixed costs to figure out the net savings per year:

- $9.6M – ($3.6M + $0.8M) = $5.2M total net savings per year

Therefore, the total payback period would be:

- $12.8M/$5.2M = ~2.5 years

This seems like a pretty reasonable payback period for the investment, but I'd like to know what the firm's tolerance is and if that timeline is within their acceptable range.

Scoring key – Quantitative question

☐ **1**   Candidate does not sufficiently answer the question

☐ **2**   Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3**   Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4**   Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5**   Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

---

6) Summary

Interviewer: You're headed out of the office for the weekend and run into the Head of Emerging Technologies at the bank. She asks you how the project is going and what you're discovering. How do you respond?

Note to interviewer:

If the candidate asks for time to synthesize, let them know you'd like an answer right away. This question is to test their ability to think and compile a response on their feet.

Model response:

Although we're still at the preliminary phase of our findings, we've made exciting progress.

First, we determined that the overall benefit of rolling out the mobile banking app will be cost reduction – shifting customers from more expensive channels, like branches and by phone, to serve them through the mobile channel.

Second, we quantified the benefit, and even accounting for the ongoing fixed and variable costs incurred by introducing the mobile channel – we'd save a total of $5.2M over the course of a given year. When comparing that to the $12.8M in investment costs to introduce the technology, we noted the payback period is only 2.5 years –very reasonable for such a substantial investment.

As mentioned, we're not yet finished – there are additional pieces of analysis we'll plan to complete next. First, I'd like to review the costs that are quoted from the external service provider, to evaluate insourcing vs. outsourcing (potentially reducing both investment and variable costs). Additionally, I'd love to ensure that we've fully considered the technical risk of presenting financial information on our customer's mobile phones. Finally, I'd propose we take a look at implementation planning.

Scoring key – Summary

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time, and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking clearly through the solution, proposing a direct, actionable recommendation and providing clear, metric-driven next steps for further analysis

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Interviewer Summary

___ **1**   Opening Question (1-5)

___ **2**   Initial Structure (1-5)

___ **3**   Creative (1-5)

___ **4**   Quantitative (1-5)

___ **5**   Quantitative (1-5)

___ **6**   Summary (1-5)

___ **7**   Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

___ **8**   Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

___ **9**   Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____   **OVERALL TOTAL**

_____   **OVERALL AVERAGE**

Case 15. Laptop Insurance

Interviewer gives the context for the case:

Your client is a financial services company called Laptop Insurance Co. that sells insurance coverage for consumer's laptop computers. If the laptop is broken, dropped, or otherwise disabled in any way, the company will repair or replace the computer for the insured user.

The client covers all consumer laptops for $100/year regardless of the value of the laptop – contract terms can extend for 1-5 years. Clients can sign up for the laptop insurance within 2 years of the purchase date of a new laptop. Any problems with the laptop within the covered time period will result in repair or replacement for the consumer. The client has to pay a $100 non-refundable deductible when making a claim with the insurance.

1) Opening question:

Interviewer: The client is looking to grow, and they have hired us to efficiently increase their insurance sales. How would you help this client think about growing their business?

Let me know if you have any questions about the background before we get started.

Note to interviewer:

Here, the interviewee can ask clarifying questions about the facts in the context box. Thereafter, they *should give a brief recap* to ensure you are both on the same page. The recap should be confident and concise and cover the key basics of the company's operations, region, key business problem, and how the firm makes money. Make a note if they don't meet this standard and let them know in your feedback.

After completing their recap, well-trained candidates will have asked for and taken 1-2 minutes before starting on this question, and they will present a structured solution automatically. If they don't, use the Initial Structure question below as a prompt.

Model response:

Okay, great, so before we dive in, let me just quickly recap the background to make sure we're on the same page. Our client is Laptop Insurance Co., which offers coverage for repair or replacement of consumer laptops if they are damaged or destroyed. The client charges $100/year to cover laptops, regardless of value, and an additional $100 if they submit a claim. Our goal is to help the client develop a plan for growth. Did I catch everything?

Scoring key - Opening question

☐ **1** Candidate does not recap the background

☐ **2** Candidate recaps the background with too much detail or lacks confidence

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case

☐ **4** Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does

☐ **5** Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

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2) Initial structure

Optional interviewer prompt (if candidate didn't go here on their own):

What key areas would you want to explore in order to help our client grow their insurance sales?

Note to Interviewer:

There are many possible answers. What you are looking for is the ability to do 80/20 problem solving well to help you differentiate a good problem solver from a distinctive problem solver. You can push them for more detail if they just give a high-level structure – but don't let them ask questions.

If they start to ask questions, let them know that you are interested in rhetorical questions at this point of the case – you're not going to give them any information at this point. So, something like "How big is the market?" – you're not going to answer here. Instead, you want to hear from them that they are interested in *knowing* the size of the market.

Model response:

Revenue is comprised of price x volume, so I'm going to take a look at both to see what we could do to increase sales.

First, let's look at price.

- *Competition.* Who are our competitors? Do we have any? Is it possible to raise our prices without losing too many customers to competitors?

- *Customers.* What is customer demand for laptop insurance? If it's been increasing, will that justify an increase in price? I would imagine that as more people get laptops and as laptops become more valuable to daily life, the demand might be increasing.

- *Product pricing.* I'd be interested to know what the average value of a laptop is, and the useful life. If the overall lifetime value of a laptop has been increasing, we might be looking at a more attractive market. I know prices for value are coming down, but what about overall prices?

Now I'll take a look at volume.

- *Competition.* Again, who are our competitors and how are market shares changing? Are competitors winning in a particular customer segment, perhaps one that is very fast-growing that we're not tapping into?

- *Distribution channels.* Are we distributing through the same channels we always have? Are customers buying through the same channels, or are they looking for our product (or would be open to our product) in other places (e.g. on the Internet)?

- *Marketing/advertising.* What is our marketing message? Have we decreased our spend on marketing/advertising, or are customers influenced by different channels than we are using (TV vs. web or mobile advertising)?

Finally, I'd look at additional opportunities for growth.

- *Retention.* We could also increase spend/customer by incentivizing customers to purchase longer-term policies up-front.

- *Reducing claims frequency.* As we grow, we should keep in mind that (especially with our current pricing strategy) we are most interested in covering customers that are the least likely to submit claims and the most likely to have lower-value laptops.

Scoring key - Initial structure

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)

☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis

☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis

---

Note to interviewer: The following optional questions are meant to test whether someone has the ability to identify the likely key issues first.

Optional question (if answer is highly unstructured):
If you only had time to look at 3 things, what would you do first, second, and third? Why?

Optional question (if answer is very structured and you want to take it to the next level):
Knowing only what you know now, what is your hypothesis? What will you take a look at first?

Model response:

I would like to dive first into the volume side of the equation – it seems like there is more to gain there. First, how big is the laptop market? Who are our competitors? How much market share in laptop insurance do we currently have? Who does the client sell to and through what channels? And how can we increase our share?

3) Quantitative question 1

Interviewer: Let's probe into some of the different categories you suggested. First, let's look at volume. I'm interested in how big the consumer-purchased laptop market in the U.S. is overall. If we had to do a quick estimate, how would you size the market?

> _Note to Interviewer:_ There are many possible approaches. What you are looking for is the ability to do 80/20 problem solving well and to lay out a structure before diving in.

Model response:

- _Strategic._ First, I'm going to lay out my approach to sizing the market.

  - Based on what I know about the laptop market, I'll break my approach into 5 core steps.

  - First, I'll determine how many consumers there are by age group in the U.S.

  - Then, I'll determine what percentage of each group owns their own computer.

  - Then, I'll determine how many computers are – as a standard – owned by each member (some might own 1, some might own more).

  - Then, I'll determine how many of those computers are laptops.

  - And finally, I'll determine how often those laptops are purchased.

- _Quantitative._ First, I'll determine how many consumers there are by age group in the U.S.

  - I'll start with the population of the U.S. – as of the last census, I believe it was around 300M.

  - If I assume a standard life span of 75 years, I can divide the group into 5 main age groups – 0-15, 16-30, 31-45, 46-60, and 60-75.

  - For the purposes of the case, I'll say that each group contains an equal distribution of the population – so each segment has 300M/5 = 60M people.

- _Quantitative._ Next, I'll determine what percentage of each group owns their own computer.

  - I'd estimate that the 0-15 age group has pretty low computer ownership – most of them are at home with parents, and the

computer would be owned by the parents. However, some of the teenagers may have a dedicated computer just for them. I'll say 10% of this segment has computers – or 6M.

- o I'd estimate that of the 16-30 age group, almost all have computers. I'd say about 80% of this group have computers – 48M.

- o Of the 31-45 age group, I'd estimate that literally almost everyone has a computer. Some exceptions would be, say, people that only have a computer at work – but I'd say 90% of this group has at least one computer – 54M.

- o Of the 46-60 age group, we're starting to hit retirees. Still, I think most of them are going to have a computer and will use it at least for email. I'll say 75% of this group have computers – 45M.

- o The 61-75 age group will have fewer computers. Some will be cutting edge, but many won't have computers. I'd guess that 40% of this market have computers – 24M.

- *Quantitative*. Now that I have the number of computers, I'll determine how many computers each group owns.

  - o I'd estimate that the 0-15 age group is pretty basic – if they have a computer, they have one computer each. That's 6M computers.

  - o I'd estimate that of the 16-30 age group, all have their own computers. Even high schoolers have so much work on computers that most of them have their own. I also don't see many of them having two each – so that's 48M.

  - o Of the 31-45 age group, I'd estimate that most people have their own and many are likely to have 2 (one desktop and one laptop, for example). Some might share, but I think that number will be balanced out by those who have more than 2 computers (engineers, gamers, etc.). I'd say 20% of this group has 2 computers (10.8M x 2 = 21.6M which I'll round to 22M) and the rest have 1 (43.2 which I'll round to 43M).

  - o Of the 46-60 age group, most are still working and many can afford to have both a home and personal computer. However, some also will be sharing just one computer with a partner they live with. Let's say they'll have one on average – 45M.

  - o The 61-75 age group will often share a computer between a couple. Let's say half of them live alone and half with someone – those who live alone would have 1 computer (24M) and those who live with someone will share (12M).

- *Quantitative.* Now I need to know how many of these computers are laptops. *(Numbers are more granular because we're closer to the end)*.

  o The 0-15 age group is pretty straightforward – if they are cutting edge enough to have a computer of their own, it's a laptop. That's 6M laptops.

  o For the 16-30 age group, again most are cutting edge. Still, some might have desktops for editing or higher performance. I see an 80% laptop/20% desktop split – 38.4M laptops.

  o Of the 31-45 age group, of the ones that have 2 computers, I'd say 1 is a laptop and one is a desktop (22M/2 = 11M); the rest have 1 laptop (43M).

  o Of the 46-60 age group, they're less mobile – let's say 50% are laptops and 50% are desktops – 22.5M laptops.

  o The 61-75 age group will often share a computer between a couple, and I see very few of them having laptops. Of the 36M, I'd say 80% are desktops and 20% are laptops (7.2M).

  o Okay, let's total up all the laptops now to see our total laptop market → 6M + 38.4M + 43M + 11M + 22.5M + 7.2M = 128M laptops.

  o That makes sense to me – about 1/3 of the U.S. population having a laptop sounds reasonable.

- *Quantitative.* Finally, we need to know how many of these laptops are purchased each year. Why? Well, we could sell the insurance to a laptop owner within 2 years of purchase of the laptop, but we're most likely to sell it when the laptop is new.

  o The 0-15 age group has 6M laptops – I would say they get replaced every 3 years. That's 2M per year.

  o For the 16-30 age group's 38.4M laptops, I'd say laptops get replaced every 2 years – 19.2M.

  o Of the 31-45 age group's 54M laptops, I'd say the same thing – every 2 years seems reasonable (27M).

  o Of the 46-60 age group, they're less pressed for the newest technology – I think every 3 years is reasonable (7.5M).

  o The 61-75 age group is probably the least likely to replace laptops frequently – approximately every 3-4 years is probably fine (2M).

  o In total, we've got 2M+19.2M+27M+7.5M+2M = about 58M laptops that will be purchased this year.

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- *Summary/Segue.* So out of a total of 128M laptops, 58M (just under half) will be purchased this year. That seems reasonable to me – about 40% of the overall market has laptops – something over 50% would have me concerned, but under 50% seems reasonable – and 20% of the US will buy a new laptop this year. It also means that our applicable market is ~120M laptop users (this year's and last year's purchasers). That's attractive!

  Now, I'm interested in understanding how many customers are likely to buy laptop insurance and how much of this market is ours. I'd also like to know how well we are addressing our market through our current sales channels.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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4) Quantitative question 2 (2 part question)

Interviewer (part 1): Before looking at the competitors or defining market share, let's take a look at the channels we use and our conversion ratios in each of those. What do you think are key channels the client could use to sell this service?

Model response (part 1):

- *Strategic.* First, let's lay out the sales channels we could use to sell our service. I think there could be a number of channels – let's run through them.

o First, the most obvious (the place I can think of being offered the sale) is through the **channel of purchase – either direct through the manufacturer, or in a physical store (like Best Buy).** Some manufacturers offer their own warranties and extended warranty plans, so I'd imagine out of the 2, the physical stores would be most likely to work with us and maybe re-brand our service.

o Second, I could see providing the offer **direct to the purchaser** – maybe through a **direct mail campaign** or a **web marketing campaign**.

o Other channels – which I don't think would be effective, but who knows – could be to **dedicate a sales force** in a city to advertise and/or go door-to-door.

Interviewer (part 2): Many of your channels are viable. We're going to focus on 2 of them we are using currently – Direct Mail and a Direct Sales Force. Let me give you some data on each.

Direct Mail Channel detail:
➢ Send 2 mailers per year to households (in key laptop buying seasons – January and September)
➢ Send to 60M households each year
➢ Cost is $0.50 per mailer to send
➢ 0.5% sales conversion ratio

Sales Team Channel detail:
➢ Target 50M households each year
➢ 60% coverage
➢ 5% conversion ratio
➢ 1500 member sales team
➢ $100K average annual salary (includes bonuses)
➢ Coverage is highly concentrated in specific regions

How will we measure the effectiveness of each of the channels?

Model response (part 2):

• *Quantitative.* Okay, now that we've determined the channels, we need to compare them to see which ones are the most effective and where we have opportunity to improve. I think the best way to determine effectiveness will include **how much of the market we can address, what our conversion rate is,** and **how much it costs to sell through that channel.**

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- o For Direct Mail, we currently reach 60M households per year. We send 2 mailers per year, which is 120M mailers – and it costs us $0.50 to mail ($60M total)! We get a 0.5% conversion rate from each mailer – so 600K people buy our insurance each year. At $100/year, that's a $60M return for the $60M we're spending – we're just breaking even with the first year of premiums.

- o For the Sales Team Channel, we target 50M households per year. We can cover 60% of the market (30M) and we convert 5% – 1.5M customers. This is already looking better – we make $150M off of those customers each year. Now, to do that we have 1500 members of our sales force and we pay them each $100K/year – but whoa – that's $150M. This is not good – we're only breaking even after the first year of coverage here too, and we haven't even accounted for fixed costs yet.

- *Summary/Segue.* We've got a major problem here that the client didn't even mention – we are breaking even after the first year with our current channel strategy. This is bad news – we really need to take a look at ways to improve these economics or evaluate alternatives instead.

Interviewer (part 3): Let's look at adding in-store sales. I have some additional data that I'd like for you to evaluate:

Store Partnership Channel:
  ➢ Target 25M new purchasers each year
  ➢ $20 per-sale commission to store
  ➢ 10% sales conversion ratio

How does the store partnership channel compare to our current channels?

Model response (part 3):

- *Quantitative.* Okay, so our first task is to look at this new channel. I like this option – especially because the channel I think would be most attractive is in-store. In addition, because it's commission only, we'll only pay when we make money – an excellent prospect.

- o Based on the information provided, the in-store option would bring us 2.5M new customers a year – the highest of any channel.

- o In addition, for each of these, we'd have to pay the most per customer ($20), but we **only have to pay if we sell the product** – which is immediately attractive, and ensures our goals are aligned with the goals of the store. Therefore, we'd spend $50M but we'd be making $250M/year in return.

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- o *Summary/Segue.* In summary, selling through the store channel is absolutely the most attractive option.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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5) Creative question

Interviewer: Okay, so we've determined that we're actually just doing a bad job with our current channel strategy. What are some of the ways we could improve?

Model response:

- *Summary/Segue.* We looked at a few main options, and amongst them the best looks like opening up a new channel – the in-store option. We have opportunity to increase revenues and raise costs, but the in-store partnership will drive the most **volume** impact and we should pursue it first.

- *Strategic.* We haven't looked at prices much yet, but I'd say that we could also grow by increasing our prices. We have 2 main options.

  - o One way to increase prices is to actually **raise our rates** – from $100/year to $120/year, for example. To do this, we'd need to know just how our conversion rates would be affected – we'd want to make sure the increase in price would not be offset by a loss in volume.

  - o The second way to increase prices is to **increase the amount of the average sale** by extending the length of a contract someone buys –

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the fact we have a flat structure now is concerning – it would make more sense to increase the incentive for our customers to buy a longer package (for example, $300 for 5 years vs. $100 for 1 year). We'd want to carefully craft the pricing and messages to customers and test this in a soft launch before rolling it out across the board.

- *Strategic.* Our final, and I think most exciting option (tied into pricing), is to look at **customer retention by channel**. We should invest in growth for channels that have customers stay with us for the longest time. That way, we could be sure we'll earn back our investment costs from the customers – even if the channel is more expensive up front.

Scoring key - Creative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3** Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5** Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

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Note to interviewer: Prompt candidate with optional question if they sail through the first part of this question.

Optional creative question (if candidate is sailing through case):
How might our sales channels affect the insurance industry's problems with "adverse selection" (how those who most need insurance tend to purchase more than those who do not)?

Model response:

- *Strategic.* Our door-to-door sales may allow for specific selection of areas and homes rather than indiscriminate mailing or purchases through the stores – we would have the ability to "decline" a sale before it went

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through, which would be an advantage for adverse selection. In addition, we would have the opportunity to upsell insurance to a client that will be unlikely to utilize it, positively affecting adverse selection as well.

6) Summary

Interviewer: Let's say at this point in the study, you run into the VP of Sales of the Laptop Insurance firm in an elevator. Let's pretend that I am the VP of Sales – I have 1 minute to listen to a summary of your findings thus far. What would you tell me?

Note to interviewer: If the candidate asks for time to synthesize, let them know you'd like an answer right away. This question is to test their ability to think and compile a response on their feet.

Model response:

After sizing the laptop market, we found that there are just over 100M total consumer laptops in the U.S. today – and that about half of those are purchased in any one given year.

We also evaluated our current sales channels – direct mail and sales force – and found, alarmingly, that both channels are just breaking even.

As such, we took a look at the options to improve our current channels and also looked at new channels. We determined that partnering with physical stores and providing incentives for sales is likely a very profitable venture – to the tune of at least $200M in gross profits per year. Laptop Insurance Co. should consider rolling out this type of partnership as soon as possible.

As far as next steps are concerned, we have a lot still to do.

- First, I'd like to develop a plan to roll out the in-store insurance offering – which is attractive and should be a high priority.

- Second, I'd be interested in knocking out some quick wins with your current channels – increasing effectiveness and decreasing costs.

- Third, I'd like to look at our pricing strategy – we just touched on it, but I feel like we're not capturing as much revenue from our current base of customers as we should.

- Finally, I'd like to look into other growth options we haven't considered yet – like selling direct through an online service, using cold-calls or TV channels to drive down sales force rates, or partnering with manufacturers themselves and white-labeling our

service. We also said from the start we focused on consumer service –
but what about businesses? The market for business laptops has to be
as large or larger than our consumer estimates – and businesses are
often less price-sensitive than consumers.

In summary, I think there are numerous opportunities to increase product sales
for Laptop Insurance Co.

Scoring key - Summary

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time,
and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide
sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a
structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking
clearly through the solution, proposing a direct, actionable
recommendation and providing clear, metric-driven next steps for
further analysis

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Interviewer Summary

___ **1**   Opening Question (1-5)

___ **2**   Initial Structure (1-5)

___ **3**   Quantitative (1-5)

___ **4**   Quantitative (1-5)

___ **5**   Creative (1-5)

___ **6**   Summary (1-5)

___ **7**   Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

___ **8**   Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

___ **9**   Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____ **OVERALL TOTAL**

_____ **OVERALL AVERAGE**

Case 16. Heathrow Airport Automated Parking

Interviewer gives the context for the case:

Our client is London Heathrow Airport. They are doing an annual budget review, and are looking for ways to improve their operating profitability. They have been approached by a company that sells kiosks that enable customers to pay for their parking themselves instead of queuing to pay an attendant as they leave the lot.

Customers can pay for their parking at a kiosk at the entrance to the parking area, or at kiosks located at the exit gates. Customers could use cash, debit, or credit to pay for parking. Current revenues from parking are about £5M/year.

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1) Opening question

Interviewer: The airport leadership is considering adding these self check-out stations to the airport's parking garages. They have asked us to help them determine if this is a good idea or not.

Let me know if you have any questions about the background before we get started.

Note to interviewer:

Here, the interviewee can ask clarifying questions about the facts in the context box. Thereafter, they *should give a brief recap* to ensure you are both on the same page. The recap should be confident and concise and cover the key basics of the company's operations, region, key business problem, and how the firm makes money. Make a note if they don't meet this standard and let them know in your feedback.

After completing their recap, well-trained candidates will have asked for and taken 1-2 minutes before starting on this question, and they will present a structured solution automatically. If they don't, use the Initial Structure question below as a prompt.

Model response:

By way of a quick recap, our client is Heathrow Airport. They are considering options to improve profitability. One of the options they are considering is the installation of kiosks that enable customers to pay for parking themselves instead of queuing to pay an attendant as they leave the lot. The management team has asked us to determine whether or not this is a good idea.

Scoring key - Opening question

☐ **1** Candidate does not recap the background

☐ **2** Candidate recaps the background with too much detail or lacks confidence

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; begins to ask detailed questions that are not relevant at this point in the case

☐ **4** Candidate gives answer that hits key elements of background at a high level but does not demonstrate complete understanding of what company does

☐ **5** Candidate provides clear, concise, structured response and, if appropriate, asks 1-3 clarifying questions

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2) Initial structure

Optional interviewer prompt (if candidate didn't go here on their own):

What key areas would you want to explore in order to help our client decide whether or not to install self-pay parking kiosks?

Note to Interviewer:

There are many possible answers. What you are looking for is the ability to do 80/20 problem solving well to help you differentiate a good problem solver from a distinctive problem solver. You can push them for more detail if they just give a high-level structure – but don't let them ask questions.

Model response:

The airport is considering ways to improve profitability. However, it's unlikely that this effort will have any effect on driving more customers to pay for parking or encouraging customers to increase the amount they are willing to pay for parking. Therefore, I'm going to focus on costs.

Now, there are going to be 2 key areas we should consider when determining whether this is a good idea or not.

First, we need to know how much this change would impact operating costs.

- *Labor.* I see this as the key opportunity from introducing self-pay kiosks. If the project is successful, the airport will be able to reduce its daily expense on labor spent on parking attendants.

  o We'll need to know how many staff currently work in the garage per shift, how many shifts there are per day and how much they are paid.

  o We'll also need to know how many staff will be needed after installing the kiosks – it's likely that some staff members will be required at checkout to assist customers with the kiosks, or perhaps the airport will still offer some staffed parking exit lanes to help the elderly or those that do not want to use the pay stations.

- *Payment processing fees.* It's possible that we could see the payment processing fees increase slightly – perhaps customers will be more likely to use credit or debit cards when checking out at pay kiosks. However, I don't think this will be very substantial.

- *Maintenance costs.* It's likely that the new machines will require maintenance, or a maintenance contract. How much is this maintenance contract, say, per year?

Second, we need to know how much this change would impact fixed costs.

- *Capital costs.* We need to know how many kiosks need to be installed, and how much each kiosk costs. For example, you mentioned earlier that there could be kiosks at the exit and also inside the garage – are they different kiosks? We also need to know whether we can pay for these outright or we need to finance them.

- *Installation fees.* I'm imagining that the vendor will charge us something to install the kiosks – or perhaps we'll have to do some kind of renovations to alter the locations to make them available to customers. How much will this cost us?

- *Severance pay.* If we choose to install the kiosks, we will need to fire some of our current employees. Will we incur costs in severance pay?

Once we know our ongoing savings and our up-front costs, we can calculate how long it will take us to break even if we do install the kiosks. We'll need to know what the airport's desired payback period is to determine whether or not this is reasonable.

Finally, there are some additional factors we need to consider.

- *Customer adoption.* Will this process be easier for customers to use, resulting in increased satisfaction, or will it be more difficult? If it's more difficult, how could we streamline the process to make it easier? Even though we have a captive audience, over time we want customers to enjoy their experience at the airport so they choose our airport over other choices in the London area like Gatwick or Stansted.

- *Customer information.* What will this require in the way of PR and marketing to inform our customers of the change? Are there case studies of other organizations that have made the transition successfully? Perhaps this is something the vendor can help us with.

- *Employee morale/legal issues.* If we fire some of our current employees, what is the right way to handle this procedure so we maintain high employee morale? How will we select which employees we keep and which ones we don't?

Scoring key - Initial structure

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate proposes a partial solution, needs prompting, or answer is very unstructured (not in bullet-point format); client asks questions instead of proposing what they would like to find out

☐ **3** Candidate hits most of the key elements but provides them in an unstructured way; structure is forced ("let's apply the five forces to this problem") or does not adequately apply the model/framework to the situation in 2 levels (strategic and data-driven)

☐ **4** Candidate gives answer that hits key elements of solution at 2 levels (strategic and data-driven) but takes too long, does not direct answer, or does not present a hypothesis

☐ **5** Candidate provides clear, concise, structured response with 2 levels (high level strategic bullets and metric-supported detail) with a clear, testable hypothesis

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> ### Note to interviewer:
>
> The following optional questions are meant to test whether someone has the ability to identify the likely key issues first.

Optional question (if answer is highly unstructured):

If you only had time to look at 3 things, what would you do first, second, and third? Why?

Optional question (if answer is very structured and you want to take it to the next level):

Knowing only what you know now, what is your hypothesis? What will you look at first?

3) Quantitative question 1

Interviewer: Let's probe into some of the different categories you suggested. First, we're going to take a look at the current cost structure. What will we need to know?

Here's a list of possible questions from candidates that you can answer – but only if prompted.

Candidate question: How many attendants work per shift?
Interviewer answer:
- The average day at the airport requires 10 cashiers per shift.
- Assume constant flow of customers. No peak.

Candidate question: How much does each attendant make per hour?
Interviewer answer:
- They make £8.00/hour.

Candidate question: What about overtime and benefits? What are other costs per employee that we should consider?
Interviewer answer:
- It is okay to ignore overtime, benefits, etc.

Candidate question: Is the airport open 24 hours? 365 days per year?
Interviewer answer:
- The airport operates on 3 shifts: midnight – 8 am, 8 am-4 pm, and 4 pm to midnight. Assume each attendant works 8 hours per day.
- Assume 365 days/year.

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Model response:

To calculate our total labor cost per year, we will need to take the number of employees we have, times the number of hours per day worked, times the number of days per year, times the cost per employee/hour.

That would be – 24 hours/day x £8/hour x 10 cashiers = £1920/day (round to £2000) x 365 days = £730,000. (Exact number = £700,800)

Okay, now that we've calculated the total labor expense of employees, we need to know more about how many we will need after the kiosks are installed and what the capital costs are.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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4) Quantitative question 2

Interviewer: Okay, now that we've taken a look at the base case, what will change when we install the kiosks?

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> ### Note to interviewer:
>
> The candidate will now need to explore costs and savings associated with the new program in order to determine if the program can break even. A good structure will include the basics of revenues and costs. A great structure will also include a segue, or consideration of, additional factors without losing focus.

Here's a list of possible questions from candidates that you can answer – but only if prompted. The candidate should explore the impact on costs, specifically:

- *Expected Savings*
  - *How many fewer staff can be used*
  - *Customer preferences/tastes/ability (optional)*
  - *Learning curve of customers (optional)*
- *Investment costs*
  - *Machine investment*
  - *Maintenance*

Candidate question: How many kiosks can 1 staff member oversee?
Interviewer answer:

- 1 staff member can oversee 4 kiosks.

Candidate question: Will all customers be willing to use the kiosks?
Interviewer answer:

- 20% of customers surveyed stated they would not use the new machines and would consider flying from another airport or taking public transportation if they were required to use the machine.

Candidate question: For the customers that use the kiosk, will there be any loss in revenue because they have to learn how to use them?
Interviewer answer:

- Assume no learning curve effects for this calculation (although candidate can bring it up again in recommendation/next steps).

Candidate question: What is the required breakeven period for this investment in the kiosks?
Interviewer answer:

- The client will only invest if there is a 2-year or shorter payback period.

Candidate question: Are there financing costs we need to consider, or will the airport pay for the machines outright?
Interviewer answer:
- Assume no capital constraints. Heathrow will pay cash for the machines.

Candidate question: How much does each new kiosk cost? Are there any additional fees for installation?
Interviewer answer:
- Total cost of each machine is £60K. This includes installation.

Candidate question: How much is the annual maintenance going to be for each machine? Is it a contract with the vendor?
Interviewer answer:
- Assume annual maintenance is negligible. It can be ignored for this case.

Model answer:

In the new system, we will need a few kiosks still – because 20% of our customers said they would not come to the airport if they had to use the kiosk, Heathrow should keep 2 of the original staff members to be available for in-person payments.

Outside of the in-person payments, we could replace all of the rest of the staff with kiosks which would mean we need 8 kiosks. However, we still need 2 staff members to oversee the 8 kiosks (4 kiosks each). This means that we can go from 10 to 4 staff members, which will provide significant savings (60%).
- Option 1 = £730,000 x 60% = £438,000 savings/year
- Option 2 = (round to £700,000) = £700,000 x 60% = £420,000 savings/year

If we purchase 8 machines, and they each cost £60K, the total cost for the machines and their installation will be £480,000.

Total expected breakeven point: In Year 2 (£480,000/£420,000 is about 1.15 or 1 and 1/7, which is just over a year to break even.)

We can see here that Heathrow should definitely implement the parking kiosks. Their breakeven requirement is that the investment is paid back in 3 years, and it will pay for itself in just over 1 year. There will be additional added benefits

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that we haven't accounted for, like not having to hire and train as many new staff, and the efficiency of allowing customers to leave the parking garage much faster. Overall, it's a great idea.

Scoring key – Quantitative question

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate struggles with number or direction, needs prompting, or answer is incorrect (and candidate doesn't realize it)

☐ **3** Candidate starts off on the right track but battles to drive to a conclusion, or starts off slowly but once caught onto the right answer completes the analysis

☐ **4** Candidate gives answer with correct calculations but does not lay out their plan or does not explain what the answer means.

☐ **5** Candidate provides clear, concise, structured plan of attack, quickly performs math correctly, and explains what the assumptions and answer mean to the key question in the case.

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5) Creative question

Interviewer: Great, so we've determined that Heathrow should implement the self-pay kiosks in their parking garages. What else do the airport leadership need to think about before moving forward?

Note to interviewer:

The candidate might have come up with these things earlier in the case or as the case went along – that's okay. The key is to see that they manage additional factors, and the curve ball below, without losing focus. If they have come up with some of these points already, push them for 1 or 2 more – see how willing they are to be creative.

Model response:

Well, first of all, creating a plan for how we will manage employee layoffs is a big deal. Before making any announcements about how the new system will

work or when it will be live, we need to engage with HR and Legal to make sure we have a plan and all of our bases are covered.

In addition, we should think about defining an implementation schedule. We don't, for example, want to implement all the pay stations at once – especially the ones at the exit parking – and we don't want the construction to happen during a major holiday peak season. We need to work with the airport maintenance crew and/or evaluate the costs of vendors that can help with any structural changes we need to make.

Finally, we need to work with Marketing and PR to determine how to communicate the change to customers in a way that is clear and causes minimal disruption.

Optional Probing Question 1 (after candidate has answered first part):
What if I told you that there are 4 parking areas at Heathrow, and that each of them have similar economics. How would that change your answer about whether to implement the machines – and how to go about it?

Model answer:

It wouldn't really change the answer – in fact, if there are more parking attendants in other places, implementing the machines is going to create an even more attractive payback period. What we do, in terms of an action plan, also wouldn't change – but the importance and urgency of it might if our savings are on the scale of a few million GBP instead of just £400K per year and if even more employees are affected.

Optional Probing Question 2 (after candidate has answered first part):
What if I told you that the labor at Heathrow is unionized? How would your recommendation about how to go about implementing the machines change?

Model response:

Now, that would be a big deal. The whole cost savings premise of this scenario is based on the ability to let go 60% of the current parking attendant employees. If we have constraints on that – either we can't fire them, or we have to give a certain period of notice before firing them – we need to know what those are to plan accordingly. If we can't fire them under a current agreement, however, that's not a deal-breaker – we just need to understand all of our options – perhaps including non-replacement when staff leave.

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Scoring key - Creative question

☐ **1**   Candidate does not sufficiently answer the question

☐ **2**   Candidate battles to find any key areas, needs prompting, or answer is very unstructured (not in bullet-point format)

☐ **3**   Candidate hits most of the key elements but battles to draw relevant conclusions, or continues to "beat around the bush"

☐ **4**   Candidate gives answer that hits key elements of solution in a structured way, but does not fully drive to a comprehensive answer or relies on prompting.

☐ **5**   Candidate provides clear, concise, structured response, identifying key areas, asking direct but thought-provoking questions and tying response back to hypothesis

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6) Summary

Interviewer: Let's say at this point in the study, you run into the President of Heathrow Airport. Let's pretend that I am the President – I have 1 minute and want a quick summary of your findings to date. What would you tell me?

Note to interviewer:

If the candidate asks for time to synthesize, let them know you'd like an answer right away. This question is to test their ability to think and compile a response on their feet.

They should keep in mind the original question, which is to determine if this is a good idea, how much it will cost, and what the expected savings will be.

Model response:

- We evaluated the opportunity for Heathrow Airport to improve its profitability by installing self-pay stations at its facilities.

  o After analyzing cost savings and the investment costs, we determined that the client should proceed with implementing self-pay stations at its facilities because they will break even after only one year, and after that will save about £420K per year in employee expenses.

- Risks and Mitigation:

  o Because the investment is about £480K per terminal, and there are 4 terminals, it would be prudent for the airport to implement the machines in phases. In addition, it would make sense for them to install machines first inside the garages before completely disrupting the exit process.

  o The stations may not be popular with customers initially. Phasing in will reduce capital at risk and allow the company to modify communication plans accordingly.

- In addition, employees may resist the change, especially with co-workers losing their jobs. The company will need to engage in a PR campaign to highlight the benefits of the new system, and HR will need to be involved to make sure the transition happens smoothly.

There are a few next steps that we should also consider.

- First, we should assign a confidential project manager and draft a project plan.

- Second, we should evaluate the vendor that proposed the solution and determine that they are the right partner for us.

- Finally, we should engage a PR firm to help with internal (employee) communications and a marketing firm to excite customers about the new pay stations.

Scoring key - Summary

☐ **1** Candidate does not sufficiently answer the question

☐ **2** Candidate battles to summarize case, insists on taking extra time, and/or does not recommend an appropriate solution

☐ **3** Candidate summarizes the answer to the case, but does not provide sufficient context, support or numbers to support the answer

☐ **4** Candidate gives answer that hits key elements of solution in a structured way, but does not recommend any next steps

☐ **5** Candidate provides clear, concise, structured response, walking clearly through the solution, proposing a direct, actionable recommendation and providing clear, metric-driven next steps for further analysis

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Case Studies and Exhibits

Management Consulted
Resumes. Interviews. Case Studies. Job Offers

Interviewer Summary

___ **1**   Opening Question (1-5)

___ **2**   Initial Structure (1-5)

___ **3**   Quantitative (1-5)

___ **4**   Quantitative (1-5)

___ **5**   Creative (1-5)

___ **6**   Summary (1-5)

___ **7**   Overall Structure (1-5): Candidate consistently presents ideas in logical lists and bullets, even during creative responses. Candidate manages the flow of the case with ease and does not get confused.

___ **8**   Overall Problem Solving (1-5): Candidate maintains a focus and awareness on the hypothesis and drives toward a solution. Candidate is excellent at math (mental and calculations), quick to realize and correct mistakes, and adept at tying data to overall conclusions.

___ **9**   Overall Communication (1-5): Candidate provides concise, well-spoken responses to each question. Candidate demonstrates confidence and works with you through difficulty (but maintains positive attitude). You would enjoy working with and managing this candidate, and would trust them to be clear and complete.

_____   **OVERALL TOTAL**

_____   **OVERALL AVERAGE**

Additional Self-guided Cases

There are an endless number of mini cases and market sizing questions that you can drill yourself on. Try making them up as you're walking to class, taking lunch, or waiting for happy hour to start.

To give you an idea for how easy it is, we came up with these in 2 minutes. Here are **10 additional mini cases** that you can you use for your own practice.

1. Estimate the market for high-end digital cameras in the U.S.
2. Estimate the number of hair dryers sold each year in Germany.
3. Estimate the market for head lamps in Australia.
4. Estimate the number of Gmail users globally.
5. Estimate the market for running shoes in the U.S.
6. Estimate the annual sales of 1 Trader Joe's store.
7. Estimate the number of bags of sugar sold each year in California.
8. Estimate annual sales of a laundromat with 10 washers/10 dryers in NYC.
9. Estimate the annual sales of a McDonald's in China
10. Estimate the number of mailboxes in Seattle.

If you're too busy or distracted to make up your own, don't forget about the **500+ cases in our online Case Bank.**

You can also check out the Consulting Case 101 site – it has a bunch of PST questions to practice on, just without context.

Ultimate Case Prep Plan

You've got access to 16 cases in this book, plus an additional 500+ cases in our online Case Bank. Where do you start? Which cases do you tackle first? How many weeks before your interviews should you start practicing?

The Ultimate Case Prep Plan will help you make the best use of your time. Follow these steps to get the most out of the hours (and hours, and hours) of case interview prep ahead of you.

1. **Discover your starting point.** Do a practice case with a partner out loud to see how it feels. Were you able to get through the case? Were you stuttering, flailing, entirely missing the point? By jumping in without any prep, you now know what you're up against. Hopefully you've identified your starting point, and how far you need to go to before you're answering without confusion or pauses.

2. **Hit the books.** Read the frameworks section of Case in Point, read Case Interview Secrets from cover to cover, and read the entire Case Interview Guidelines section of this book.

3. **Nail market sizing questions.** Do a minimum of 1 market sizing question a day – you need to develop a rock-solid structure so you can always answer these. Market sizing needs to become second-nature to you. Use our list or make them up on your own.

4. **Become a consultant.** Solidify your understanding of core business concepts. Reading the NY Times won't get you there – you need to become a practical thinker about a business. Follow the insider tip below in the inset box.

MC Insider Tip

Try this exercise we have our clients do!

Every morning, visit a business in your city (either stop into their facility or visit their website). Ask questions or do research to find out how they make money. Develop a simple recommendation on the business strategy for the company plan, including how they can grow the business and how can they cut costs. Get to the point where the whole exercise takes you 15-45 minutes.

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5. Practice 1 case out loud per day. Focus on both self-guided cases and partner cases, but do more partner cases as you get closer to your interview. Just don't over-practice…you don't want to burn out. Pace yourself – it will make for a more steady approach in general.

When do you start?

Ideally, you'll start practicing 4-6 weeks prior to your interviews. For undergrad or MBA, that means case interview prep starts in early to mid-August.

For experienced hires, we recommend you begin case preparation on the day you submit your applications, or up to 2 weeks before. Most firms get back to you and schedule a first interview round within 2 weeks of receiving your application – so you want to be ready when you get that call!

And yes, for you over-achievers out there, it's not a bad idea to start months in advance. Just plan to train casually for a time, and hit your peak about 2 weeks prior to the interview. Then, make sure you taper off – after all, the whole point is that your ninja problem solving skills and structure should now be second nature, right?

Additional Insights

We added this section to the 3rd edition to give you more support for interview follow-up questions and to take a brief look at trends we're seeing in the world of consulting interviews.

10 great follow-up questions for interviews

When a consultant asks you at the end of the interview, "Do you have any questions?" – what should you do? Politely say no and sneak out of the lion's den as quickly as you can? Ask them every possible question you have about the recruiting process? Or something in between?

We suggest asking 3-4 well-prepared questions that demonstrate your interest in that particular firm and the specific position you're applying for. A great follow-up question has these characteristics:

- Opens up a conversation.
- Can't be answered with a brief yes/no or purely factual information.
- Sticks to the personal experience of the person you're talking to, and doesn't ask them to broadly represent the firm.
- Asks something you have a genuine curiosity about, not something that you think you "should" ask. Consultants are smart and they can smell the difference.

Okay, here are **10 great follow-up questions** you'll be safe with.

1. Can you tell me about your background, and in particular how you ended up as a [*company name*] consultant?

2. I'd be interested to hear what your most challenging case has been thus far in your career.

3. What do you think are the biggest misperceptions that applicants have about consulting?

4. When you think about my interview performance, what would you suggest are the 2 or 3 things I can do to improve?

5. I'm really interested in [*particular interest, such as public sector consulting or renewable energy*]. I'd be interested to hear what you know about that area at [*firm name*].

6. I've heard from various people who say your firm is [*something good about the company*]. To what extent is this impression accurate?

7. From your position, how do you think the current economy has affected the consulting business?

8. What was your perspective on [*company name*] before you came in, and how has that changed in your time here?

9. If you could recommend 2 books that all prospective management consultants should read, what would those be?

10.   If you put yourself in my shoes, what would be the 2 or 3 things that you wish you'd learned that would have better prepared you for the job today?

Finally, make sure you do these things before you leave the interview:

1. Thank the interviewer.
2. Get their business card.
3. Ask if they're open to you following up with them for feedback.
4. Shake their hand and make eye contact on the way out (make sure you covertly wipe your sweaty palms on your slacks/skirt beforehand!).

Interview Trends

Management consulting is a competitive industry. Each recruiting season, firms are bombarded with thousands of applications for a handful of interview slots. It takes time and resources (= money) to review, screen, and evaluate each candidate – so anything firms can do to minimize their investment in this part of the process is a win for them.

Interview trends reflect the need for quicker ways to weed out poor performers and screen thousands of applicants, and new ways to measure teamwork and presentation skills.

We discuss a few trends in the consulting interview process below.

Group cases

In a group case, you're in a room with 3-5 other candidates and you're verbally given a business problem. The atmosphere is comfortable and somewhat informal, and the discussion is led by a consultant from the firm.

The purpose of group cases is to:
- Make interviewing easier on the firm (e.g., 1 interviewer for 5 candidates) – especially in the early rounds when there are more candidates to weed through.
- Test how dynamic you are in a team environment – something that will never be revealed in a one-on-one interview.

McKinsey has used these for a long time in their round 0 interviews, but we've seen other firms starting to come on board with group interviews, particularly as teamwork and collaboration become more and more important in the workplace. After all, effective communicators make effective teammates.

Case presentations

A case presentation is a formal exercise where you're given a written case and a block of time to prepare a presentation for your interview panel. When your prep time is up, you give a presentation to consultants at various levels within the firm (Manager, Partner, etc.) – they're acting as your client, and they can challenge you live with questions and curve-balls.

The case presentation is usually used in the second round of interviews – because it requires the time of several consultants from the firm for just one of you. It's being used more and more by firms because it gives them a real-life perspective on how you'll interact with clients, how sound your recommendations are, and how you do under pressure.

Roland Berger Belgium gives a nice description of the differences between case interviews and case presentations, with 5 key tips on how to prepare for both.

Data interpretation

Consultants spend a lot of time compiling and interpreting data – what else is there to do when you're sitting in the Frankfurt airport at 2AM waiting for a flight home, right?

The PST can give recruiters an initial sense of your analytical and reasoning skills, but firms want to see that you're a numbers whiz – so data interpretation tests are becoming increasingly popular. Whether the firm uses a table of data or a graph as part of their case interview process, be prepared to interpret, assess, and recommend based on the data you're given.

![Management Consulted - Resumes. Interviews. Case Studies. Job Offers]

Recommended Reading List

For anyone considering a career in management consulting, you should be intimately familiar with the following titles. These are core consulting resources covering topics like the mind of a consultant, business theory and frameworks, and case interview preparation.

MC Resources

If you haven't already read everything on our site (it's okay to admit it), make sure to hit these key articles that give insight on fit and case interview prep.

Prep

Management consulting interview preparation – the new and improved guide

Management consulting interviews: 10 key preparation tips

Fit Interviews

Hero Stories – How to Talk About Yourself with Measured Confidence in Interviews

Management consulting interviews: the biggest mistake you can make in the fit interview

Management consulting interviews: the best follow-up question you can ask, plus 4 more

Case Interviews

10 steps to solving any sizing question

Case Studies 101 – the most important case questions for future consultants

Management consulting interviews: the 2 smartest case study techniques

Real-life Interview Experiences

One of the pros of being the industry's leading 3rd party resource is that we get to have great conversations with people who are actually in consulting jobs. Over the years, consultants from McKinsey, Bain, BCG, and other top firms have given us tips that you can read about on our site.

There's nothing like hearing about the case interview process straight from someone who's been through it before – especially when they lend valuable firm- and industry-specific perspectives on topics ranging from firm culture to career advice. Link to our *Life as a Consultant* series below.

From Stanford to McKinsey Southeast Asia…an undergrad's tale

Breaking into IBM from a non-target school

Offers at Bain and Deloitte…from a completely non-technical background

Berkeley undergrad secures fulltime offers at Navigant and FTI Consulting

Wisconsin undergrad lands 3 consulting job offers in this economy

Anything is Possible: Going from Zero to 60

A Note to the Reader from Jenny Rae

When I read a book, the first thing I do is read the bio of the author – I want to know their background and their perspective - their angle of approach. You can go on our site and check out my bio, and you'll learn a lot, but I've just spent some major time dissecting the innermost workings of a case, assuring you that this is the best case book you'll ever read. Don't you have the right to know who the heck I am and what my story is?

So glad you asked – I think my story is a good one. Just in case you want to skip this section, I'll give you the shorthand version of my key takeaways first and you can opt to read into the dramatic details if you wish. Here we go:

- *Case performance is not innate – it can absolutely be taught.*
- *It's imperative to balance reading the interviewer with a fearless approach to presenting and defending your ideas.*
- *Think about what's enjoyable for the interviewer, and behave accordingly – it's the best way to win friends (and move forward to the next round).*
- *You have to ruthlessly learn from your mistakes as you practice– and provide no excuses to yourself or anyone else.*

To jump back in time, let me rewind first to a critical moment in my academic history. I was in my final year at the University of Virginia, and I had excelled academically while I was there. Instead of following the advice I now give to job seekers, I had up until that point violated everything I now know to be best practices. Instead of applying and competing for top business internships during critical summers, I spent 2 summers (after my sophomore and junior years) conducting research on malaria treatments in West Africa. Why, you might ask? Well, I hadn't switched off of the pre-med track yet, and my number one focus was still to become a doctor.

Now, I come from an insanely practical family (my father is the original Mr. Organized!), so I couldn't just complete a fluffy UVA Undergraduate Honors Interdisciplinary degree – the UVA version of "make your own major" that my dad assured me didn't hold any real weight off campus. I needed a program that provided me with training and credibility, and therefore had a better chance of becoming a legitimate backup plan, so I grabbed a second major in Economics.

Because of my major in Economics, I was slightly clued into the business recruiting cycles, and I went to the spring internship career fair.

Ready for another cringe moment? I can't remember if I was on my way somewhere, or (more likely) had read some article about standing out at the career fair, but instead of showing up in my business best, I dressed in a full-blown African getup. Literally. I was wearing multiple shades of gold, pink, red and yellow, and I couldn't be missed. This was the ultimate example of standing out, but not for the right reasons – and I headed straight into the lions' den.

I vaguely remember the McKinsey, Bain, and BCG consultants who were at the fair that day, but I didn't really know what the heck management consulting was and I just bypassed their booths. Maybe I dropped a resume, maybe I didn't – but I didn't have anything intelligent to say, so I just wandered on. The key interactions I remember were on very opposite ends of the spectrum – a start-up innovation consulting company based in Roanoke, and Goldman Sachs (recruiting for NYC).

I struck up conversations with these folks, and (ironically, because of my attire and perhaps a few genuinely interesting questions) was short-listed for both for on-campus interviews the next day. (In case you're wondering, I ended up turning down Goldman because I had terrible encounters with some of their interviewers. Hey, I was headed off to save the world as a doctor, so who needed some jerk investment banker bossing me around before I even got through the interview process, right?)

Needless to say, I hope my cluelessness serves as an excellent baseline for those of you who are entering this process with little to no hope. You should be saying, "If she can do it, anyone can, right?" I agree!

Fast-forward to post-graduation. I had shaved my head (it's grown back, but man was that the ultimate in low-maintenance!), embarked on a trip around the world (visited 14 countries all in the developing world; served with NGOs in 9) and bought a one-way ticket to South Africa. On the trip, I had a major epiphany (maybe a few years too late, but thankfully before I started med school) that I don't really like working with sick people all the time. In unpaid, non-graded environments, I discovered that my true passion in life is actually business. I couldn't get enough of development economics in Cambodia, micro-enterprises in Zambia, public policy on cartels in El Salvador, and currency arbitrage in Peru, and I was determined to go to the most interesting business culture I had yet found – which, to that point, was South Africa.

While I lived there, I wrote my first book and started my own consulting company to work with government and corporate social responsibility initiatives to increase capital and business support for the poor. It was awesome, and I loved my life in every way.

The turning point came one year later, when my best friend got married in September and I flew back to be the maid-of-honor in her wedding (one of 11 bridesmaids, I might mention) in Princeton, NJ. I sat at a Friday luncheon with her entourage, and one of my tablemates was a woman who at that point had worked for McKinsey for 2 years. We exchanged elevator pitches by way of a catch-up on what we were doing, and she couldn't resist tossing out – "You know – what you do is just like what I do, but I'm going through one of the best business training programs in the world and getting paid handsomely to do it." Although I loved my life in South Africa, I was intrigued. I asked for more information, and 1 week later (on her advice) had garnered referrals for and submitted applications to – amongst others – Bain, BCG, and McKinsey.

Because of my in with her, I was pretty sure that I would receive at least a first-round interview with McKinsey, so I started to "practice" right away. I went to the 3 aforementioned firm's websites and read over their cases. I felt golden – like I'd done everything I could and was ready to nail my first shot at the infamous case interviews. I was heinously naïve to the case vortex that awaited me!

Thankfully, we had the opportunity on a quiet Saturday before my first round phone interview to do a live case. She was the interviewer, I was in the hot seat, and at the end – when she had to explain profitability to me in simple consulting terms – the light finally dawned: my academic training in economics enabled me to comprehend these problems when I read over someone else's approach, but not to do them myself. I had only a few short days left, and I had some emergency catch-up to do. Where did I turn?

I don't honestly remember every detail – that period was such a blur. I do, however, remember doing as much live practice I could with everyone I could find. I made up market sizing questions on my own and had someone else give them to me. I knew I would look like an idiot, but better to practice on someone who already liked me than the interviewers who held my fate in their hands. I was still panicked before each of my interviews, but before I knew it, I was through first-rounds.

You know how the story ends – I joined Bain – and many of you are probably asking why I made that choice. One factor was just fit – I have no idea if the selection of my interviewers was strategic, but I had instant chemistry with all 4 of them – first and second round. Another was the way my case process unfolded, which I came to understand later is extremely rare (I've never heard of another like it)!

My first round cases were fun – and I had the feeling I did okay, but was still relieved and delighted to discover that I was invited back for the next day's final rounds. I knew at that point that getting to final rounds in itself was an accomplishment to be proud of – so I just decided to be myself in the final round interview.

I had two final round interviews, one with a senior Manager and the other with a Partner. My interview with the senior Manager was first, and she asked the infamous "Why consulting? Why Bain?" question. I looked at her, and thought about it for a second – and even though I'd prepared a really smooth answer, I decided to go for it: "To be honest, I'm not 100% sure. I can tell you the reasons I think I'd love it – but I love my life working with the poor, and I still haven't decided if this is for me."

Again, wouldn't recommend this as a standard response – but it worked in my situation, and we launched into a discussion that lasted almost 30 minutes where she shared her story about work and volunteering in Africa, her choice of MBA programs and projects, and her work with Habitat for Humanity. We barely did a case – I just hastily completed about 2 questions and quickly formulated a summary before time was up.

She left the room and conversed with the Partner in the hall in a whisper, and he came in with bravado. About 3 seconds after sitting down, he said, "We're not going to waste any time with small talk. I want to jump right into the case."

My heart started pumping, and I thought, "This is how you feel before you're axed. He's basically saying that I'm not worth getting to know because it's all over for me anyhow." Still, of course I proceeded to respond to the case with as much composure as I could muster, and I held my breath at the end. Not wanting to relax, I sat upright and waited for his next question. It was a surprise.

"So, you're interviewing with McKinsey, right?" I acknowledged him with a nod. "Well, I'd like to do something right now that I can't ever remember doing before."

That could have gone so many ways, but before I could really think about it, he went on – "I'm going to give you an offer right now. On the spot. Without conferring with my colleagues. See, you're our top candidate on the East Coast this year, and I don't want to beat around the bush – we want you to come to Bain." I think my heart stopped for 30 seconds at least. I was in total disbelief! I didn't fail? I wasn't being banished? I'd just gotten a pre-emptive offer? I really couldn't believe it.

The story goes on, of course – I chose Bain, left behind my awesome life in South Africa, and moved back to the U.S. in the end. It was a great choice – one I've never regretted – but that's not why I'm telling you all of this.

No, the reason I'm telling you is to let you know that I believe the process I've walk you through in the previous pages will bring real results. I went from stumbling through a basic profitability framework via epiphany to a case prep process I utilized myself – and it took me from nothing to the top-ranked candidate of my year. Crazy!

To recap – I don't believe that the best case interviewees are innately good at cases. You can be intelligent, confident, smooth under pressure, a great communicator and more, but while these factors help, practice really does make perfect. And no, it's not the read-it-10-times kind of practice. It's where you are in the hot seat, over and over again, and you learn consistent tactics to break down problems and impress your interviewer.

Second, you have to practice because you need to learn to **read your interviewer**. You need to know the basic best practices in general because you don't want to violate them without knowing it. Instead, you need to know when to hold back and when to break all the rules – like I did with answering the question about why I was interested in consulting. A bit of bravado goes a long way in an interview that's going well – but you have to practice to be able to know the difference, and you can't use courage to get you out of a situation that's impossibly sticky – you'll look like you're avoiding the issue.

You also need make the process enjoyable for the interviewer. Put yourself in their shoes – sure, you'd rather switch places with them, but put that aside – they've had a long day, maybe with excruciatingly painful interviewees, and your goal (beyond doing well) is to be their favorite interview of the day.

Most of this comes down to just doing well on the case and making it easy for them to invite you back – but you can also smile, be relaxed, ask them good questions, and demonstrate comfort – all win-win options.

Finally, as you're embarking on your case study journey, don't allow any bad habits to creep in – not for one second. Be ruthless about banishing them from your repertoire, and you'll take the fast track to case performances that go from strength to strength (until you finally sail into the interview and win the day with an offer!).

As you go, don't forget – the goal isn't to read, but to practice, and the focus is on fearless performance improvement (not knowledge). Just go for it – you have nothing to lose!

Conclusion

Our core team worked at Bain and McKinsey, and our guest posters on the site round out the insight we share from multiple top firms.

In the past few years, we've worked with the best and brightest students and professionals around the world to break into super-competitive consulting jobs at the likes of McKinsey, Bain, BCG, Booz & Co, and more.

Beyond the tips we learned through the mega-competitive interview process (as an interviewee and interviewer) at Bain and McKinsey, two of the world's most competitive consulting firms, we identified secrets we never knew we were applying when we got calls for job interviews with investment banks, tech companies, start-ups, and more that hundreds of others were drooling over. Together with the best team on the planet, we are building this company to personally guide you through the confusing, impossible, but terribly exciting consulting jungle.

We look forward to hearing great things from you!

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