SAUDER
School of Business
UNIVERSITY OF BRITISH COLUMBIA

A Prep Guide for Case Interviews

Contents

Preface

This casebook originated as a Directed Studies project which I created in the fall of 2008, under the supervision of Professor Anthony Boardman. I decided to undertake this project while in the midst of preparing for interviews with various strategy consulting firms. Like my classmates, I practiced for interviews using casebooks from various American universities. While using these resources from Harvard, Tuck, Wharton and other prestigious schools, I found that the practice cases they provided were generally helpful but I was somewhat frustrated with the level of detail regarding the *process* of structuring problems. Most casebooks seem to place a heavy emphasis on generic frameworks while providing little information on the actual methods and logic of structuring. This casebook was created to address my perceived inadequacies of these existing resources. As a result, this casebook is meant to *complement* the existing resources, rather than replace them. Students will still benefit greatly from the information contained in the other guides and the many practice cases they provide. I therefore encourage everyone to use as many different resources as possible.

As it stands in its current version, I believe that this book will be helpful to students who are starting the process of practicing for consulting interviews. However, in order for this casebook to become a truly valuable resource for Sauder students it requires the *collective wisdom* of many students – students who have gone through the demanding process interviewing with consulting firms. To improve on the many shortfalls of this book, I encourage future students, both MBAs and undergraduates, to add to it as you see fit. Ideally, this book should be a flexible document which contains the most useful guides to structuring, the most up-to-date firm specific information, a comprehensive section of practice cases, and any other consulting-relevant information that students deem useful.

Lastly, this casebook would not have happened without the help of Irfhan Rawji. Most of what I learned about strategy consulting interviews came directly from his Strategy Consulting Mentorship Program. Amaan Banwait, Ian Crosby, Peter Kim, and Spenser Rocky, who were Irfhan's teaching assistants, also played an instrumental role in helping me prepare for my interviews. Additionally, fellow SCMP students Kurtis Wilkinson and Benjamin Goodier, helped in the structuring and editing of this casebook.

Best of luck in your forthcoming preparation and interviews!

Jonathan Lawrence, MBA 2009

1. Introduction

The decision to pursue a career in strategy consulting is a significant commitment. It involves hundreds of hours of research, resume work, case practice, cover letter writing, informational interviews, and – hopefully – multiple rounds of interviews, which for Sauder students requires a considerable amount of travel. The good news is that strategy consulting is an excellent career choice with numerous benefits, including:

- First-rate training and personalized career development
- The opportunity to work with highly talented colleagues
- The chance to work for industry leading clients
- Exposure to a wide array of industries and functions
- Exceptional exit opportunities
- Salaries which are well above the average for Sauder MBAs

It is essential to understand if strategy consulting is a good fit for you before making the commitment to pursue such a career. Questions to consider include:

- What qualities do firms look for in potential candidates and do you possess these qualities?
- What does a consultant actually do?
- What are the potential career paths of a consultant?
- Which firms are the best fit for your particular skill-set and personality?
- Does the work-life balance work for you?

Much of this introductory research can be done by visiting the websites of the firms you are interested in. These sites allow you to become familiar with the size of each firm, the scope of the services they provide, the types of clients they serve, possible career paths, as well as the firm's stated values and perceived points of differentiation. Many website also include step-by-step descriptions of past "engagements" so that potential candidates can obtain a relatively detailed idea of the type work that their consultants perform. Bain, BCG and McKinsey all have comprehensive "career" sections in their websites.

The career centre is another important source of information. The staff at the Hari B. Varshney Business Career Centre can answer many of your questions, inform you of upcoming workshops (particularly those for behavioural and case interviews), inform you of consulting-relevant courses, and provide you with access to the WetFeet guides (*note: WetFeet provides an overview of the consulting industry and the major firms*). Perhaps most importantly, the career centre can put you in touch with relevant alumni. Connecting with alumni who are in, or have been in, the consulting industry is an essential step in learning about the industry and what it takes to land a job with a top firm.

Due to the competitiveness of the industry there are now numerous books and online resources to help students prepare for the case interview. Some of the more popular guides include:

- *Case in Point: Complete Case Interview Preparation,* by Marc P. Consentino

- *Ace Your Case: Mastering the Case Interview: WetFeet Insider Guide,* by WetFeet Inc.
- *Vault Guide to the Case Interview, 7th Ed.*, by Mark Asher
- *Mastering the Case Interview: The Complete Guide to Interviewing with the Top Consulting Companies,* by Alexander Chernov

I have personally read *Case in Point* and found it very helpful as an introduction to case interviews. I have also reviewed the WetFeet and Vault guides. They provide great introductions to consulting interviews but are less comprehensive than *Case in Point* in regards to the case component. For that reason, it makes sense to start with Vault and WetFeet, practice some cases, and then move on to *Case in Point* as an intermediate guide. Ultimately, any book on case interviews should provide a good foundation but none will replace the most important ingredient of all – practice.

Strategy consulting is a very desirable career choice for both undergrads and MBAs (not to mention other Masters Students, PhDs, and industry professionals) but it is not for everyone. Due to both the competitiveness and the time commitment required, it is vital that you understand exactly what you are seeking and what is required of you.

1.1. What do Firms Look for?

In essence, consulting firms are hired to **help their clients solve complex problems**. These consulting firms compete based on reputation, industry specializations, proprietary systems and information, relationships, and also on talent. This need for talent means that consulting firms are only interested in hiring the best students from the top schools. In general, consulting firms look for:

- Problem solving abilities
- Intellectual horsepower
- Leadership
- Teamwork
- Personal impact
- Communication skills
- Intellectual curiosity

A successful candidate must be able to consistently demonstrate as many of these traits as possible, at each stage of the recruiting process.

1.2. Applying from Sauder

McKinsey employs full-time recruitment teams on the campuses of many of the top MBA schools, including Harvard, Wharton, and INSEAD. Most of these schools also have highly developed consulting support programs through their consulting clubs, career centres, and alumni networks. These consulting

programs result in a high number of their students successfully landing consulting jobs. For example, 25% of Rotman's 2006 MBA class obtained employment with consulting firms upon graduation.[1] This number was even higher at INSEAD, where 39% of the 717 employed graduates found work with consulting firms.[2]

Sauder students do not have these same advantages. Although Sauder is highly regarded in many circles, it lacks deep ties with the top strategy firms. Consequently, most consulting firms do not currently consider Sauder as a serious resource for potential candidates. This means Sauder students need to work even harder to get noticed by top firms.

There are three essential elements that each successful candidate will need to master:

i.   Résumé
ii.   Behavioural interviews
iii. Case interviews

This guide only briefly touches on the first two points. Instead, the majority of the material focuses on the case component.

Application and Interview Dates: Each firm will have its own deadlines but MBA students applying for full-time positions can generally expect first round interviews in September and October. As a result, application deadlines are usually in early September. If successful in the first round, candidates are invited back for a second (and usually final) round of interviews. These interviews typically occur two to four weeks after the first round of interviews.

MBA students can also apply for internship positions, these interviews are usually held in January or February. Internships are an excellent way to gain exposure to the industry and many students are offered full-time positions following their internships. Unfortunately, most firms provide relatively few internship positions so the process is extremely competitive.

[1] *Rotman MBA 2006 Graduate and MBA 2007 Summer Job Report*. Joseph L. Rotman School of Management, University of Toronto.
[2] *2007 Employment Statistics: A World of Talent*. INSEAD.

2. Résumé

This book is not intended to act as a résumé writing guide – the career centre is a much better resource for resume assistance. This section is included mainly to stress the importance of putting in the time and effort required to create an excellent résumé. Consulting firms receive hundreds, even thousands, of applications from qualified students and professionals each year. Only the best résumés will earn interviews. If your résumé contains a single error, you will likely not even be considered for an interview. Also, if you fail to demonstrate the requisite skills and traits (i.e. leadership, teamwork, achievement, and personal impact) with each and every bullet-point, you will be passed over for someone who has taken the time to craft a proper consulting-appropriate résumé.

There is also an important formatting issue to be aware of. Consulting firms are accustomed to dealing with the same group of schools, all of whom use a similar format for their resumes. It is essential that Sauder students adopt this format when applying to these firms. Although our goal is to get our resumes to stand out, the key is to do this with content – not format. According to McKinsey's website, they prefer that all applicants resume's have a similar layout. Some specific elements include:[3]

- Name and contact details at the top
- Education, including grades and awards, should follow
- Work experience should appear in reverse chronological order
- Dates should appear on the left-hand side
- Minimum font size is 10
- The resume should be as concise as possible (*i.e. 1 page only – no exceptions here!*)

This format is consistent with other top business schools and it is also recognized by the other consulting firms. See the **Sample Résumé** at the end of this document for an example of this format.

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[3]http://www.mckinsey.com/careers/how_do_i_apply/the_application_process/resume_cv_guidance.aspx?pageIndex=0

3. The Interview Process

Although each firm has a slightly different process of interviewing, most interviews consist of three parts. For example, each 45 minute McKinsey interview is broken up into:

i.   Case Interview: 30 minutes
ii.   Behavioural Interview: 10 minutes
iii.   Questions for the Interviewer: 5 minutes

Most firms conduct two rounds of interviews, with each round having two or three of these multi-part interviews.

Every firm has a unique interview process and so it is important to know what you will be facing in each round. Normally when you pass the first round of interviews, the consulting firm will provide you with a contact within their firm. This contact can answer any questions you may have regarding the process of the final round of interviews, as well as the key characteristics that their firm values most in a prospective candidate. However, the onus of preparing for the first round of interviews is left entirely up to the candidate. This is where having a contact within the firm is invaluable. Check with the career centre to see if Sauder has alumni at the particular firm you are interviewing with. Also, see the **Reference Section** for additional firm-specific information on the interview process.

4. Behavioural Interview

The behavioural portion of a consulting interview is not drastically different from what you might face in any other job. Again, the details are unique for each firm but they share many commonalities as well. According to a consultant from the Monitor Group, the key to any behavioural interview is to prove three things beyond any reasonable doubt.

    i. Why consulting?
    ii. Why our firm?
    iii. Why you?

This approach applies to every firm. For each behavioural question you face, you should be thinking about how your response answers at least one of these questions. Consulting firms invest enormous resources into their consultants; they need to be absolutely sure that you know what the job entails and that you are completely dedicated to it.

You can expect to be asked the first two questions directly while the last point, the "why you?", comes up through questions regarding your experience with leadership, teamwork, conflict resolution, etc. Be sure that you have relevant stories and examples that will help demonstrate each of these traits. Also, it is common for interviewers to pull questions right from your resume. It is important that you are able to comfortably elaborate on each and every line within your resume. If you cannot elaborate on a point, it is not worth putting it on your resume.

Lastly, it is vital that you keep your responses **concise and structured**. Answers should be between 30 and 60 seconds (*this is harder than it sounds!*). For the case component, candidates are tested on their ability to structure solutions to problems. You should attempt to demonstrate these same skills when answering behavioural questions. The familiar STAR (Situation, Task, Action, Result) method is a good framework for most situations when you are asked to describe a past experience but you must ensure that you focus on the "Action" component. The firms need to understand exactly what **you** did in the situation. Even when you are asked seemingly benign questions (such as "how has your experience at Sauder been?") you should strive to answer in a structured manner.

5. The Case Interview

The case component is usually the thing that is most closely associated with the consulting interview and it is typically what candidates spend the most time worrying about. This fear is somewhat unwarranted, but only if you are well practiced. Doing well at case interviews is a skill and as such it is something that can be learned. If you are a good fit for consulting to begin with then you can surely become adept enough at cases to impress some interviewers.

Jumping in to case interviews for the first time can be intimidating. It can also be time consuming and frustrating, especially if you do not have a good idea exactly what you should be learning and how the cases should "flow". Here are some ideas to get you from case-novice to case-ace:

i. **Start by reading this and other case books**. Reading about how to do cases is a little like reading about how to play a sport. However, casebooks will give you an understanding of what the firms are looking for, as well as some keys to structuring and communicating your thoughts.

ii. **Work with other students that are at your level**. Practice both as the interviewer and interviewee. Starting with simple cases – such as straightforward profitability or market entry cases – will help you to hone the skills required to tackle more complex cases. Ideally you should work with a number of different partners, gaining exposure to as many styles and approaches as possible.

iii. **Practice with people who are more experienced than you**. These people will be able to give you helpful hints and strategies – shortening your learning curve.

iv. **Keep your notes from each case**. This will allow you to review past cases and identify areas where you could have made improvements. Taking the time to understand each case is more valuable than doing a large volume of cases (although doing both is best!).

5.1. What do Firms Look For?

The first step to learning cases is to understand why consulting firms use them and what you are being tested on. Essentially, seeing how you perform in a case interview is a consulting firm's best proxy for understanding how you will perform in real consulting situations. So what are these "real consulting situations" that consultants face?

- Consultants encounter complex problems every day. They attempt to solve these problems using **fact-based analysis**.
- Consultants work as teams in close confines. High-stress situations and long hours are common.
- Consultants must adapt to new work environments and work constructively with their clients to identify problems and obtain the needed information.
- Consultants must be able to clearly and persuasively present their findings.

As such, firms use case interviews to answer questions such as:

- Are you a good problem solver – i.e. are you intelligent, structured and creative?
- Can you handle stressful situations?
- Do you have good leadership skills?
- Are you a good communicator?
- Do you have good business acumen?
- Will you be a good representative of the firm? Could I put you in front of a client?
- Do I like you? Would I be happy having you on my team?

Typically a firm will use a specific marking system that ranks candidates on some scale (i.e. 1 to 5) across a number of traits. A successful candidate will likely be required to score well in every category. **Two of the attributes that you absolutely must prove are that you are both highly intelligent and logical**. Everything you do in a consulting interview – including both the behavioural and case components – should be logical, reasoned, and structured. This point will continue to be stressed throughout the following sections.

Remember, while working through your case the interviewer is attempting to assess is **how you think**. It is your job to provide the interviewer with adequate information to properly evaluate you. This is done by **verbalizing your thought process**. This means that in every step of the case you should be explaining what you are looking for and why. If you do not explain your thought process the interviewer will not have sufficient information to grade you.

5.2. Sample Case

It is difficult to read about case strategies if you are unfamiliar with what a case interview really looks like. This rather simple case should give you a feel for the interactive and conversational nature of a case.

> **Interviewer: American Express is a financial services company best known for its credit cards. Unlike its bigger competitors, Visa and MasterCard, American Express does not allow its cardholders to carry a monthly balance – Amex cardholders must pay off their balances each month. Consequently, American Express does not earn interest fees from its cardholders. Instead, American Express charges cardholders an annual membership fee of $55.**
>
> **Recently, Amex has experienced increased competition in the credit card market. In response to this, American Express is considering dropping its annual fee. My question for you is should American Express drop its fee?**

Candidate: Okay, so Amex is facing stiff competition and it is considering dropping its annual fee. You want me to evaluate this idea and assess whether or not it's a good idea?

Correct.

Okay, can I just take a moment to think about this?

Absolutely.

(*Candidate jots down some ideas on paper*) Well, the first thing that comes to mind is that Amex, like any company, is looking to maximize its long-term profitability. So, I would say that Amex should drop its fee only if it would be more profitable to do so. Essentially, I'd like to approach this as a cost-benefit analysis. Amex should drop the fee if by doing so it somehow increases its other revenue streams, or reduces its costs, by at least enough to offset the lost fee-revenues. The first thing I'd like to do is identify the revenue streams for Amex and then I'll explore the potential cost savings that would come by dropping the fee.

Sounds good. I agree that Amex might save some money by dropping the fee but let's assume that they are only marginal savings. So, I want you to only focus on the revenues. What do you think Amex's revenue streams are?

Well, we've already established the annual fee – this will form the cost side of the equation. We also talked about interest expense. The other credit cards get revenue this way but Amex does not so I'll ignore that for now. However, perhaps this is an avenue they could pursue in the future. The last revenue stream that comes to mind is the fee that credit card companies charge the merchants for accepting their cards. I think credit card companies get some percentage of total sales from the merchants. Is this true for Amex?

Yes, American Express charges merchants 1% of sales.

Okay, so right now Amex's revenues look like this (*candidate writes on paper*):

- *Total Revenues = (Membership Revenues) + (Merchant Fees)*
  - *Annual Membership Fee Revenue = (#cardholders)*($55)*
  - *Merchant Fee = 1% * (total sales)*

That's right.

Great – well then I think the approach I'll take will be as follows (*writes on paper*):

- *Identify the cost of dropping the membership fee*
- *Identify the resulting increase in merchant fees*
- *Make a decision on dropping the fee*
- *Explore other revenue generating options/alternative strategies for competing*

Sounds good.

Okay, so first I'll try and estimate the cost of dropping the fee. For that I need to know how many Amex cardholders there are. Do we have that information?

Actually, I'd like you to tell me how many you think there are.

Okay, so you want me to estimate the number of Amex cardholders – is this for Canada? North America? Worldwide?

Let's just look at the American market.

Well to do that I think I'll need to find (*writes on paper*):

- *Amex cards = (Total number of credit cards) * (Amex's market share)*
    - *Total credit cards = (# of eligible cardholders in US) * (avg. cards per person)*

So, do we know American Express' market share?

Yes, it's approximately 5%.

Okay, to estimate the total number of credit cards I need to first estimate the population of Americans that are potential card holders. I'd say that there are approximately 300M Americans. Most people don't get credit cards until their late teens, maybe even their early twenties. If I were to segment the population into 20 year age groups we could generalize by saying that Americans from zero to 20 years old are largely ineligible for credit cards and those 21-plus are eligible. If we assume that the average lifespan is roughly 80 years, this makes 75% of the population eligible for credit cards – or about 225M people.

- *Total # of credit cards = 225M * (avg. cards per person)*

As for the average number of cards, I know this varies greatly from person to person. Some people have no credit cards while others have five or six. Most of the people I know have two or three so I think a good estimate is two and a half.   Does this seem reasonable to you?

Sure.

Okay, so the total number of credit cards is 225M multiplied by 2.5 which is… (*calculates on paper*) 562.5M cards. The number of Amex cards is 5% of this or…roughly 28M.

Sounds pretty good. The actual number is a little lower than that so why don't you go ahead and use 20M as the number.

Okay, so the amount of annual revenue foregone by dropping the membership fee is 20M cards multiplied by $55 per card which is…$1.1B. Wow, that seems quite significant to me. I think American Express would really need a big boost in its merchant fees to compensate for the loss in membership fees.

Looking at these merchant fees, I know that they are driven by the total amount of money spent each year using Amex cards and the amount of money spent is determined by:

- *Total sales = (# of Amex cards) * (avg. spend per card)*

So by dropping the annual membership fee we would need to increase the number of Amex cardholders, or increase the amount each person spends, or both. My instincts tell me that simply dropping the fee might entice more people to apply for American Express cards but I'm not convinced that it would change their spending habits.

Why wouldn't it change their spending habits?

Well, I think that the $55 per year is pretty insignificant and dropping it won't really entice people to spend more money or even give Amex a greater share of wallet. I think to drive changes in consumer spending habits we would need to do other things such as loyalty programs and these are outside the scope of our membership fee decision.

Fine, carry on.

Okay, I also know that there are other possible ways of generating revenues which we haven't discussed but in keeping with the membership fee question, I think we just want to focus on the existing revenue streams. So, if it makes sense to you I'll look at the potential increase in cardholders Amex might see by dropping their fees and the income that would result from that.

Sounds good.

Okay, so I know that Amex makes 1% of sales – do we know the average amount each person spends?

Yes we do, the average is approximately $2,000 per cardholder.

Okay, so 1% of $2,000 is just $20. I can immediately see that Amex earns much more from annual membership fees than it does from merchant fees… $55 versus $20. That means it would need to increase its current membership base almost three times.

Can you tell me exactly how many new customers American Express would require?

Sure, (using paper) the $55 membership fee divided by the $20 in merchant revenues is…2.75. This multiplied by 20M is… 55M new cardholders.

What do you think about this?

It seems very unrealistic to me. What we're saying is, assuming that cost savings are marginal, and that there are no other changes in revenue generation and no significant changes in consumer spending habits, dropping the annual fee would need to attract at least 55M new customers in order for Amex to breakeven. Based on this I would recommend that American Express does not drop its annual fee.

I agree with your assessment of the situation however, American Express is still facing a challenging market, what else could it do?

Note: as is common with most cases, the interviewer has decided to shift gears. At this point you would need to stop and quickly structure a different approach to this new question. This case could go in any direction, depending on the amount of time remaining and the interviewers' motivations. If you made it through the initial question quickly and confidently then the interviewer will have more time to work with you and really push your thoughts and creativity. However, if the first part of the case has taken up most of the allotted time (typically 30 minutes) then the interviewer would simply ask you to wrap up by summarizing the case. For the sake of an introductory example we have covered enough material for the ensuing discussion on structuring.

Remember, every case interview is unique. The process is interactive and dynamic and it is impossible to perfectly replicate it on paper. This example case is only meant to provide you with a depiction of how a case could go. This is not meant to suggest that this is necessarily "the right way" to approach the problem.

5.3. Structuring

Since case interviews test how a candidate solves problems, each person will likely find their own unique approach to working through cases. This is why you will often hear that "there are no right answers". However, **there are certainly wrong answers** and there are also poor approaches to problem solving. This section outlines a helpful way to generate a logical structure for working through cases. The following six steps can be used to help establish a structure for any question, whether at the beginning, middle, or end of a case.

i.   Restate the question
ii.   Identify the goal(s) and, if necessary, state your decision criterion
iii.   Look for the drivers
iv.   Structure your approach
v.   Systematically gather the necessary information
vi.   Integrate new information and re-evaluate goals and structure if necessary

i. Restate the question

This step should help focus your thoughts on the task at hand while also allowing you to double-check with the interviewer that you are indeed answering the correct question. In the example above, the question being asked is obvious – *should Amex drop its annual membership fee?* This is not always the situation; sometimes the question is buried in extraneous information while other times you may have to infer the question. In these situations it is necessary to clearly identify the question before proceeding. It is also a good idea to write the question in bold letters at the top of your worksheet. This should help keep you focused and on topic throughout the interview.

ii. Establish the Goal and Identify the Decision Criterion

Identifying the goal of the case is the first step to solving it. Many cases state the goal explicitly while other cases are intentionally vague as interviewers often like to assess your ability to handle ambiguity.

In the example case, the interviewer gives us the question directly but the candidate needs to establish the goal. In many cases (but not all) the goal is, understandably, **increased profitability**. It is very important to state the goal, even if you think it is obvious. This ensures that the interviewer knows where you are taking the case. At this point you can write down:

- *Question*: Should Amex drop its membership fee?
- *Goal*: Increased long-term profitability

If the case requires you to make a decision, it is important to **establish your decision criterion.** In the example case we have already identified the goal so we can simply state; "*American Express should only drop the membership fee if it increases profitability*". Identifying the question and establishing the decision criterion will create the "bookends" that allow you to construct a logical framework to analyze this problem.

Tip: *If the case requires you to make a decision you must establish your decision criterion!*

iii. Identify the Drivers

The first two steps identify the question and the goal but they do not immediately point to a strategy that will allow us to systematically proceed through the case. Many casebooks suggest using the common frameworks that you have learned in strategy classes; Porter's Five Forces, the Three C's, the Four P's, Value Chain Analysis, etc. Although these can prove useful (especially when attempting to systematically gather information) each case is unique and most common frameworks are too generic to be effective. Also, do not forget that an interviewer is testing how you solve problems – he or she would not be able to learn very much about your thought process if you simply use a generic framework to solve problems!

Instead of applying a basic framework, you should attempt to create your own process that is uniquely tailored to each specific case. Before we can create this framework it is usually necessary to **identify the drivers of the case** (these are also called the "key success factors" or the "independent variables"). Finding industry-specific and client-specific drivers is a key component of any consultant's job. It should also be one of your main goals for each and every case.

In the example case, we have already established the goal as maximizing profitability. The key at this stage is to think about the drivers at the **highest possible level**. Do not get into the specific revenue streams and cost drivers yet. Instead, think about the drivers of profitability in the most general sense. For profitability cases this is simply: **Profit = (Revenues) – (Costs)**

Next, look for the drivers of the variables that you have identified – in this case, revenues and costs. These could be considered "second level drivers" of profitability. By asking the interviewer a few simple questions, you will find that first, the interviewer does not wish to focus on costs, and second, Amex's revenue streams are:

- *Revenue = (Membership Fees) + (Merchant Fees)*

Once identified in their broadest terms you can go one layer deeper with the revenue drivers. You have to think to yourself; "*what drives membership fees and what drives the merchant fees?*" This case is fairly simple and you should quickly establish that the underlying drivers of each revenue stream are:

- *Membership Fees = (Fee per Cardholder) * (Number of Cardholders)*
- *Merchant Fees = (Total Sales Using Amex Cards) * (Amex's Merchant Fee)*

You have now established that i) that our goal is profitability, ii) that profitability is driven mainly by revenues, and iii) there are only two revenue streams; membership fees and merchant fees. This logical procession of thought should help lead you into the creation of a unique structure.
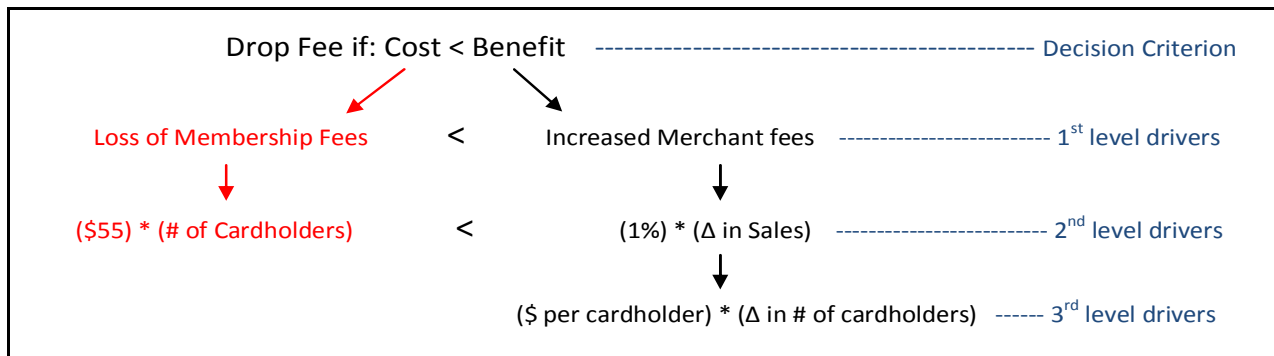
Tip: *Identifying case-specific drivers will allow you to create a unique solution structure (thus avoiding the use of generic strategies).*

iv. Create a Solution Structure

Steps one through three lead up to the most important point in any case – creating a solution structure. A sound, logical, and inclusive structure, or framework, will create a clear path for you, helping you to navigate through the rest of the case. You will still need skill and experience to ask the right questions and integrate the information you uncover, but a sound structure will provide you with a map that you can constantly return to for guidance.

In the example case, we started with the profitability framework but established that revenues are the most significant drivers of profitability in this case. This case became a cost-benefit analysis (CBA), allowing us to create a more refined decision criterion; "*Amex should drop the membership fee only if the new revenues it generates as a result of this action exceed the lost membership revenues*". Since the only other source of revenues is merchant fees, we can create a simple structure that will allow us to answer the question at hand:

Figure 1: American Express Solution Structure

Drop Fee if: Cost < Benefit   -- Decision Criterion

Loss of Membership Fees   <   Increased Merchant fees   ------------------------ 1st level drivers

($55) * (# of Cardholders)   <   (1%) * (Δ in Sales)   ------------------------ 2nd level drivers

($ per cardholder) * (Δ in # of cardholders)   ------ 3rd level drivers

This structure identifies the question and the decision criteria, establishes the two revenue streams, and identifies the underlying factors that impact these revenue streams. At this point you know exactly what information you need in order to answer the question at hand.

It is important to note that you will not always be able to quickly identify the drivers of each case. However, if you establish the goal and the decision criterion you can create a "coarse structure" and refine it as you gather more information. Referring again to the example case, you may not realize that sales are going to be found by multiplying the average spend per cardholder by the number of cardholders, but you can establish that the increase in merchant fees must exceed the loss in membership fees. As you progress through the case you will work your way towards the more specific revenue drivers.

MECE: An important concept in structuring is MECE (pronounced "mee-see"). MECE stands for "**Mutually Exclusive, Collectively Exhaustive**", a grouping principle that is a central concept for consultants. It states that the branches of any structure you create should be exclusive, or independent, from each other. However, when these independent branches are combined they should also be completely exhaustive. In other words, they do not omit any variables or factors which may impact the situation at hand. For example, if you had to categorize your classmates, doing so by gender would be MECE but doing so by program specialization would not (as some people have more than one specialization while others have none).

The simplest way to conceptualize the MECE concept in business cases is by analyzing profitability. There are only two factors which affect profitability; revenues and costs. These variables are independent of each other and they are the only two factors we need to consider in order to analyze profitability. Other generic MECE structures include:

- Internal Factors v. External Factors
- Quantitative Effects v. Qualitative Effects
- Defensive Tactics v. Offensive Tactics

Note: these structures are probably too simplistic to be used on their own, but they could potentially provide the first branches in your structure. Adding case-specific factors could turn these into more valuable structures.

The ability to create sensible structures that are also MECE is an important skill that will be emphasized in later sections.

v. Gather Information Systematically

One of the most important skills you will develop in your case practice is the ability to gather information efficiently and systematically. The last thing you want to do is unleash a barrage of seemingly random questions on you interviewer. This wastes time and it suggests to your interviewer that you are not a structured problem solver.

Creating a solution structure is the most important step in helping you to systematically obtain the required information. Once you have created a structure, it is good practice to work on one just "branch" at a time. You should also explicitly tell the interviewer what you are attempting to find. This is part of the aforementioned thought verbalization process. For example, in the Amex case you might start by saying; "*My first step will be to calculate how much money Amex would lose if it drops the fee. To do this I will need to know how many cardholders there are*". This keeps the interviewer on the same page as you. If you were to start by asking how many cardholders Amex has, without an explanation, the interviewer may not understand why you decided to start with that particular question.

The previously mentioned "generic strategic frameworks" can also be quite useful for guiding your line of questioning. Most cases are not as cut-and-dry as the American Express one and you will probably need to ask a number of questions before you can proceed with the case. Using the Three C's (Company, Competition, and Customer), the Four P's (Product, Price, Placement and Promotion), or some other framework, allows you to ask questions in a more methodical fashion and complete a brief situational analysis. Once you have established which areas you are interested in, focus on just one area at a time.

*Tip: Generic frameworks are **not** adequate solution structures but they can be used to help you gather information in a systematic fashion. If you attempt to use one to solve the case, you will likely not pass on to the next round (if solving problems were that easy, clients would pay $200 for a Strategy textbook, not millions of dollars to consultants!).*

vi. Integrate the Information You Uncover

This step sounds rather obvious but its importance cannot be overstated. Interviewers do not expect you to know the specific details of a company or the key success factors of a particular industry. However, they do expect you to be able to *recognize* the key success factors when they arise in the case and then use them to refine your structure and guide your questions.

You will often find that your initial approach or hypothesis is not ideal. It might even be completely wrong. If this occurs you should admit your mistake and use the newly uncovered information to create a new framework. This shows the interviewer that you recognize your error and that you can adapt to the situation. The last thing you want to do is keep pushing down the wrong path.

5.4. An Introduction to Case Types

Cases can generally be grouped into three categories:

1. Business Cases
2. Market Sizing/Estimation Cases
3. Game Show Cases

Most of the cases used in interviews are business cases but it is important to be familiar with the other types as well. Market sizing is a useful skill and it is common to come across it within a business case, whereas game show cases test your creativity and your ability to structure seemingly bizarre problems.

1. Business Cases

Example: The American Express Case

The American Express case is a typical, albeit somewhat simplified, business case. These cases not only require the ability to build logical solution structures, they also examine basic business knowledge and skills. It is important to have a good grasp of subjects such as finance, microeconomics, accounting, marketing, and strategy.

Although each firm (and even each interviewer within a firm) will use a different style of case interview, many business cases share a common pattern, or cadence. I describe this pattern as: Structure, Calculate, Strategize, and Summarize.

i. Structure: You will be given a client scenario, often based on a recent study that the consultant has completed, and asked something along the lines of; "*how would you approach this problem*". At this stage the interviewer is assessing if you have the ability to logically analyze a problem. You must establish a sound solution structure. As you progress through the problem, the interviewer will test your business knowledge and insight by questioning your assumptions and introducing new questions.

ii. Calculate: Many cases will reach a point in the problem that requires the use of quantitative analysis. This may come naturally from numbers you have uncovered or these numbers may be introduced by the interviewer. A common method of introducing quantitative data is through the use of tables or graphs.

For example, if in the first part of the case you had explored ideas for increasing a client's sales, the interviewer may switch gears by handing you a table containing information on specific sales tactics. You would then be asked to evaluate which tactics appear to be the most appropriate. At this point you

will need to assimilate the new information – which will likely require a number of calculations – and structure a new solution to this new problem.

To do well in the calculation component of a case, it is essential that you practice your math skills! Even basic skills, such as long division, weighted averages, fractions, and percentages, can seem difficult when under pressure. You should be able to do all simple math functions in your head while more complicated functions should be completed quickly and accurately on paper.

iii. Strategize: If you still have time remaining after clearing the initial hurdles, the interviewer will push you further by asking you to delve deeper into the case. For example, in the American Express case you may have structured your approach, calculated the outcome, and made a decision ("*do not drop the fee*"). The interviewer could then ask you to come up with specific ideas to increase Amex's revenues or profitability.

At this point in the case the interviewer has a lot of leeway in what he or she wants to test you on, so the case could go in several directions. The key is to continue structuring your thoughts and ensure that you integrate the key points that you have uncovered in the interview. Use the key characteristics of the industry, your client's strengths and weaknesses, and other pertinent information to help build your approach to the new questions.

Tip: New questions require new solution structures! Do not let your guard down near the end of the case – take the time to create good structures.

iv. Summarize: In every interview you can expect to be asked to summarize the case you have just analyzed. This is a crucial part of the interview – do not let up! You are not only being tested on your ability to communicate in a clear and concise manner, but you are also being given the chance to prove to the interviewer that you have learned what the key factors of the case are. You should neither respond "off-the-cuff" nor should you provide a complete summary of the case. Instead, take a moment to structure your response, jotting down the key points of the case if necessary, and deliver a **brief overview** of the key points in the case. Being able to clearly summarize a complex business case in less than a minute is an important skill.

Types of Business Cases: Business cases can generally be grouped into a handful of categories. This casebook identifies four specific types.

- Profitability
- Market Entry
- New Product Development
- Marketing/Strategy

Examples of each, as well as strategies and tips for solving them, are given in **Section 5.5**.

2. Market Sizing/Estimation Cases

Example: How many American Express members are there in the US?

The American Express case introduced the market sizing concept in the form you will most likely find it – within a larger business case. However, it is also possible to face a market sizing case as standalone problem.   Regardless of the context, these questions all require candidates to come up with a reasonable guess about something that they could never know with any precision. Remember, there are no right answers but there are poor approaches!

You will need to make a number of assumptions to come up with your estimate. These assumptions must be reasonable – you need to prove to the interviewer that there is some inherent logic to your approach and that you are not simply pulling numbers out of thin air. Establish you logic before proceeding: look for drivers, create a structure (usually a tree diagram or an equation), and be sure to verbalize your thought process to keep the interviewer involved.

A common driver in market sizing questions is the size of the relevant population. If the product is affected by different age groups (as with credit cards in the Amex case) you will be required to **segment the population**. You can divide the population in any way that makes sense for the question. Another common driver is the number of households in a market. For example, in order to estimate the number of flat screen televisions sold in Canada last year, it makes more sense to think about the number of households purchasing televisions, rather than the total population.

When making assumptions, it is also a good idea to use round numbers to make the math easier. If you need to estimate the population of Canada, using 30M, as opposed to the more accurate 33M, will save you some trouble and you will still end up with a reasonable estimate.

Lastly, you should "gut check" the final number by asking, *does it make sense?* It is common for the interviewer to question your results (i.e. "*do you **really** think there are 28M Amex cards?*"). If you are secure in your logic, and your estimate also passes the gut check, then stand by your answer.

Market Sizing Example:

> **What is the dollar-value of coffins sold each year in America?**

In order to answer this rather morbid question, establish the top-line drivers first:

- *Sales/year = (Avg. cost per coffin) * (# of coffins sold per year)*

The average cost per coffin can be asked directly or it can be estimated. Assume it is $500. Next, look at the underlying drivers of how many coffins are sold each year:

- *# coffins per year = (# deaths per year) * (% of deaths that require coffins)*

Again, the percentage of deaths that require coffins can be asked directly or it can be estimated. Assume 65% of funerals require coffins while 35% do not (i.e. cremations without burials). Next, identify

the main underlying driver for the number of deaths per year. I would argue that it is based on population:

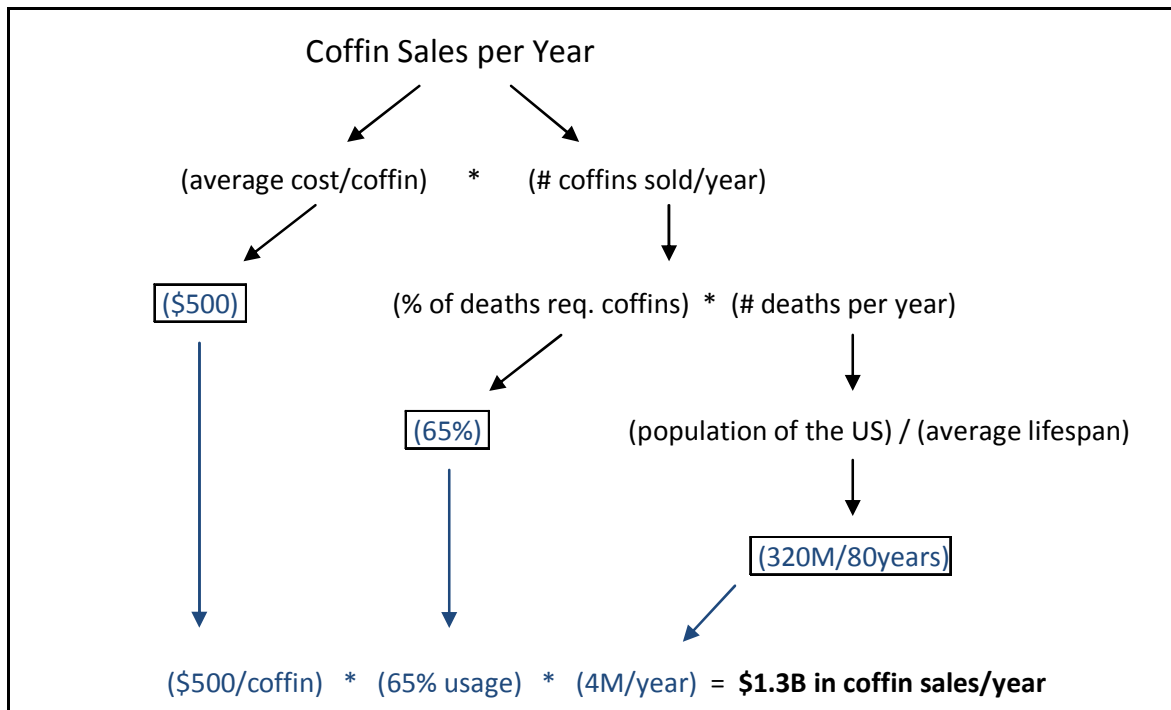- *# deaths per year = (population of the US) / (average lifespan)*

Note: *this equation assumes that the population of the US is normally distributed across each age group.*

Make your own assumptions regarding population and lifespan; population = 320M, average lifespan = 80 years. This means that an average of 4M Americans pass away each year.

Putting it all together we get:

- *Sales/year = ($500/coffin) * [65% * (320M/80)] = $1.3B per year*

Figure 2: Solution Structure for Coffin Market Sizing

Coffin Sales per Year

(average cost/coffin)   *   (# coffins sold/year)

($500)

(% of deaths req. coffins) * (# deaths per year)

(65%)

(population of the US) / (average lifespan)

(320M/80years)

($500/coffin)   *   (65% usage)   *   (4M/year) = **$1.3B in coffin sales/year**

More Examples:

- How large is the market for women's athletic apparel in Canada?
- If Petro Canada has 15% of the retail gasoline market in Canada, how many litres of gasoline do they sell each year?
- How many messages are sent over the Canadian BlackBerry network each year?
- How many gas stations can Vancouver support?
- How many snowplows are there in Winnipeg?

3. Game Show Cases

Example: Why are manhole covers round?

Game show questions can quite literally be about anything. Although they are not very common in interviews, they are a good way to hone your analytical and creative abilities. They are also excellent practice for learning how to deal with ambiguity.

As with all problems, you must still approach these questions logically. For manholes, there *has* to be a reason that they are round; easier to manufacture? Better access? The round shape ensures that they can never fall down the hole? They are used to cover round sewage pipes?

Grouping these ideas into categories (for example, "profit-based characteristics" and "performance-based characteristics") is also helpful. This establishes the logic which your assumptions are based on and it shows the interviewer that you are both structured and creative.

Some questions require you to break the problem down into smaller pieces – ones that can be more easily estimated. For example, in order to estimate how many hairs a Dalmatian might have, you could first think about how many hairs it would have per square centimeter and then multiply this by the estimated surface area of the animal.

More Examples:

- How much does the CN Tower in Toronto weigh?
- How many golf balls could you fit in a Boeing 777?
- You enter an elevator with two other people. There are 39 floors above you, what is the probability that you all get off on the same floor?

5.5. Business Cases: Tips and Strategies

This section is intended to familiarize candidates with common types of business cases, while also highlighting some specific strategies and approaches that work well for each. However, two important points must be noted. First, there are an endless number of cases, each of which is heavily influenced by the interviewer. Consequently, it is not always possible to fit each case into a specific category. Many cases will involve elements from each of the types listed below. Your goal should be to become familiar with each of the case types while not becoming too dependent on using a specific framework to solve them. The variety and complexity of cases means that you must remain flexible in your approach. Second, although this guide may give specific recommendations for frameworks and approaches, these are only suggestions. There are always alternative approaches that could work equally well or better. It is good practice to try and create multiple approaches to each case type.

Regardless of the case type, you can always apply the logic outlined in **Section 5.3**. Remember to focus on the question, identify the goals and decision criteria, look for the key drivers, and gather information in a systematic fashion.

1. Profitability Cases

The heart of any profitability case is simply: **Profit = (Revenues) – (Costs)**. Despite this simplicity, there are an unlimited number of variations on profitability cases that will keep you on your toes.

Declining profit cases are common and they serve as a nice introduction to profitability cases. For example:

Our client, Shopco, is a regional grocery chain operating in Ontario. Shopco's profits have been steadily declining and they have approached us to help them identify and rectify this problem. How would you proceed with this case?

In these cases you typically need to:

i. **First identify why profits are falling**. Establish the basic issue; is the problem caused by declining revenues, increasing costs, or both?
ii. **Identify why revenues are declining or costs are increasing.** Understand the revenue and cost drivers - what has changed and why? Look both internally (rising labour costs, poor management, etc.) and externally (declining industry, macroeconomic issues, increased competition, etc.).
iii. **Suggest solutions**. Explore strategies and tactics to address the problems and restore profitability.

Common questions to ask include:

- When did this problem start?
- What are our client's revenues? Have they declined?
- What are our client's costs? Have they increased?
- Is this an industry wide issue? How does our profitability compare to our competitors?

Understanding Revenues:

There are a number of ways to analyze revenues. Two common, high-level approaches are:

- **Revenues = (Price) * (Quantity)**
- **Revenues = (Market Size) * (Market Share)**

Pick either strategy and explore each variable separately and systematically. Once you understand where the problem is coming from you can begin to dig deeper into the issue by looking at specific revenue streams.

Understanding Costs:

The most common way to breakdown costs is simply:

- **Costs = (Fixed Costs) + (Variable Costs)**

First determine if either cost bucket has changed and then attempt to identify why.

Before actually getting into the specifics, it is usually a good idea to ask about the **cost structure**. If a client has 85% fixed costs and 15% variable costs you should focus on the fixed costs first. Consultants regularly employ the Pareto principle (i.e. the 80/20 rule) and so should you.

Sometimes examining fixed costs and variable costs separately does not provide enough information. For example, if you are trying to determine how your client's manufacturing costs compare to industry averages, it is more helpful to ask about the cost per unit (as this allows you to compare companies of different sizes). **Using industry-relevant metrics** can often reveal important information more quickly than getting caught up in the specific "cost buckets". Some other examples include:

- **Shipping**: cost of shipping per some weight and distance (i.e. $ per Kg*Km)
- **Production/Commodities**: cost per unit (i.e. $/ton or $/widget)
- **Pharmaceuticals**: cost per dose; cost per pill; cost per kg
- **Service Industry**: cost per customer visit; cost per new customer acquisition, annual cost per customer, etc.

There are an endless number of metrics so always be on the lookout for ones that might be relevant to your specific problem.

Additional Strategies:

i. Segmentation: An extremely important concept that often comes up in profitability cases is that of segmentation. If a client sells multiple products or serves multiple customer groups you should investigate the **customer segments** or **product segments**. For example, a client may experience profitability problems if its customers switch from its higher margin products to its lower margin products.

The ability to segment a given market demonstrates a candidate's ability to think at the customer's level. Being able to connect with the problem at the consumer's level can generate powerful insight into creative opportunities within case studies and actual engagements. Consultants often spend considerable time gathering and analyzing primary research on customer tastes, segmentation and perceptions. Mastery of market segmentation will also allow an interview candidate to avoid the pitfall of asking the question "*how is the market segmented?*"

Example: A good example for segmentation is the wine industry – specifically at the retail level. In some cases segmentation can become cumbersome; utilize a matrix to sort your ideas. Consider the various segmentation criteria for wine:

- Price Segment– Budget, Economy, Premium, Super Premium
- Country of Origin – Canadian, South African, Australian, French, Italian, American
- Vintage
- Specific Vineyards – Mission Hill, Gray Monk, E & J Gallo, Yellow Tail
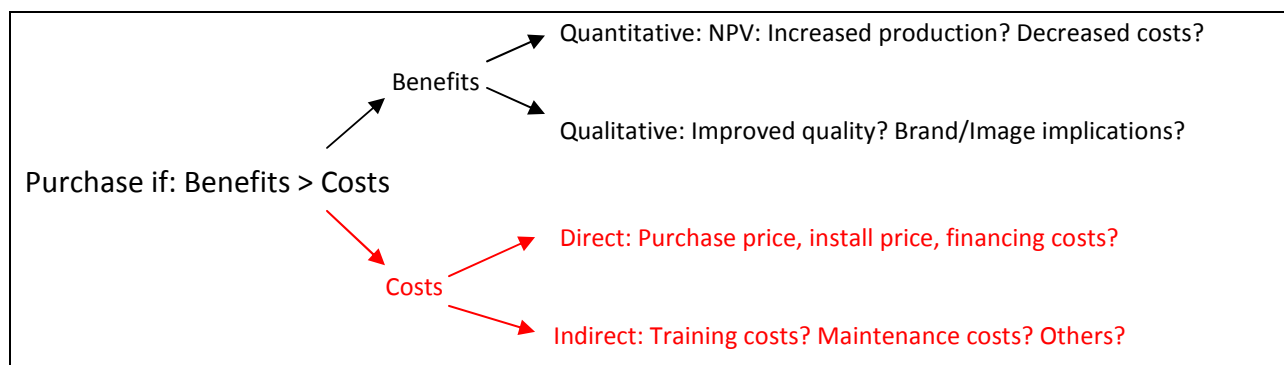- Type – Ice wine, Champagne, Shiraz, Cabernet, Merlot, Pinot Gris

Keep in mind that there is no "correct" way to segment a market; however, some methods are more intuitive than others. It is a good idea to recommend more than one method of segmentation and highlight which would be optimal. For example, when segmenting wines, it is easier to segment by Price, Country, or Type, than by the Specific Vineyard, given that there are so many different vineyards.

Practice: As with all skill-sets in consulting; mastering segmentation simply requires practice. Look for multiple ways to segment the following industries:

• Coffee	• Radio/Television
• Restaurants	• Automotive
• Clothing	• Telecommunications
• Energy/Refining Products	• Consulting
• Consumer Electronics	• Banking
• Pharmaceuticals	• Education
• Beer	• Airlines

ii. Cost-Benefit Analysis (CBA): Using a CBA is often a **good strategy when you are asked to make a decision** (rather than analyzing the source of a client's profitability). For example, if you are asked to make a recommendation on whether or not a company should make a capital expenditure, comparing the cost of the expenditure to the anticipated benefits is a good approach.

Figure 3: Cost-Benefit Analysis

Purchase if: Benefits > Costs

Benefits → Quantitative: NPV: Increased production? Decreased costs?
Benefits → Qualitative: Improved quality? Brand/Image implications?

Costs → Direct: Purchase price, install price, financing costs?
Costs → Indirect: Training costs? Maintenance costs? Others?

iii. Breakeven Analysis: This is a good approach when it is difficult to obtain some of the information required for the profitability equation. For example, if asked to evaluate a client's plan to spend $20M on a marketing campaign, the costs are obvious but it is hard to know how much revenue this expenditure will generate. To overcome this problem you could analyze the current profit per customer (*note the **profit metric** used here*) and then set up a breakeven analysis to calculate how many new
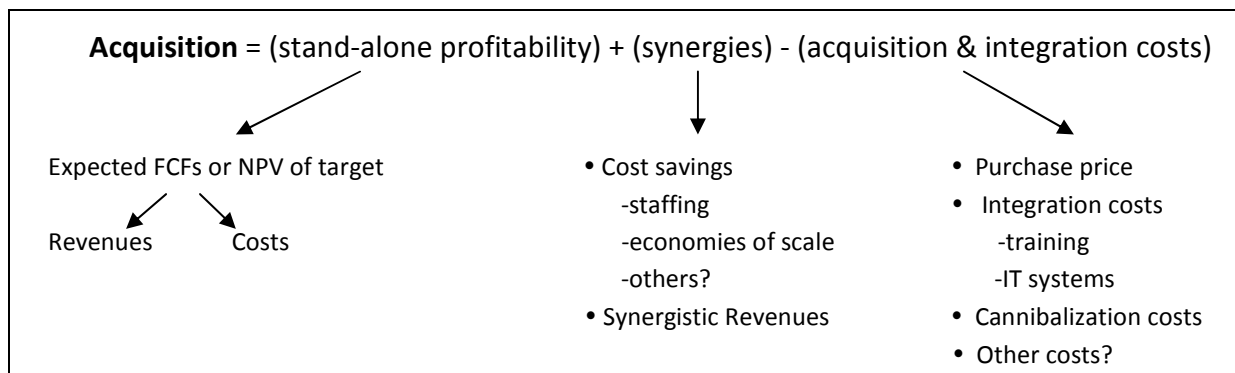
customers the marketing campaign would need to acquire in order to breakeven. You can then speculate on how reasonable this seems to you.

This approach was also employed in the American Express case. Identifying the costs of dropping the membership was simple but estimating the number of new cardholders that Amex might attract by dropping the membership fee was more difficult. A breakeven analysis showed that Amex would need to gain 55M customers, an almost 300% increase, for this strategy to make economic sense.

iv. Acquisition cases: These are typically rooted in the profitability or cost-benefit frameworks. In these cases it is important to remember that there are likely synergies (both revenue generating and cost saving) as well as costs related to the acquisition and integration of the target company. The diagram below shows one possible way to visualize an acquisition.

Figure 4: Profitability Framework for an Acquisition

Acquisition = (stand-alone profitability) + (synergies) - (acquisition & integration costs)

Expected FCFs or NPV of target

Revenues   Costs

- Cost savings
  - staffing
  - economies of scale
  - others?
- Synergistic Revenues

- Purchase price
- Integration costs
  - training
  - IT systems
- Cannibalization costs
- Other costs?

2. Market Entry Cases

Market entry cases require you to evaluate a proposal for a client to enter a new market. Regardless of the direction that the interviewer intends to take the case (i.e. strategic analysis vs. numerical analysis), you will probably be required to answer two important questions:

    i.   **Is it an attractive market?**
    ii.   **Will the client succeed in this market?**

While keeping in mind that the ultimate goal is assumed to be profitability, the decision criterion in this case is to enter the market only if you can answer "yes" to each of these questions.

For market attractiveness, it is common to explore the size of the market and its growth rates. You need to establish if the market is large enough to pursue. Common question include:

- How large is the market? What are the growth trends?
- What are the typical profit margins in this market?

The second question (*will our client succeed?*) is an issue of expected profitability. Ask questions to determine what our client's **expected revenues and costs** will be.

Using elements of Porter's Five Forces can be helpful in understanding the pressures the client will face. For example, understanding the barriers of entry will give a clearer picture of the price pressures the client will face, the expected market share it will gain, as well as the potential competitive responses it may face. Some common issues that affect profitability are:

- What are the barriers to entry?
  - o Strength of the competition
  - o Customers loyalty
  - o Legal barriers
  - o Ability to secure suppliers and distribution channels
- How does our client's product or service compare to what is available?
  - o What are its advantages and disadvantages?
- What is the expected price that our client can charge?
- Do we have the capabilities (i.e. capital, management talent, staff, etc.) to enter the market?
- Will our client obtain any synergies with its existing business? (i.e. through cross-selling, economies of scale, etc.)
- What types of competitive response might our client face?

You should suggest market entry only if you are satisfied that: the market is attractive; there are no overwhelming barriers to entry; our client's product or service is a winner; our client can deliver the product or service profitably; and our client has the capabilities to enter the market.

If you find that the market for our client's product or service is attractive but you encounter some other problems, then you can expect to be asked to generate possible solutions for overcoming these obstacles (this is because good markets are usually worth fighting for). Also, note the logical sequence here. You must first answer the "big picture" questions (i.e. is this an attractive market?) before examining the specifics (i.e. what will it cost to enter the market?). It would not make sense to calculate the costs of entering a market if you have not yet established its relative attractiveness.

Generic Market Entry Strategies: Market entry cases will frequently ask you to outline strategies for entering the market in question. Remember to start with generic market entry models, outlining the pros and cons of each, before moving into more case-specific suggestions.

- Go it alone: establish a new branch or set up a subsidiary company   *Higher Risk*
- Acquisition
- Partnership/Joint Venture
- Wholesale: sell you product through existing retailers
- License: license your product to local manufacturers/distributors   *Lower Risk*

3. New Product Development Cases

These cases share many similarities to the market entry cases. You will typically be given some information on a new product and asked to evaluate its market potential. You should attempt to answer the same questions:

- **i.** **Is this an attractive market?**
- **ii.** **Will our client succeed?**

Again, you will need to identify if the market has attractive characteristics, how our client's product or service compares to what currently exists, and if our client has the necessary capabilities to develop the product or service. Answering these questions will help you establish the ultimate question; **will the new product be profitable?** If the product seems like a winner and the market is attractive but the client lacks the capabilities to succeed (lack of capital, management talent, production capacity, distribution channels, etc.) you should suggest ideas to overcome these obstacles. A good product for a good market should always be explored!

Generic New Product Development Strategies: If you determine that the client should develop the product, you can again be expected to brainstorm ideas regarding *how* the client should proceed. Start your structuring by using general new product launch strategies. Identify which general strategies are the most appropriate for the client and then explore more specific tactics for developing and launching the product or service.

- Go it alone: develop and distribute in-house or via a subsidiary   *Higher Risk*
- Partnership/Joint Venture
- License the product
- Sell the idea   *Lower Risk*

4. Marketing Cases

Marketing strategies can play a role in virtually any case however a "pure" marketing case will typically ask you to **explore methods to increase sales**. As with most cases, you should start with a situational analysis to gather information in such areas as the economic environment, the size and growth rates of the market, the client's strengths and weaknesses, the competitive landscape, customer segmentation, and the customer's key decision criteria. Using the Three C's as a mental guide, as well as asking questions about the overall industry/market, will usually allow you to gather enough information to proceed.

Identifying Problems and Opportunities: The Four P's are very effective in marketing cases when asked to identify problems with, or opportunities for, sales. For example, if you were asked to determine why a new product has poor sales you could:

- i. Examine the **product**. What does it offer? How does it compare to the competition. Is this product a winner?

ii. Compare the **price** to competitors/substitutes. Is the price competitive? If price is not the key purchasing decision, what is?

iii. Look at the **promotion** of the product. Is our client doing enough to establish awareness? Do our customers know about the product?

iv. What is the **placement**, or distribution, of our product?   Do customers have access to our products?

Again, note that there is a logical sequence and strategy here (**see chart below**). Explore "product" and "price" to help answer the question "*do customers want the product?*" If the answer is yes, then the problem is likely that either customers do not know about the product (promotional issues), or customers do not have access to the product (placement issues).

Figure 5: Using the Four P's Framework to Understand Poor Sales of a New Product
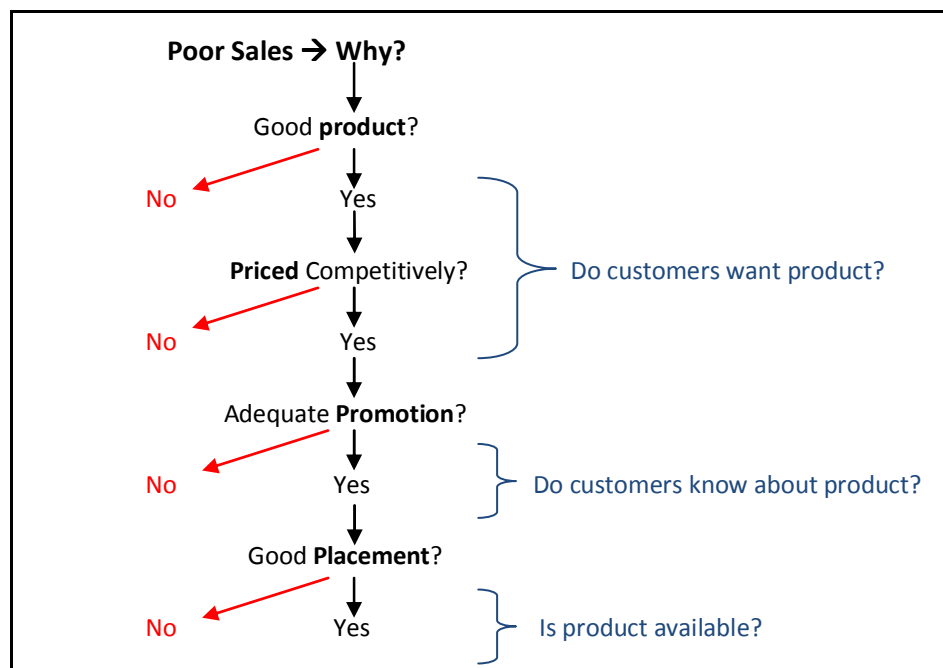
Generic Strategies: Marketing cases will commonly ask you to explore ideas for increasing the client's sales.   Resist the urge to immediately list specific tactics. Instead, begin by establishing a logical framework. The follow strategies are all possible starting points:

• Revenues = (P*Q): Increase price or increase quantity
• Revenues = (Market Size * Market Share): Increase either variable – this is often referred to as "increasing the size of the pie or increasing your share of it"
• Shift sales to higher margin products
• Obtain more revenue per existing customer or target new customers

Be sure to touch upon any negative impacts each strategy might have (i.e. raising prices will decrease sales if there is price elasticity of demand). Once you have established the top-level approach you can explore more specific sales tactics.

5. Strategy Cases

Referring to a case as a "strategy case" is somewhat misleading. It should be evident that every case requires strategy. In a sense, this section acts as a catch-all for cases which do not fit neatly into the other four categories. Because these cases can be so varied, they often resist easy identification and they can prove to be more difficult to structure. Fortunately, all of the methods that work well in solving the other cases also apply here.

One of the difficulties students face in all cases, but especially with the more ambiguous strategy cases, is recognizing when it is appropriate to create a solution structure and when they should dig for more information. Most people, knowing that they are being evaluated on their ability to structure problems, want to create a detailed structure at the very beginning of the case. Unfortunately, not all cases will fit into tidy MECE structures. Attempting to force a case into an inappropriate framework will only cause problems. **Figure 6** shows the decision process of structuring versus gathering more information.

Figure 6: Structuring Versus Collecting More Information
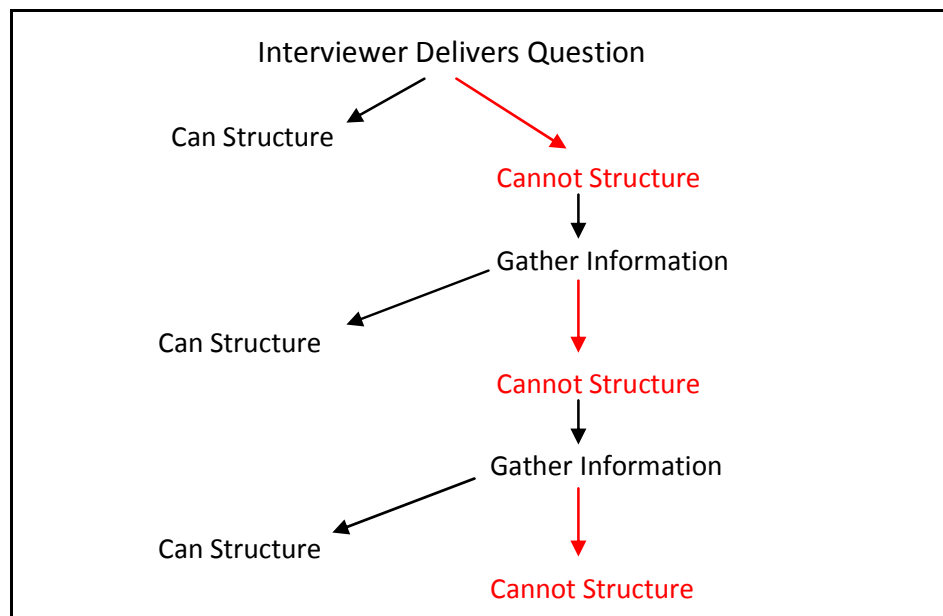
It must be noted that even if you are at a point in the case where you cannot apply a specific or detailed solution structure, you must still have an inherent logic to your process or a basic/coarse structure. It is never wise to proceed without any framework at all. For example, suppose you are faced with the following question:

> ➤ **Our client is looking to enter into a partnership. What should they look for in a partner?**

At this point in the case, there is not enough information to create a very useful structure – we need to find out more information about our client and its goals. However, we can establish the underlying logic - perhaps by stating that we intend to identify which specific characteristics would make a company a good partner for our client. The questions that follow are then directed towards reaching this goal. What starts as a checklist type of framework can be adapted into a more structured framework as the case proceeds.

6. Structuring Examples

One of the most valuable exercises is to practice structuring problems. You can quite literally do this with any problem or question. Simply walking down the street you can come up with numerous potential case questions and then create structures to solve them.

Nike and Tiger

> **Should Nike continue to sponsor Tiger Woods?**

To begin structuring this question, you should get away from the specifics and ask yourself why any company makes an investment. The answer is, of course, to get a return on their investment (ROI). From this, it is easy to see that this question is asking us to determine if sponsoring Tiger Woods is the best possible investment for Nike. In order to answer this, you should **compare Nike's ROI on the Tiger investment to the potential ROI's of alternative investments**. Look for the drivers of Nike's returns and create a structure. A possible solution structure is:

Figure 7: Solution Structure for Determining if Nike Should Continue Sponsoring Tiger Woods
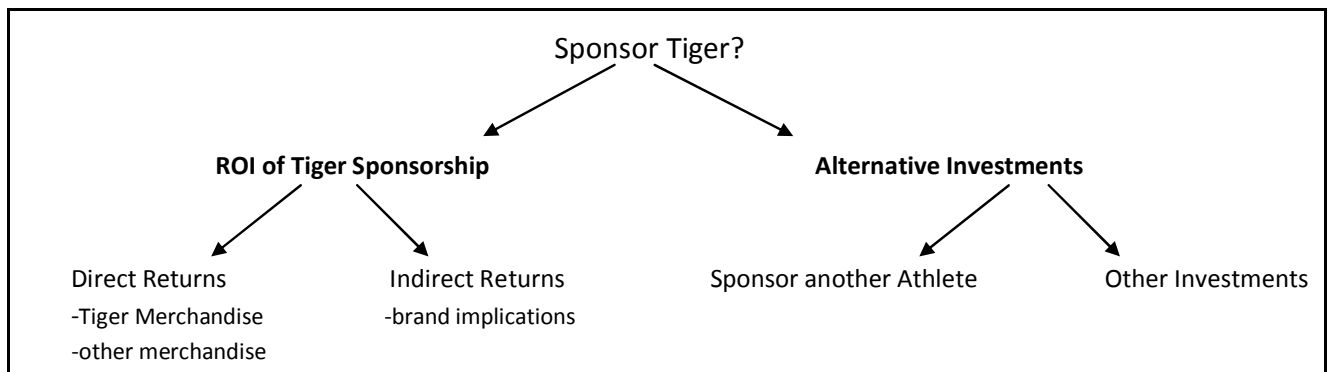
You do not necessarily need to separate the ROI into separate columns but it often helps. Many investments have both easily quantifiable effects (such as direct sales) and those which are more difficult to put a dollar figure on (such as brand equity). Separating them allows you to drive after the numbers while also keeping in mind the other less tangible impacts.

Take Away – Establishing the Goal and Decision Criterion: Notice how this case does not explicitly state the client's goal. Instead, it asks a question and requires you to use your judgment in establishing the client's goal.
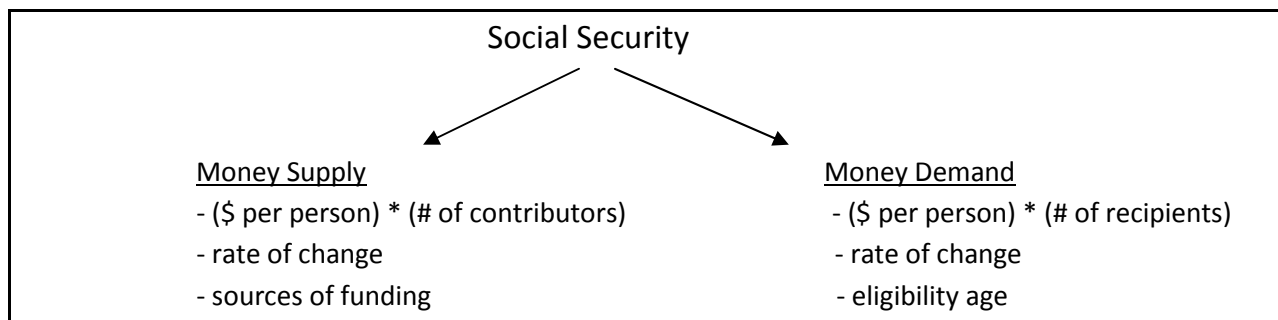
Social Security

> **The US is facing a Social Security crisis. Some experts predict that the Social Security fund will be in a deficit within 10 years. How would you approach this problem?**

This is another case which might sound daunting at first. However, if you think in the most general sense it is actually very simple. A deficit is caused by more money going out than coming in. You could simply structure this into two columns: "Money Supply" and "Money Demand". The solution comes by either increasing the supply or decreasing the demand of money. Proceed by asking questions to identify the drivers of the supply and demand of funds and look for opportunities to help solve the problem.

Figure 8: Solution Structure for Eliminating the Social Security Deficit
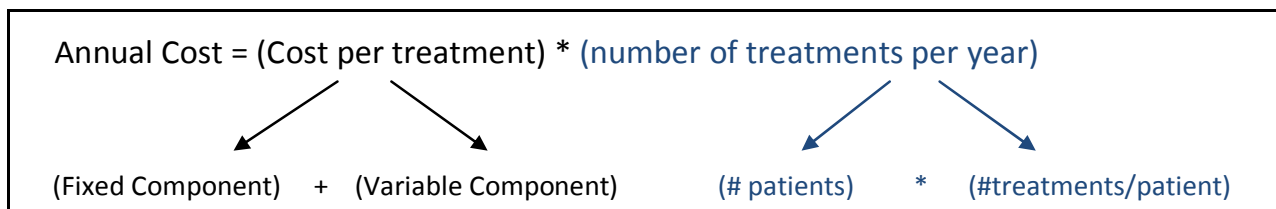
Social Security

Money Supply
- ($ per person) * (# of contributors)
- rate of change
- sources of funding

Money Demand
- ($ per person) * (# of recipients)
- rate of change
- eligibility age

Kidney Dialysis

> **Kidney dialysis is a major expense to British Columbia's health system. How would you determine if there was room for improvement in the current system?**

There are a number of ways to approach this question. One approach that can be quite effective is **framing a problem in the form of an equation**. This isolates the drivers. Now that the cost components are visible, you can simply proceed by exploring options to reduce each variable.

Figure 9: Solution Structure for Reducing the Cost of Kidney Dialysis

Annual Cost = (Cost per treatment) * (number of treatments per year)

(Fixed Component) + (Variable Component)   (# patients) * (#treatments/patient)

Structuring Practice

Try structuring the following cases:

- ➢ **How would you improve the employee satisfaction at your last job?**
- ➢ **Dean Dan wants to see the Sauder MBA program make it into the top 50 programs in the world. He wants to achieve this within five years. How can he do this?**
- ➢ **Is it possible to improve the philanthropic system in Canada?**
- ➢ **You have just received offers from Bain, BCG, McKinsey and A.T. Kearney. How do you decide which firm to join?**

7. Detailed Practice Cases

Tim Hortons[4]

➢ **Tim Hortons does not currently accept Visa. Should it?**

Interviewer Information:

- There are over 3,200 TH stores (but for this case we can analyze a single store)
- Tim Hortons (TH) currently accepts cash, MasterCard and debit
- There are no specific barriers preventing the use of Visa (such as an exclusive contract with MasterCard)
- Visa is the most common credit card in Canada with 45% of the market (vs. 30% for MC)
- There are two variable costs associated with accepting Visa: 1) Visa charges TH a 2% fee on sales, and 2) The merchant services company (i.e. credit card processing equipment company) charges 1.5% plus $0.25 per transaction.
- Fixed costs: Set-up is $10,000 per store, annual maintenance and record keeping is $5,000 per store.
- MasterCard charges exactly the same as Visa. Debit costs are very similar.

The following data can be provided if asked for, **OR** you can choose to have the interviewee make assumptions:

- The average TH serves 500 customers per day and the average customer spends $5.00 per transaction.
- Current breakdown of payments: Cash and gift cards 40%, Debit 30%, MC 30%.
- Accepting Visa would decrease the percentage of cash, debit and MC transactions.
- TH averages a 50% gross margin on its products.

Solution Structure:

Ask questions to ensure there are no structural barriers. Then proceed using a cost-benefit analysis. The decision criterion is that Tim Hortons should accept Visa if it will increase its profitability.

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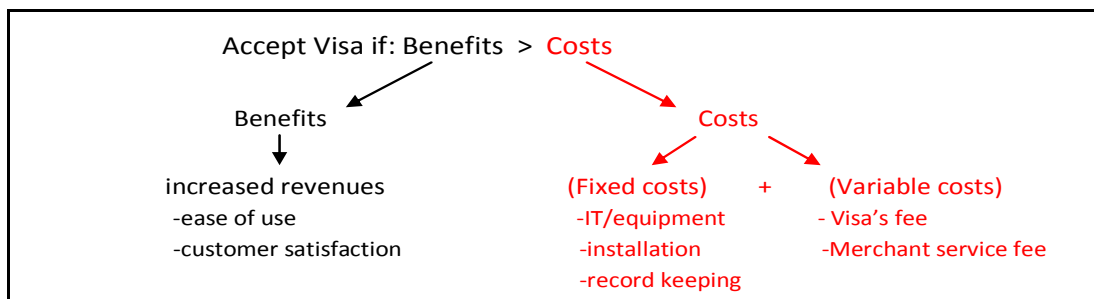
[4] Written by Krishna Raisinghani and Jonathan Lawrence

In this case it is relatively simple to determine the costs. It makes sense to calculate the costs and then perform a **breakeven analysis** to see how many new customers we would need to attract in order for it to be profitable.

Sample Solution:

Cost of implementing Visa:

- **Fixed Costs**: $15,000 in year one, $5,000 in subsequent years.
- **Variable Costs**: assume new breakdown is Cash 30%, debit 25%, MC 20%, and Visa 25%

Since the profit margins of MC ≈ Visa ≈ Debit, we are only concerned about the **decline in cash transactions.** Cash transactions have higher PMs (by 3.5%).

Total Cost = (fixed costs) + ($0.25 * # of lost cash transactions) + (3.5% * lost cash revenue)

Variable Costs: Cash transactions decrease by 10% (from 40% to 30%).

- Lost cash transactions = 10% of total trans. → (500 trans/day) * (365 days/yr) = -18,250
- Transaction fees = ($0.25) * 18,250 = **$4,563**
- Lost cash rev = (lost cash trans) * (avg. revenue/trans) → (-18,250 transactions) * ($5/transaction) = -$91,250
- (3.5%) * (-$91,250) = **$ 3,193.75**
- Total VC = $7,756.75 ≈ **$7,750**
- **Total Cost = ($15,000) + ($7,750) ≈ $22,750** in the first year and $17,750 for each subsequent year.

Breakeven Analysis: for year 2 and beyond

BE point $_{revenues}$ = (Total Cost/gross margin) → $17,750/50% = **$35,500**

BE point $_{new\ customers}$ = (Revenues/revenue per transaction) → $35,500/$5 = **7,100 new cust/yr**

Is this realistic? Currently a TH store gets (500*365) 182,500 customers per year. TH would require (7,100/182,500) roughly 4% more customers to breakeven. Would this happen?

Key Points:
- This is a **cost-benefit analysis**: identify all new costs and all new revenues associated with implementing Visa.
- The actual numbers used do not matter. Make reasonable assumptions. The key is to **identify the drivers** of the costs and the revenues.
- The variable costs come from shifting higher-margin cash sales to lower margin credit card sales.
- You could argue either for or against implementing Visa – it depends on the numbers used. However, TH's has a very **differentiated product** which most customers "need" every morning.

They will likely change their own behaviors to suit what TH's provides for payments opportunities.

- **If you argue for Visa** you must justify why TH will get more customers by accepting Visa. You may also talk about better service/more choice for the customer, or improvement in brand equity. You might also recommend that Tim Hortons run a pilot in a store to see if it actually increases their profits.

- **If you argue against Visa** you must highlight that Visa transactions are less profitable than cash. You may also note that TH is a differentiated product, average transaction amounts are small, and cash machines (ATMs) may be located within stores.

Telecom Entrant[5]

> - **Part I: Our client is one of 4 new entrants who purchased wireless spectrum in the recent federal auction. What do they need to do next?**
> - **Part II: Switching gears, I want to you discuss our target customers. With this segment in mind, estimate our client's revenue potential for its second year of operations.**
> - **Part III: Launching this service will cost approximately $1 billion. How can our client minimize these start-up costs?**

Interviewer Information: This is a three part case, start by providing relatively little information and encourage the candidate to create a general strategy. Once you are happy with the candidate's approach, move into the numerical aspect of the case. To conclude, push the candidate's creativity by exploring ways to save money during start-up.

Part I

- **Client's Goal** is to launch a cellular service in 12 months.
- Our client currently offers internet service (DSL) and it is also a national reseller for Rogers (i.e. it sells the phones, Rogers provides the IT and the network). Our client is a significant DSL player (1M customers) but it has only a moderate presence in reselling of cellular services.
- Cellular service basically requires: transmission capabilities (i.e. cellular towers) and connection capabilities (i.e. the IT systems to connect each phone to the network). The client will also require a head office, sales offices/kiosks, service personnel, and phone suppliers.
- Our client's current business means that is has many of these requirements.

Part II

- Our client will get airtime revenues, data revenues and revenue synergies. Once the candidate recognizes this, get him or her to focus on **airtime minutes only**.
- Canadian market is not very competitive - there are only a few large players. Most analysts believe that they are making above-average profits. This leaves room for new entrants at the low-end of the market.
- Saturation rate is low in Canada – about 70%. This compares to 100% or above in Europe & US. However, the profile of the available 30% in Canada is not ideal. **These are the most price sensitive customers**.
- The market is contract dominated (75%) – these customers are **very difficult** to get (high loyalty). The remaining 25% of cell users are pay-as-you-go or on monthly contracts. These customers are more easily available (assume no loyalty).
- The incumbents make 7¢ - 8¢ per minute but since our client will be targeting the most price-sensitive customers it only expects to make 2¢ - 3¢ per minute.
- If asked for number of expected customers and average minutes per customer, ask the candidate to estimate these figures.

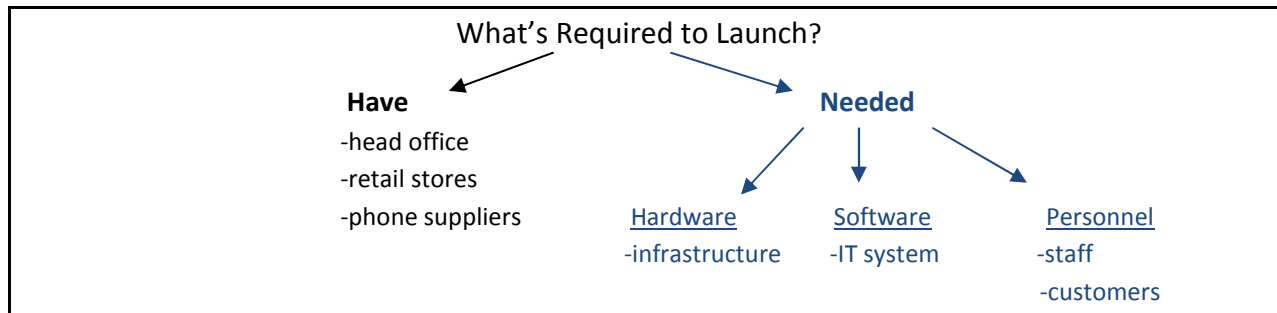[5] Adapted from First Round Interview with Accenture Strategy, Toronto (2008)

- The client also expects to obtain data revenue as well as sales synergies (with existing business).

Part III

- Push the candidate for creative solutions. Some ideas include: partnering with other new entrants to create shared infrastructure; consolidating cellular services with existing DSL retail channels; increased usage of internet for sales and customer service; leasing equipment to minimize upfront capital requirements; outsourcing customer service.
- Be sure to ask the candidate to explain the benefits or potential issues with each suggestion.

Solution Structure: **Part I** - Establish the goal and then ask questions about the telecommunications industry to identify what is required to launch. Ask questions about the client to understand what its current capabilities are. Once you have identified these things, you could group the requirements into what our client already has and what our client needs. You might also want to prioritize this list to add another layer of structure (i.e. "our client needs to secure infrastructure and IT capabilities before hiring customer service personnel").

What's Required to Launch?

Have
-head office
-retail stores
-phone suppliers

Needed

Hardware
-infrastructure

Software
-IT system

Personnel
-staff
-customers

Sample Solution: **Part II**

- To find revenues we need: (number of customers) * (average revenue /customer)
- Potential Market Size $_{customers}$= (non-contractual users) + (untapped market)
- Using 33M for Canada's population we get: non-contractual users = (33M)*(70% sat.)*(25%)
  → **approximately 5.8M**
- Untapped market = (33M)*(30%) = approximately **10M**
- Potential customers ≈16M. Assume that we can capture 10% → # customers in 2nd year = 1.6M (note – you might justify a larger market if you assume we target our DSL users)
- Average revenue/customer = (2.5¢/min)*(average minutes/month) * (12 mo/yr)
- Assume an average of 400 min/mo

Annual Airtime Revenues = (1.6M customers) * (2.5¢/min) * (400 min/mo) * (12 mo/yr) = **$192M/yr**

Part III - Separate the costs into specific buckets and look for creative ways to minimize costs for each.

- **Infrastructure:** Partner with other start-ups; lease usage from incumbents.
- **IT/Network:** Partner with other start-ups; lease technology.

- **Retail:** Sell service out of existing locations; bundle with DSL; sell service online.
- **Customer Service:** move customer service online; outsource customer service.
- **Suppliers:** Sign an exclusive contract with one supplier; partner with other start-ups to gain buying power.

Key Points:

- Our client is looking at a major capital expenditure to target **the most price sensitive customers**. This is not an easy market. Cutting costs will be essential.
- Our client must have a reason for targeting this difficult market – this may be synergies with its existing business or longer-term plans to offer multiple services (cable, home phone etc). In general, cross selling, bundling and synergies are likely to play an important role.

Petro Canada[6]

> ➢ **Part I: Petro Canada has a gasoline sales team. Each sales person has a client base of approximately 15 to 20 independent gas station owners. When the sales people call the gas station owners, what should they talk to them about?**
> ➢ **Part II: Estimate the change in profit for a single station if the station owner dropped its gas prices by 2¢ per litre (assume competitors do not match prices).**

Interviewer Information: Only share necessary information. Start by getting candidate to work through the strategy component - only move to the numerical portion when you are satisfied with Part I.

Part I

- Goal of sales people is to increase gasoline sales. They do not control national advertising programs or promotions.
- Petro Can owns the land and the gas pumps. The retail businesses are franchises, run by the station owners.
- Petro Can sells the gasoline wholesale to the station owners. **The station owners set the retail prices**. Petro Can gets a similar margin on all petroleum products (i.e. regular, premium, diesel etc.); it will not reduce its wholesale price to station owners (this is set by the market).
- Gasoline customers are driven by price. **The sales people want to encourage station owners to increase gasoline sales by reducing retail prices**. Station owners will only do this if it will increase overall profitability.
- Gasoline has high volumes/low margins; retail and carwash have low sales/high margins. Sales people must **help station owners create profitable convenience stores/car care centres**. Lowering gas prices will bring in more customers and drive the higher margin sales. The sales pitch is "*lower you gas prices and make more money!*".

Part II – Provide the following information and ask the candidate to calculate the change in profitability - both gross and percentage-wise. You could also ask the candidate to find the increase in sales required to breakeven (the answer is 25%).

- Wholesale price $0.92, Original Retail Price $0.96, Price drop $0.02
- Before price drop: gas sales = 8,000,000 litres; retail sales = $750,000; carwash sales = $150,000
- After price drop we expect a **30% increase in all sales** (by volume for gas, by dollars for other).
- Profit margins: retail 50%, carwash 70%.

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[6] Adapted from: *Johnson School Consulting Club: Big Red Case Book*.

Change in Profitability Solution:

Before Price Drop					
			PM		Profit
Gas (litres)		8,000,000	$ 0.04	$	320,000
Retail	$	750,000	50%	$	375,000
Carwash	$	150,000	70%	$	105,000
			Total	$	800,000

After Price Drop					
			PM		Profit
Gas (litres)		10,400,000	$ 0.02	$	208,000
Retail		975,000	50%	$	487,500
Carwash		195,000	70%	$	136,500
				$	832,000

Breakeven solution: Profit before drop = profit after drop = $800,000

- $800,000 = X * [(8,000,000*$.02) + ($750,000*50%) + ($150,000*70%)]
  - $800,000 = X * ($640,000) → $800,000/$640,000 = **125% (25% increase)**

U.S. Kryptonite[7]

> ➤ **Your client is in the worldwide Kryptonite business. They are considering an acquisition of one of their competitors. Should they proceed, and if so, what is the maximum they should pay?**

Interviewer Information: Keep the case simple for the quantitative part (i.e. assume the demand is not changing, that one processing plant can handle the product from two mines, that all mines have the same cost structure and will sell equal quantities, etc). However, after the quantitative section is complete, ask the candidate to explore these assumptions in more detail.

Kryptonite

- There are three known sources of Kryptonite in the world. Given the physical characteristics of this material, it is unlikely that this material will appear anywhere else on Earth.
- Kryptonite is used to power a new breed of power stations that are Gore-friendly. The three sites have enough Kryptonite to last for 100 years of expected demand growth.
- The U.S. is the only country with Kryptonite mines and the only country that is currently using the technology.
- Kryptonite power stations are built and operated by private companies. These companies also have a coal co-generation plant in case they cannot acquire enough Kryptonite. However, they much prefer to use Kryptonite because it has a variable cost that is vastly less than coal (per MW of output).
- Fully-costed, Kryptonite produces twice the energy of coal, per dollar.

The Competition

- There are three competitors in the industry. Each one occupies one of the three sites. Your client and one of the competitors have been online for some time. The competitor you are considering acquiring has just put together their facilities and will be going online this month.
- The cost structures are identical for each Kryptonite producer. Consequently, it is expected that the buyers will purchase *equal quantities of Kryptonite from all producers*.
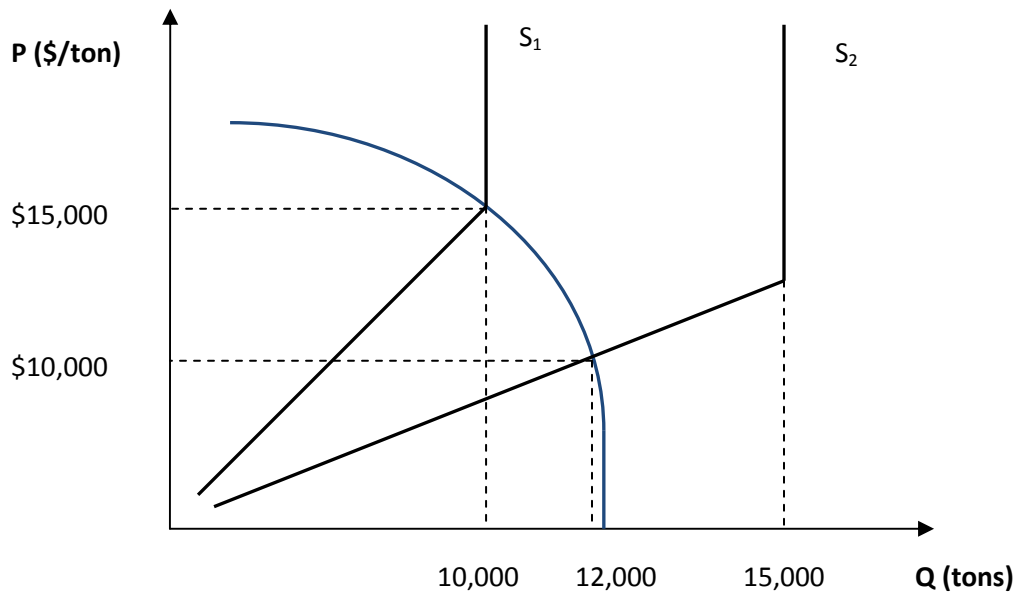
Annual Cost Structure for All Three Firms

- Extraction Facilities: $7,500,000 (Capacity = 5,000 ton)
- Processing Facilities: $7,500,000 (Capacity = 10,000 ton)
- Corporate Overhead: $1,000,000
- Extraction Costs: $4,500 / ton
- Processing Costs: $500 / ton

---

[7] Written by Haafiz Dossa and Jonathan Lawrence

Industry Supply and Demand Curves (before and after new mine comes online)

Sample Solution: Start by establishing that our client would only purchase the new mine if it increases its long-term profitability. Once you have explored the industry dynamics move into the quantitative analysis.

Current Profitability v. Profitability with New Entrant:

Current Profiability				With New Competitor			
Revenue				**Revenue**			
Price	$	15,000		Price	$	10,000	
Quantity (tons)		5,000		Quantity (tons)		4,000	
	$	75,000,000			$	40,000,000	
Costs				**Costs**			
Fixed Extraction	$	7,500,000		Fixed Extraction	$	7,500,000	
Fixed Processing	$	7,500,000		Fixed Processing	$	7,500,000	
Corporate OH	$	1,000,000		Corporate OH	$	1,000,000	
Var. Extraction	$	22,500,000		Var. Extraction	$	18,000,000	
Var. Processing	$	2,500,000		Var. Processing	$	2,000,000	
	$	41,000,000			$	36,000,000	
Profit	$	34,000,000		**Profit**	$	4,000,000	

Purchase Competitor - Produce New Kryptonite v. Do Not Produce New Kryptonite:

Buy New Competitor (and produce)				Buy New Competitor (and do not produce)		
Revenue				**Revenue**		
Price	$	10,000		Price	$	15,000
Quantity (tons)		8,000		Quantity (tons)		5,000
	$	80,000,000			$	75,000,000
Costs				**Costs**		
Fixed Extraction	$	15,000,000		Fixed Extraction	$	7,500,000
Fixed Processing	$	7,500,000		Fixed Processing	$	7,500,000
Corporate OH	$	1,000,000		Corporate OH	$	1,000,000
Var. Extraction	$	36,000,000		Var. Extraction	$	22,500,000
Var. Processing	$	4,000,000		Var. Processing	$	2,500,000
	$	63,500,000			$	41,000,000
Profit	$	16,500,000		**Profit**	$	34,000,000

- Our client's profits will be substantially affected when the new competitor starts producing (potential loss of $30M/year). **It is a good idea to purchase the competitor, if the price is right.**
- If our client does purchase the competitor **it is more profitable to sit on the asset and not produce any Kryptonite until there is more demand** ($34M v. $16.5M).
- Our client should be able to purchase the new competitor because the new competitor stands to make $4M/year (NPV = $4M/r-g) whereas it is worth up to $30M/year to our client (NPV = $30M/r-g). This leaves lots of room for negotiations on both sides.
- It is unlikely that we would get into a bidding war with our existing competitor. **They would want us to buy the new mine and shut it down** – it's better for the entire market.

Canadian Subsidiary of a U.S. Pharmaceutical Company[8]

> ➢ **Part I: Our client is the Canadian subsidiary of a major U.S. pharma company. It is worried because the patent of its blockbuster drug expires in 3 years. Recently a generic drug maker brought our client to court regarding the legitimacy of its blockbuster's patent. Our client lost which means it could lose its patent within 12 months. Also, our client has nothing exciting in the pipeline. What should they do?**
>
> ➢ **Part II: What is the potential profitability for our client if they do decide to compete in the generic market? Should they do it?**

Interviewer Information: In this two-part case you should first be testing the candidate's ability to create a sound solution structure as well as their creativity. Eventually steer the candidate towards the idea of competing against the generics. At this point the case becomes numerical. The candidate will need to identify the drivers, calculate the profitability and make a recommendation.

Part I – background information

- Current revenues are $3.5 B/yr. The blockbuster accounts for $1B of this (i.e. it is very important!).
- Drugs take 15-20 years to develop.
- Patents last for 18 years but are only relevant for around 10 years (new drugs come along).
- If we fight the court ruling, the outcome is unclear. However, we can certainly delay the expiration of our patent by an additional 12 months. Overall, the ROI on litigation is exceptionally high.
- As a subsidiary, our client's options are very limited. It does not control drug development, it cannot buy a biotech firm →essentially our client is a **manufacturer and distributor** of the drugs that are created and owned by its parent company.

Part 2 – Competing against the generics

- Canada has one of the most highly developed generic drug industries in the world.
- There are 10 generic firms – roughly similar in size.
- The generic market in Canada is $500M/yr.
- Costs are 50% of sales: Rebates (30%-40%), Production+ distribution (5%), overhead (5%).
- Generic drug sales are driven by relationships, low costs, and volume-based rebates given to buyers.
- **You should ask the candidate to estimate our expected market share if we enter the market**. Our strengths: Manufacturing, distribution, and brand. Our weaknesses: lack of relationships, lack of experience with generics. A reasonable expectation of market share is 10%.

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[8] Adapted from First Round Interview with Boston Consulting Group, Toronto

Solution Structure:

Start by clarifying the question. In this case there are two distinct problems the client faces: 1) **what do we do about the recent legal decision?** and 2) **what do we do about the lack of new drugs in the pipeline?** You should identify these two problems and attack them separately.
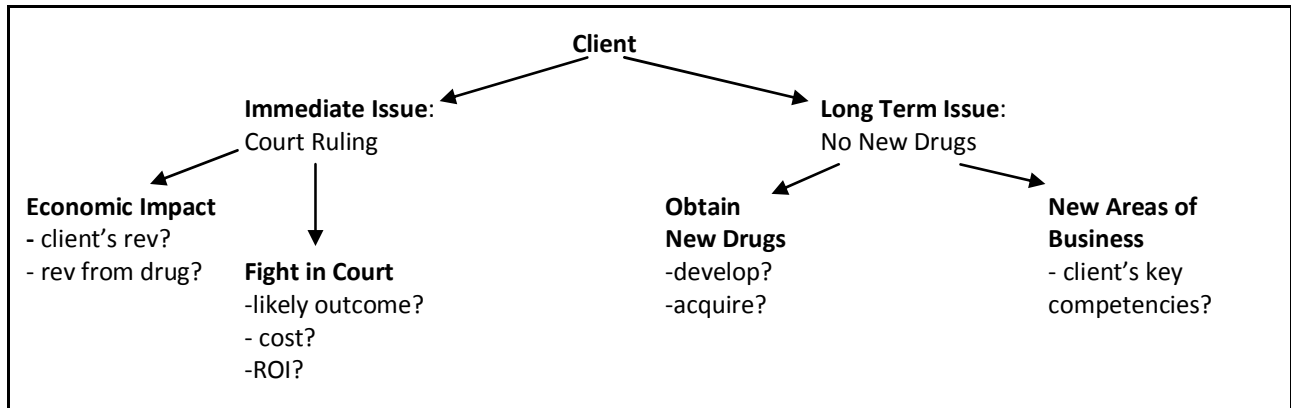
Part II:

Revenues are driven by the **size of the market** and our **expected market share**. Our expected market share is driven by the number and strength of competitors and our client's ability to compete against the competition (i.e. our client's strengths and weaknesses).

Costs = 50% of revenues.

Profit = Revenue – Costs → (Market size)*(Market Share) / 2

Profit = ($500M)*(10%)/2 = **$25M**

Although $25M seems small in comparison to the $3.5B/yr we currently make at this point it appears to be our best option.

Key Points:

- Our client faces and immediate problem (the court ruling) as well as a more fundamental problem (lack of new drugs).
- As a subsidiary, our client's options are limited. It cannot develop new drugs or purchase a biotech firm.
- The ROI on legal investments (i.e. fighting in court) is huge! With revenues of $1B/year, every day that our client extends its patent it earns about $2.75M.
- Our client's key competencies are in manufacturing and distribution, not development.
- Competing against the generics will not generate revenues equal to those created by a new blockbuster drug. However, positive NPV projects are still worth pursuing. Our client has to accept this fact.

8. Reference Material

McKinsey & Company

Background Information: McKinsey is a global leader in strategy consulting, with 93 offices in 52 countries. McKinsey is consistently ranked as the most prestigious consulting firm but it is also notorious for having a relatively difficult work-life balance. Much of this stems from the demanding travel schedule as McKinsey prides itself on its onsite presence.

McKinsey's studies in Canada are fairly evenly split between strategy and operational pieces. McKinsey has a strong presence in most industries and, as the only top-tier firm in Calgary, they have an excellent presence in oil & gas. Though not traditionally strong in private equity, this has recently been a growth area for McKinsey Toronto.

**Canadian Locations**: Toronto, Montreal, and Calgary

MBA Interview Process: First round consists of two 45 minute interviews. Each one has a case component (30 min), a behavioural component (10 min), and a chance to ask the interviewer a few questions. There is also a 70 minute written exam which tests a candidate's quantitative skills and business acumen.

The second round usually consists of three or four 45 minute interviews. These are identical in structure to the first round interviews but they will likely be administered by more senior people.

Other Info:

- **The case**: McKinsey cases tend to be "choppy". You will get bounced around from strategy to quant and back again. McKinsey values brains above all else. You can expect to be given a quantitative section in every case.
- **The written case**: Comprised of three short cases, with 10 – 12 questions following each (35 questions in total). You will be under considerable time pressures during this test- move quickly!
- **The behavioural component**: Unique to McKinsey – you will be asked to describe a single situation to the interviewer. All the remaining time will be spent discussing that lone situation. You will go into deep detail – be sure to use a great story.
- **The culture**: Life at McKinsey is very demanding. McKinsey prides itself on total dedication to the client. You will be at the client site Mon to Thurs (and back in the office on Fridays).

Career Path: McKinsey is noted for their strict up-or-out policy. The expectation is that you will stay in a role for two years before progressing to the next. This means that consultants are expected to make partner in just six years.

Business Analyst		Engagement Manager		Partner
●	●	●	●	●
	Consultant (MBA)		Associate Partner	
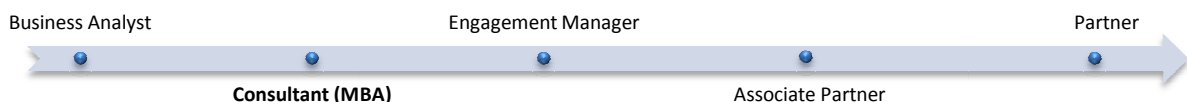
Boston Consulting Group (BCG)

Background Information: BCG was established in 1963 and it quickly grew into a global leader in management consulting. Founded by Bruce Henderson and currently headed by Hans-Paul Bürkner (interesting Financial Times Article), it has 66 offices in 40 countries, employing nearly 4,000 consultants. BCG is famous for innovations such as the BCG Growth-Share Matrix and the Experience Curve. BCG is also renowned for its creative and supportive culture. BCG encourages consultants to "chart their own course" and so, as with McKinsey and Bain, consultants are given the opportunity to gain experience in number of different industries before specializing in any one.

Canadian Location: Toronto

MBA Interview Process: First round consists of two 45 minute interviews. These are more heavily focused on the case component than behavioural.

The second round consists of three to four interviews with Principals or Partners, typically 45-60 minutes each. Some will be quite case based and intense, others more "fit"-oriented. Candidates can also expect to face a written case. The case requires the candidate to assimilate 25-30 pages of information in two hours, and generate a series of five or six hand-written slides to be presented to the a Partner. The purpose of the case is to walk the Partner through your thinking process.

Other Info:

- BCG looks for "something unique" in each of its consultants.
- BCG offers consultants the chance to work in a foreign office for periods of 12-18 months.
- BCG is truly an international firm, with less than 40% of revenues coming from N. America

Article on Hans-Paul Bürkner: http://www.bcg.com/impact_expertise/publications/files/0325.pdf

Career Path: There are no explicitly stated timelines for progression at BCG. At the Associate, Consultant, and Project Leader stages, the promotion window is two to three years. In other words, a strong performer may be promoted after two years, and someone who hasn't been promoted after three years will likely be coached out of the firm. Principals generally spend four to five years before making Partner. Although this does allow for more flexibility than at McKinsey, for example, there is still a definite expectation of progress (remember, all firms have some form of an up-or-out policy).

Associate		Project Leader		Partner
●	●	●	●	●
	Consultant (MBA)		Principal	
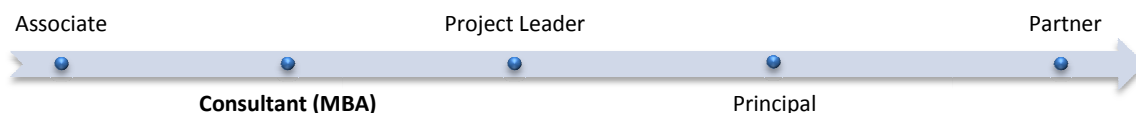
Bain & Company

Background Information: Bain was founded in 1973 and, along with McKinsey and BCG, it rounds out the "big three" strategy consulting firms. With 3,500 consultants Bain is smaller than either McKinsey or BCG, but with 39 offices in 26 countries it still has a significant global presence.

Bain is known for its strong firm culture and a relatively good work-life balance (Consulting Magazine has ranked Bain as the best consulting firm to work for, 7 years running). Bain also has a separate capital arm (Bain Capital) and a strong association with the nonprofit consulting group Bridgespan. Bain consultants have the opportunity to do a six month rotation at one of the three Bridgespan offices (NY, Boston, and San Francisco). Additionally, Bain holds a dominant consulting position in the private equity market. Bain Toronto has an internal PE team that focuses exclusively in this area. Consultants in the Toronto office have the opportunity to do a six month rotation with this PE team. Lastly, Bain also provides the opportunity to work abroad. Bain allows consultants to do six month transfers to other Bain offices.

Canadian Location: Toronto

MBA Interview Process: First round consists of two case-only interviews. These cases are similar to what you might see at McKinsey or BCG.

The second round typically has three case interviews and one in-depth behavioural, or "fit", interview. The case interviews are similar to the ones you will see in the first round – though you will likely be interviewing with more senior people. The fit interview may contain some classic behavioural-style questions but it mostly focuses on why you want to work for Bain.

Other Info:

- **First Round**: Bain's first round interviews tend to be structured and quantitative in nature. Graphs and charts are commonly used to introduce information.
- **Second Round**: Bain places and extremely high emphasis on culture and fit. This will be the focus of the behavioural interview in the second round.
- **Travel Model**: Bain has a "smart travel" model that is unique to the big three firms. Consultants only travel when they need to be on site.

Career Path: There is no fixed timeline for progression at Bain. It is expected that you will make Case Team Leader (CTL) within 1 to 3 years, with 2 ½ being the average. The progression to Partner ranges from 6 to 10+ years.
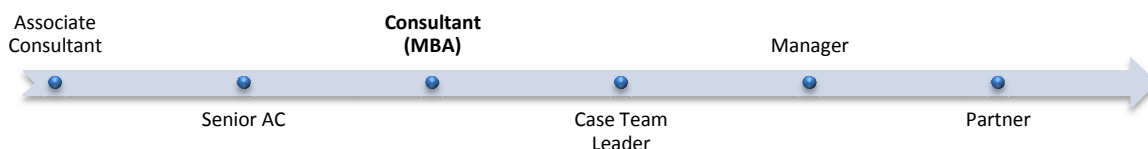
Monitor

Background Information: Founded in 1983 by six entrepreneurs and academics, including Michael Porter, Monitor has three areas of focus; advisory services, capability-building services, and capital services. It advisory, or consulting, services focuses strictly on strategy pieces (as opposed to operational ones). Monitor operates as a single global unit (rather than individual offices) so, with 28 offices in 18 countries, consultants have good opportunities to work abroad.

Canadian Location: Toronto

Interview Process: Monitor's interview process is entirely unique. The first round usually consists of one 45 minute behavioural interview and one 45 minute case. The case interview is delivered in a written format. You are given a short case, a few questions to answer, and 10 or more pages of supporting documents. You are given about 20 minutes alone (with a calculator!) to answer the questions before two interviewers enter the room. The interviewers will then spend 25 minutes discussing the case with you.

The second round interview consists of four to six behavioural interviews with senior leaders, as well as a group case interview. The behavioural interviews will vary from informal discussions to direct (and often difficult) questions. One candidate told me that she was asked what the price of oil would be in six, 12 and 24 months, and why. You must remain calm and be prepared for anything.

In the group case, you will be asked to work through a case with three to five other candidates. You will all be given the same informational booklets containing data on a specific case, and 30 minutes to read through it. Then, each candidate will be given a different booklet containing new information and specific questions. One-by-one, the candidates must present their analyses to the group. Interviewers will be present in the room but they will not participate in any part of the group interview.

Other Info:

- **Written Case**: You will not have enough time to answer all of the questions! Be sure to focus only on the information you need. You will also be asked questions outside of the original written questions. Ensure that you have a *good general understanding of the case.*
- **Group Case:** The format is meant to resemble a real consulting situation. When presenting, you should strive to create a constructive dialogue with the other candidates. Don't lecture! The goal is to come up with correct, fact-based solutions *as a group*.
- **Staffing**: Monitor has a unique 50/50 staffing model. As a result, consultants typically divide their time between two cases.

Career Path:

Case Team Member		Case Team Leader	
	Module Leader (MBA)		Global Account Manager

Accenture Strategy

Background Information: Accenture is a global leader in technology services and outsourcing. With over 180,000 employees, annual revenues in excess of $14B, and offices around the world, Accenture has a massive global presence. Due to its size and scope, the vast majority of Accenture's clients are Fortune 500 companies.

In Canada, Accenture has a relatively small, but rapidly growing, strategy consulting practice. Contrary to common belief, candidates are not required to be tech-experts. However, Accenture does look for relevant industry experience.

Canadian Locations: All strategy consulting is done out of Accenture's Toronto and Mississauga offices.

Interview Process: First round is one 30-40 minute behavioural interview and one 45 minute case interview. The case interview is standard in format.

The second round interview is a more comprehensive behavioural interview done over the phone. This interview last approximately 60 minutes and it is comprised or four to five "McKinsey-like" questions (i.e. in depth analysis of specific situations).

The final round interview consists of two or three 45 minute case interviews. These are similar in structure to the first round cases but they are carried out with more senior personnel.

Other Info:

- Accenture Strategy has five industry-specific divisions (such as mining & materials, healthcare, and strategic IT). You must know which capability group you would like to join.
- Accenture's engagements tend to be more comprehensive, and therefore longer, than other firms' engagements. The strategy pieces are often part of larger IT projects.
- Accenture's Partners believe that one of the company's competitive advantages is its position at the intersection of strategy and implementation.

Selected List of Other Consulting Firms

- **Auld & Company MC**: Boutique management consulting firm based in Calgary.
- **Capgemini Consulting**: A global firm based out of Paris, France, Capgemini specializes in IT, HR, outsourcing and strategy consulting. The Canadian locations are in Toronto (HQ) and Montreal.
- **Carpedia International Ltd**: Boutique firm focused on operations and implementation. Carpedia has three US offices and its single Canadian office is located in Oakville, ON.
- **Coremotive Inc**: Boutique firm in Oakville, ON. Strategic and IT focus, serving the healthcare, financial and telecommunications sectors.
- **IBM Global Business Services**:
- **Idea Couture Inc.**: A Toronto-based boutique consultancy that specializes in strategy and technology.
- **inCode**: Comprehensive consulting services for the telecom industry in Canada and the US.
- **L.E.K. Consulting**: A mid-sized strategy consulting firm with 20 offices in Europe, the US and Asia Pacific (no Canadian offices).
- **Mezzanine Consulting**: A Toronto-based boutique firm that claims to combine "the best of the advertising agency and management consulting worlds."
- **Oliver Wyman**: A global firm with 40 offices in 16 countries. Oliver Wyman is focused heavily on the financial sector and it is part of the huge Mercer conglomerate. Oliver Wyman has offices in Toronto, Montreal, Ottawa and Calgary.
- **Roland Berger**: A major player in Europe, Roland Berger is relatively new to strategy consulting in North America. It has yet to open a Canadian office but it has three in the US.
- **RPO Management Consultants**: Started in part by Sauder alum, RPO is headquartered in Vancouver and it recently opened a second office in Toronto. Salaries at RPO are benchmarked to top-tier consulting firms.
- **Satov Consultants**: A boutique consultancy in Toronto.
- **Secor Consulting**: Started in 1975 in Montreal, Secor now has offices in Paris, Toronto, New York and Vietnam.
- **Thacker Consulting Group**: Boutique consulting firm in Toronto, claiming to specialize in "revenue analytics".
- **ZS Associates**: Founded in 1983, this management consulting firm has grown to 17 offices in North America, Europe, and Asia Pacific. Its sole Canadian location is in Toronto.

Accounting Firms

- **Deloitte**: the only accounting firm with a "pure" strategy consulting practice.
- **KPMG**: Consulting practices in most major Canadian cities, including Vancouver.
- **MNP**: Consulting practices in most major Canadian cities, including Vancouver.
- **Ernst & Young**: Consulting practices in most major Canadian cities, including Vancouver.

Sample Résumé

JANE SMITH
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604-555-1234

education 2008 - 2009	**UNIVERSITY OF BRITISH COLUMBIA, SAUDER SCHOOL OF BUSINESS**	**VANCOUVER, BC**

- Masters in Business Administration; Major in Strategy; Expected completion December 2009.
- Current ranking/percentile (only if in 90th percentile or better).
- Relevant coursework and grades.
- GMAT score and percentile (only if in 90th percentile or better).
- Scholarships.

20xx – 20xx	**UNDERGRADUATE SCHOOL**	**CITY, PROV**

- Degree, major, graduation date.
- GPA
- Awards/scholarships**.**

internship summer 2009	**INTERNSHIP EMPLOYER** **Your Position**	**CITY, PROV**

- Be **results-oriented**! Do not list responsibilities or tasks.
- Only list achievements that you had a direct impact on.
- When possible, use specific numbers to illustrate your achievements.
- Emphasize leadership, teamwork, and your major accomplishments.
- Keep the grammar short, simple and direct.
- Begin each bullet-point with a strong verb.
- "Fill the white space"! It should appear that you have so many accomplishments that there was not enough space to list them all.

experience 20xx – 20xx	**MOST RECENT EMPLOYER** **Last Position (i.e. Senior Business Analyst) May 2007 – July 2008** **Starting Position (i.e. Junior Business Analyst) Feb 2005 – April 2007**	**CITY, PROV**

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20xx – 20xx	**NEXT MOST RECENT EMPLOYER** **Your Position**	**CITY, PROV**

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community
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personal
- A single line about your personal interests.