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Haas Consulting Club

Interview preparation guide & case book compilation

TheBerkeleyMBA
Haas Consulting Club

About this guide

- This casebook is intended to be a *starting point for Berkeley-Haas MBA students* interested in pursuing consulting roles - typically management consulting roles – though learning how to *structure business problems* is a valuable skill for many other roles and industries as well
- This casebook will also act as *a central hub* for the various resources that Haas students can leverage in their interview preparation, including materials limited to members of the *Haas Consulting Club (HCC)*
- While we have *certain recommendations* and *best practices* for case prep timelines (e.g. number of cases, when to begin), we encourage everyone to *customize* these timelines to best suit their own goals and pace
- When using this guide (and other resources), always ask yourself if this makes sense for you. It is best to take in information from a variety of resources and synthesize.

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SECTION 1

- *Consulting recruiting overview*
- *Timelines (internship, full-time)*
- *Case interview overview*
- *Tips & mistakes to avoid*

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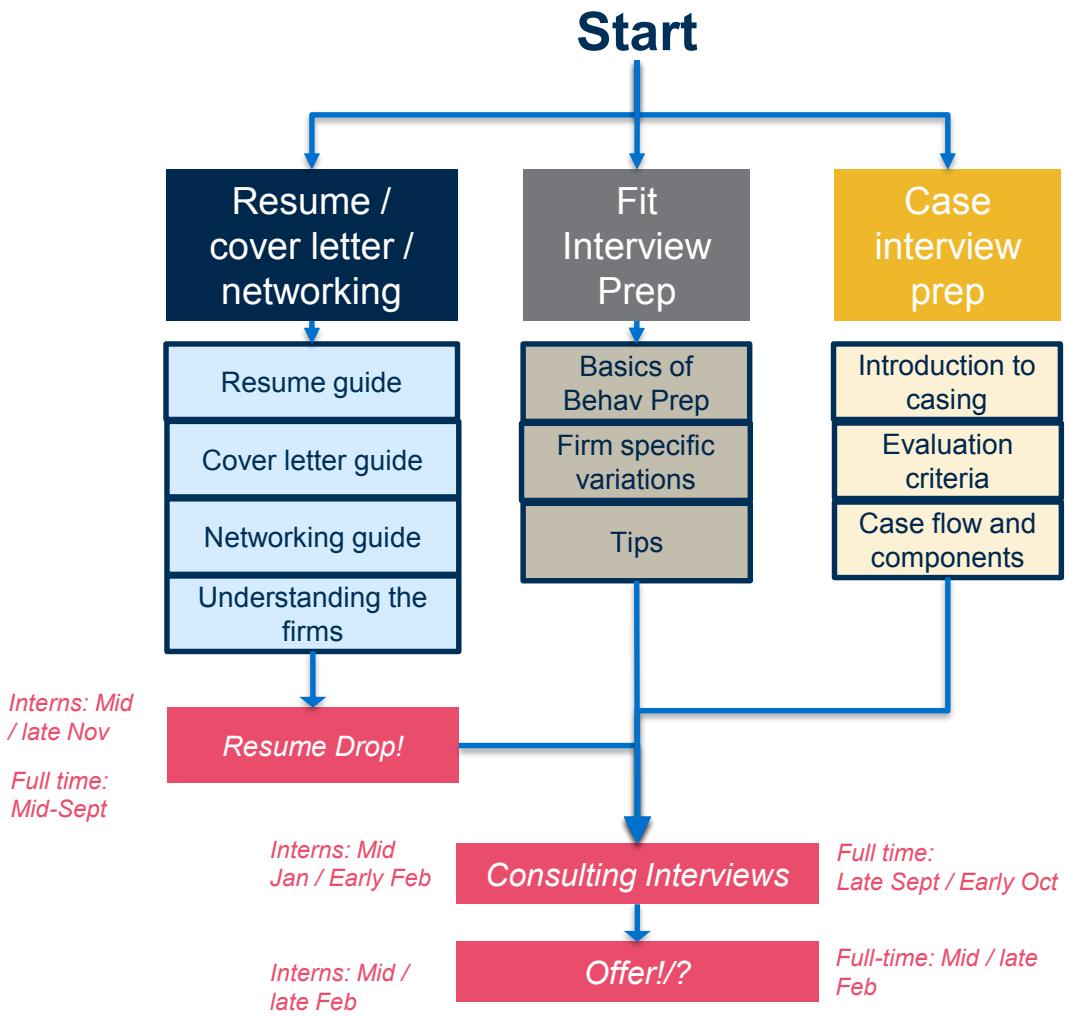
Consulting recruiting process @Haas



Resources

- CMG Resources (Peer Advisors, Peter K, etc)
- HCC Resources (Speaker Series, Casebooks)
- Firm Resources (campus contacts, networking events, coffee chats)
- Sample case collection

Recruiting intensity for interns picks up in October

Indicative internship recruiting & preparation timeline

Aug / Sept:
- Draft resume
- Meet the firms
- Research
- Start case prep

Oct / Nov:
- Invest heavily in case prep
- Develop networking relationships
- Begin behavioral prep

Late Nov / Dec:
- Drop resumes
- Interview invites sent out
- Polish casing
- Behavioral prep

Winter Break
- Finalize behavioral prep
- Finalizing casing

Jan / Feb:
- 1st round interviews by mid/late Jan
- 2nd round results in late Jan / early Feb

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

Full time recruiting begins almost immediately after summer

Indicative full-time recruiting & preparation timeline

Summer / Aug
- Draft resume
- Meet firms
- Research
- Start case prep
- Invest heavily in prep
- Build relationships

Sept / Oct:
- Get invites
- Polish cases
- Behavioral prep
- Finalize behavioral
- Finalize cases
- Drop resumes

Jan / Feb:
- 1st round interviews by mid/late Jan
- 2nd round results in late Jan / early Feb

- This is an *aggressive* timeline!
- To be successful you should decide early if consulting is for you and fully commit to the OCR process

Case interview overview

Introductions *(5mins)*	Fit Interview *(10mins)*	Case Interview *(20mins)*	Questions & wrap-up *(5mins)*
• Wait in lobby with other candidates and recruiters • Walk to interview room and talk with your interviewer • **Goal:** appear friendly and professional	• Opening discussion with interviewer • Questions about resume / background • **Goal:** show that you're a good fit for the firm and pass the airport test.	• Interviewer will initiate the case • Try to get a sense of the interviewer's communication style – formal, informal, etc. • **Goal:** remain confident, organized and logical no matter what	• Your chance to ask questions – you will know a little about your interviewer's background • **Goal:** Ask thoughtful, non-obvious questions. Ask about interviewer's personal experience

- Both the fit and case interview are weighted equally – invest time in both
- This is the most common interview format, but there are firm and interview round variations
- Cases that end early could be normal for that case, a good sign that it went really well, or a sign that it didn't go so well, so don't read too much into it
- Most companies run two of these interviews back to back for each of their rounds – be prepared accordingly

A framework for a successful job search

1 PRIORITIES: Know what you want

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

2 PEOPLE: Recruiting is a team sport

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

3 PLAN: Know what you need to do

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

4 PERSISTANCE: Work hard

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

Common pitfalls – and solutions

1 Starting late

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

2 Don't prepare effectively

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

3 Under-index on behavioral prep

- People typically "respect" the case prep process since it is a new skill, but people are often overconfident with their behavioral prep (and are more likely to go in cold). The result is a story that falls flat or annoys the interviewer.
- **Solution**: spending enough time to nail your behavioral prep is worth it! Make an effort to start every case with a behavioral question, and work on turning your "Walk me through your resume" and "Tell me about yourself" answers into real stories.

SECTION 2

- *Resumes*
- *Cover letters*
- *Networking guide*
- *Understanding the firms*

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Resumes – your brand, in a page (and no more)

Skills and experiences to emphasize in your resume

Your consulting resume

1.) Leadership
- Showcase your track record & development
- Show how your responsibilities increased over time
- Mention awards, achievements
- Use concrete, quantifiable figures to show impact

2.) Problem solving
- Analysis focused functions or projects
- Problem solving track record
- Specific problem solving initiatives you have started and what the outcome was

3.) Teamwork
- Teamwork history: number of people you have worked with and how that grew over time
- Functioning in various team-oriented structures (team-member, leader, etc.)
- Successfully coordinating cross-functional / organizational efforts

4.) Quantitative Skills
- Quantitative background, past accomplishments (academics, awards), GMAT
- Analytical, numerical functions / roles / projects

5.) Communication
- Previous communication roles, responsibilities and achievements
- Accumulated communication-related experience

Cover letters – why them and why you

1. What is the purpose of this cover letter?
2. Why should the company consider you for this position?
3. Why does this company interest you?
4. What are the next steps you want the reader to take?

- Do not exceed one page for the cover letter
- Do not use fluffy language – be concise, and back your answers up with examples
- Invest time during your networking to understand what makes the firms different

An introduction to networking

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

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

DOs

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

DON'Ts

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

Resumes, cover letters & networking tips

1.) Research:

- In your conversations and research, focus on how the firms are distinguishing themselves from each other (e.g. culture, focus areas, staffing models, etc)
- Start thinking about what office would want to be in – different offices can get very different types of projects

2.) Resumes & cover letters:

- Invest time tailoring your resume to consulting, and get started early
- Look at CMG's resume books for good examples of consulting resumes
- Prepare for multiple (5+) revisions
- Put yourself in the reviewer's shoes and ask: am I conveying the brand I want?

3.) Networking:

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

Understanding the firms - overview

"Big Three" / MBB	McKinsey & Company, BCG, BAIN & COMPANY
"Big Four"	Deloitte., EY, PARTHENON, KPMG, pwc
Boutique / Generalist	L.E.K., AT KEARNEY, OLIVER WYMAN, accenture

Interviews tend to differ by firm

	Regular case	Solely behavioral	Presentation	Comments
McKinsey&Company	✓	✗	✗	• Interviewer-led • Some use iPads
BCG	✓	✗	✗	• Interviewee-led
BAIN & COMPANY	✓	✓	✓	• Interviewee-led
Deloitte.	✓	✓	✓	• Can use group case for presentation
pwc	✗	✓	✓	• Five behavioral interviews
THE PARTHENON GROUP	✓	✗	✓	• -
L.E.K.	✓	✗	✓	• Phone interviews at Round 1
accenture	✓	✗	✗	• Uses brain teasers

Internship interview round specifics by top firms

	Round 1		Round 2	
	Types/Numbers	**Specifics**	**Types/Numbers**	**Specifics**
McKinsey&Company	• 2 interviews • 60 min each (15+45)	• Do care about behavioral (lots of follow-up questions)	• 3 interviews • 60 min each (15+45)	• Regular cases • Stronger behavioral
BCG	• 2 interviews • 45 min each (5+40)	• Charts heavy (up to 5 dense charts per case)	• 2 interviews • 45 min each (5+40)	• Lots of brainstorms • Little behavioral
BAIN & COMPANY	• 2 interviews • 40 min each (5+35)	• Charts heavy (up to 3 charts per case) • Written prompt	• 4 interviews • 60+40+40+40	• Written (60 min) • Presentation (40 min) • Solely behavioral (40) • Regular case (40)
Deloitte.	• 2 interviews • 30 min each	• One solely behavioral • Chart heavy (up to 5 slides w 2-3 charts each)	• 3 interviews • 45 min each	• Group interview • Solely behavioral • Charts heavy case
pwc	• 2 interviews • 45 min each	• Solely behavioral only	• 3 interviews • 45+45+100	• Two solely behavioral • Presentation (60 for prep, 40 to present)
THE PARTHENON GROUP	• 2 interviews • 30 min each (5+25)	• One on market sizing • One on mini-case	• 2 interviews • 100+30	• Presentation (60 for prep, 40 to present) • Regular case (30)
L.E.K.	• 2 interviews • 30 min each (5+25)	• One on Math • One on mini-case • Phone interviews	• 3 interviews • 45+45+100	• Presentation (60 for prep, 40 to present) • Regular case (45) • Market sizing and mini-case (45)
accenture	• 2 interviews • 45 min each (5+25)	• Regular cases • Little to zero behavioral	• 2 interviews • 60 min each	• Regular case • Brain teaser

Presentation interviews by top firms

	Preparation	Presentation
McKinsey&Company	• N/A	• N/A
BCG	• N/A	• N/A
BAIN & COMPANY	• You are provided with deck of 40-50 slides, prompt, templates and questions • 1 hour to get ready	• You are to build 7-10 slides (pick some from deck + create some own ones) • 45 min to present to a partner (not client)
Deloitte.	• Group of 4-5 candidates get 4-5 roles (e.g. financial, ops, strategy) and deck • 30 min to get ready on your workstream	• Each team-member presents its part • 15-20 min to present to two partners/clients, 25-30 min for Q&A on the firm
pwc	• 2 days in advance you receive a several page case with lots of text and data • At interview you get questions and 1 hour	• You are to draw your own 4-7 slides • 40 min to present to a partner who plays role of a client
THE PARTHENON GROUP	• You are provided with deck of 70 slides • 1 hour to get ready	• You are to structure the case, have hypotheses, no slide production needed • 40 min for a partner-led discussion
L.E.K.	• You are provided with deck of 15-20 slides without tags • 1 hour to get prepared	• You are to make a presentation of 7-10 slides (mainly from deck), fulfill the tags • 40 min to present to a partner
accenture	• N/A	• N/A

SECTION 3

- *5 steps for behavioural prep*
- *Behavioural basics*
- *Common variations*

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5 steps to behavioural prep

1 Identify questions / topics

- Knowing what you know about what the firms are looking for, what questions might they ask?
- Generally a reasonable list of "core questions" with unlimited variants

2 Identify your best stories

- Knowing what you know about what the firms are looking for, what experiences of yours are relevant?
- Good to have redundancy (e.g. questions 1-3 may all be answerable by story A) as well as flexibility to help when you get "oddball" questions

3 Match stories to questions

- PAR is good simple format
- Shoot for the majority of your response to be on the Action (> ~60%)
- Most people spend too long on the Problem

4 Bullet out answers
(PAR = Problem, Action, Result)

- You get more out of doing one question four times than four questions one time
- Repetition is key; whether working with a partner or in front of a mirror, make sure to harness the power of repetition

5 Perform and **REPEAT**

Behavioural basics – they'll form the core of your prep

Introductions

1.) Walk me through your resume

- Convey motivations for each career move you've made – use story-telling skills to create a *compelling and consistent narrative*
- Communicate key consulting skills (project management, client engagement, quantitative analysis, etc.)

2.) Why consulting?

- Spend time developing a genuine answer – a good introduction can help answer this question before it comes up
- Be tactful – firms know that consulting is not the final career destination for many, but they invest heavily in their talent and will want to see at least short term commitment

3.) Why us [Firm A]?

- Prepare a deep understanding of the firm
- Be structured in your answer – give two or three strong reasons, with some elaboration
- Talk about differences in work (practice areas, career paths), culture and people
- Don't confuse firms

Leadership & teamwork

- Tell me about a time you had to lead a team without authority
- Tell me about a time you had to persuade people under challenging circumstances
- Tell me about a time when you handled conflict at work

Impact

- Tell me about a time you made a significant impact
- What achievement are you most proud of?
- Tell me about a time that you faced a very complex problem

Self - reflection

- What are your top strengths and weaknesses?
- What feedback did you receive at your last performance appraisal?
- Tell me about a time you failed

Values & judgement

- Tell me about an ethical dilemma that you faced in your previous role
- Tell me about a time you struggled to make a decision

Common variation of fit interviews – the McKinsey PEI

Standard Behavioural Approach

- Similar to standard questions from before
- 1st round fit lasts 10-15 mins, with multiple questions
- Sometimes a full interview can be dedicated to this

Sample questions:
- Tell me about a time you led a team
- What's your greatest accomplishment?

Preparation for the McKinsey PEI will form answers for many of the regular fit questions

vs

McKinsey PEI Approach

- One 'anecdotal deep dive', the answer to which should touch on one of the following:
  - Leadership abilities
  - Personal impact
  - Entrepreneurial drive
  - Problem solving

Sample questions:
- Tell me about a time you struggled with a decision
- How did you think through that choice?
- What were the consequences of that?

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

What is a PAR matrix?	- A Problem-Action-Result matrix is a structure for relating personal experiences in a structured and concise way - Helps you make sure you have covered all of the relevant question types - Forces you to think through your “portfolio” of stories and judge which are the best

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

Additional Behavioral Questions (not exhaustive)

1. Walk me through your resume.
2. Why should we hire you?
3. Why [this firm]?
4. Where else are you applying?
5. Where else do you already have an offer?
6. What would your friends and colleagues say your greatest strengths and weaknesses are?
7. Describe a situation when you failed. What did you learn from the experience?
8. Tell me about a time when you led a team through adversity. Thanks...tell me about another time.
9. Tell me about a project that didn't go well. What would you have done differently?
10. Can you describe your personal brand?
11. Tell me about a time when you were truly challenged. What did you learn?
12. What is your leadership style?
13. How has your leadership style changed over the course of your career?
14. Why consulting?
15. You've obviously been successful in [your prior career], why change now?
16. You're going to be older than many people in this role. Is that a problem for you?
17. What skills do you have that you think will translate well into consulting?
18. How do you expect your prior experience to help you in your career at [this firm]?
19. Tell me about a time when there was a difficult personality on a team you led. How did you manage the situation?
20. Where do you see yourself professionally in 5 years...in 10 years?
21. What steps have you taken to prepare yourself for the quantitative rigor of this job? [if no quant in background]
22. Why do you want to be in this city? What ties do you have to the area?
23. Why this firm over your current firm? Why didn't you apply directly rather than going through the trouble of getting an MBA?
24. Tell me about a time when you were asked to lead a group in a subject matter you were not comfortable with.
25. What feedback did you receive in your last performance review?
26. Tell me about a time when you had to persuade people under challenging circumstances.
27. Tell me about a time when you had to handle conflict at work
28. Tell me about a time when you had to lead a team without authority
29. What achievement are you most proud of?
30. Tell me about a time you had a big impact.

SECTION 4

- *Basics of case interviews*
- *Overall flow of a case*
- *Evaluation criteria*
- *Giving cases*
- *Final tips*

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Case interviews 101

What is a case?

- A business issue/problem company is facing in a few sentences
- Takes about 25 minutes; has limited data which is usually provided if asked for
- Approach to solution is more important than the final solution

Case types

There are four main types of cases with some common variations within them

Common case types:
- Profitability: how to restore client's profitability
- Market Entry: how to enter a new market / region
- Growth: creating a growth strategy for a client
- Cost cutting: how to reduce costs strategically

Interview types

There are many types of case interviews – *candidate led* (most common) ,*interviewer led* (typically only McKinsey), *written cases* (Bain for some internationals) and *others*

Candidate led cases require the candidate to suggest areas to explore and drive the case forward

Interviewer led cases are driven by the interviewer but tend to require more creativity and quantitative skill

Written cases require you to quickly analyze a large amount of written information, answer questions, then present / defend the results to interviewers

Other types of interviews include Deloitte's group case interviews and other more ad hoc cases that partners in later round interview tend to give

First round vs second round interviews

First Round	Second Round
• Interviewer: managers	• Partners, senior partners
• Standardized cases	• Less standardized cases
• More handouts	• Less handouts
• More often “typical” case topics	• More often “oddball” case topics

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

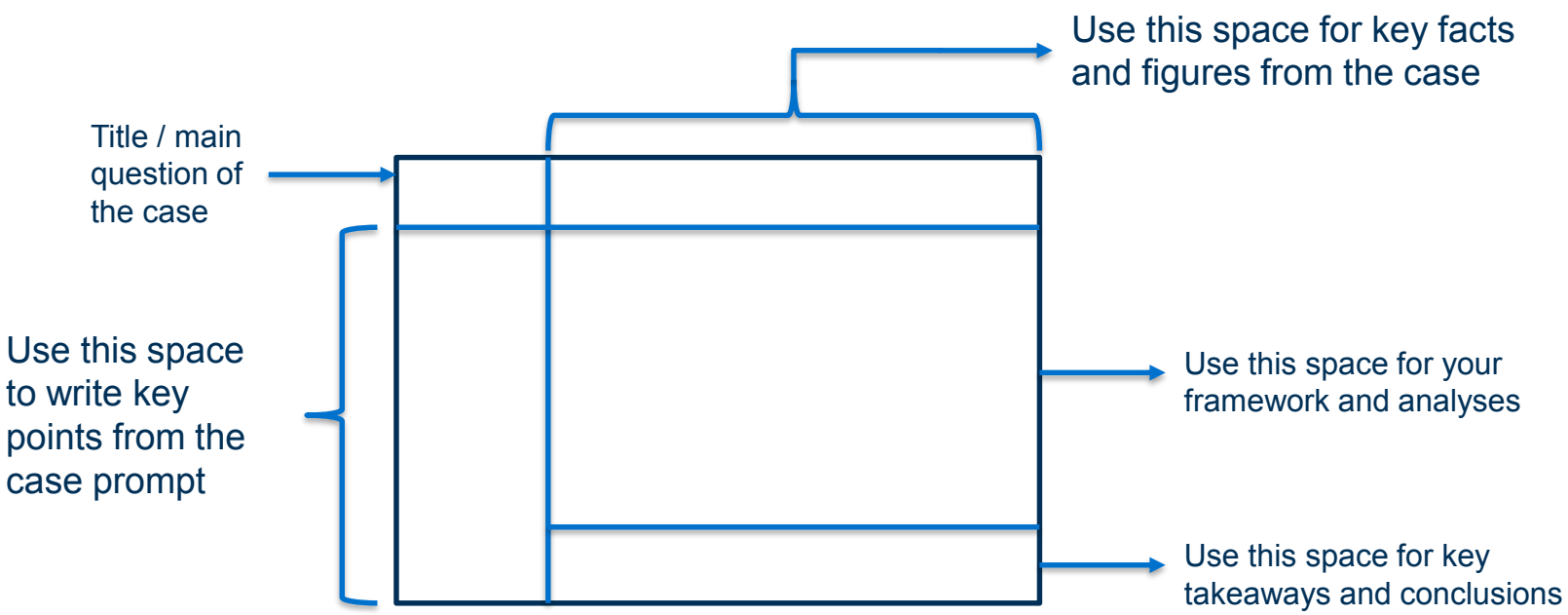
Overall flow of a case

Understand *3min*	- Listen actively - Ask clarifying questions - Take quick, organized notes - Write down key question - Formulate an initial hypothesis about possible solutions
Structure 1-2 min	- Mention you will take a minute to plan you approach - Draw out a framework as a hierarchical tree of major 'buckets' you want to explore and a short list of sub-items under those buckets - Present plan of attack to the interviewer
Analyse ~12-15 min	- Follow your plan! - Ask specific questions to test hypothesis - Adjust hypothesis and plan as data emerges - Organize notes as 'slides' - Highlight insights from any numerical calculations
Synthesize 3min	- Note your conclusions from previous parts - Drive the case to a final series of recommendation - Answer the main question from the start of the case - Provide a recommendation, your rationale for that recommendation, risks and next steps

A note on note-taking in case interviews

The notes you take during your case interview will stay with the firm and it is generally advisable to be neat and organized in your note-taking

That said, there is no one best way of taking notes – below is one commonly used format



Understanding the case prompt

Understand
3min

Structure
1-2 min

Analyse
~12-15 min

Synthesize
3min

Take good notes

- Focus on key details – changing margins, new competitors, changing market dynamics
- It is not advisable to write long form notes

Summarize the prompt and ask clarifying questions

Ensure that you ask questions that help establish:
1.) the *objective* of the case – e.g. whether to enter a new market
2.) the timeline for the case – what the timeframe for our strategy is
3.) the target of the case – e.g. checking if there is a specific margin the client wants to achieve for the products on hand

Setting up your framework

Understand
3min

Structure
1-2 min

Analyse
~12-15 min

Synthesize
3min

Creating a framework

- Remember, avoid generic, cookie cutter frameworks where possible. Creating a customized, structured approach tailored to the prompt is a much better idea
- You have about *2 minutes* to write out your framework and another *2.5 mins* to run through it

Explaining your framework

- When explaining your framework, start with a high level walkthrough of your approach before going into any of the details / sub-buckets
- Avoid going into to too much detail during the explanation
- Remember to end with your hypothesis and where you would like to begin your exploration

Analyse new information in the case and brainstorming potential solutions

Understand
3min

Structure
1-2 min

Analyse
~12-15 min

Synthesize
3min

Analysing charts & laying out your math

- Using the structure as a guide, ask probing questions to test hypothesis
- Follow directions and hints from interviewer, and audibly adjust hypothesis / structure as new information is presented
- Conduct quantitative analysis aloud and connect insights to larger picture
- Make analyses look clean, like client-ready slides; do arithmetic on scrap papers

Brainstorming creative new solutions

- Identifying feasible solutions for the case is a key skill candidates are evaluated on
- Even when brainstorming, it's useful to be structured and to think about what levers you could pull to fix the problem in the case
- As a rule of thumb, generate 6-8 good, practical ideas and check in if the interviewer would like you to continue brainstorming

Finish the case on a strong note by bringing it all together

Understand
3min

Structure
1-2 min

Analyse
~12-15 min

Synthesize
3min

Concluding the case

- Start by returning to the case prompt and
- A good conclusion should have four components:

  - *A recommendation* – this should be your answer to the case prompt after taking the information from the case into account
  - *Recommendation rationale* – why did you decide to recommend what you did?
  - *Risks* – what are some risks we should be aware of?
  - *Next steps – if this was a real project, what steps would you take next?*

Evaluation criteria

Structure	- Does the candidate have / follow a structure while tackling a problem? - Is the structure relevant to the case? - Does the candidate have a structure that is both concise & flexible?
Math / quantitative skills	- Is the candidate comfortable with numbers? - Do they approach complex calculations in a systemic and organized manner?
Creativity	- Is the candidate able to generate good, practical ideas at short notice? - Is the candidate able to identify which of those ideas would be the best to pursue in the context of the case?
Business acumen	- Does the candidate quickly identify a list of issue that are most relevant to the business problem at hand? - Can they prioritize / organize the issues or is it more like a laundry list?

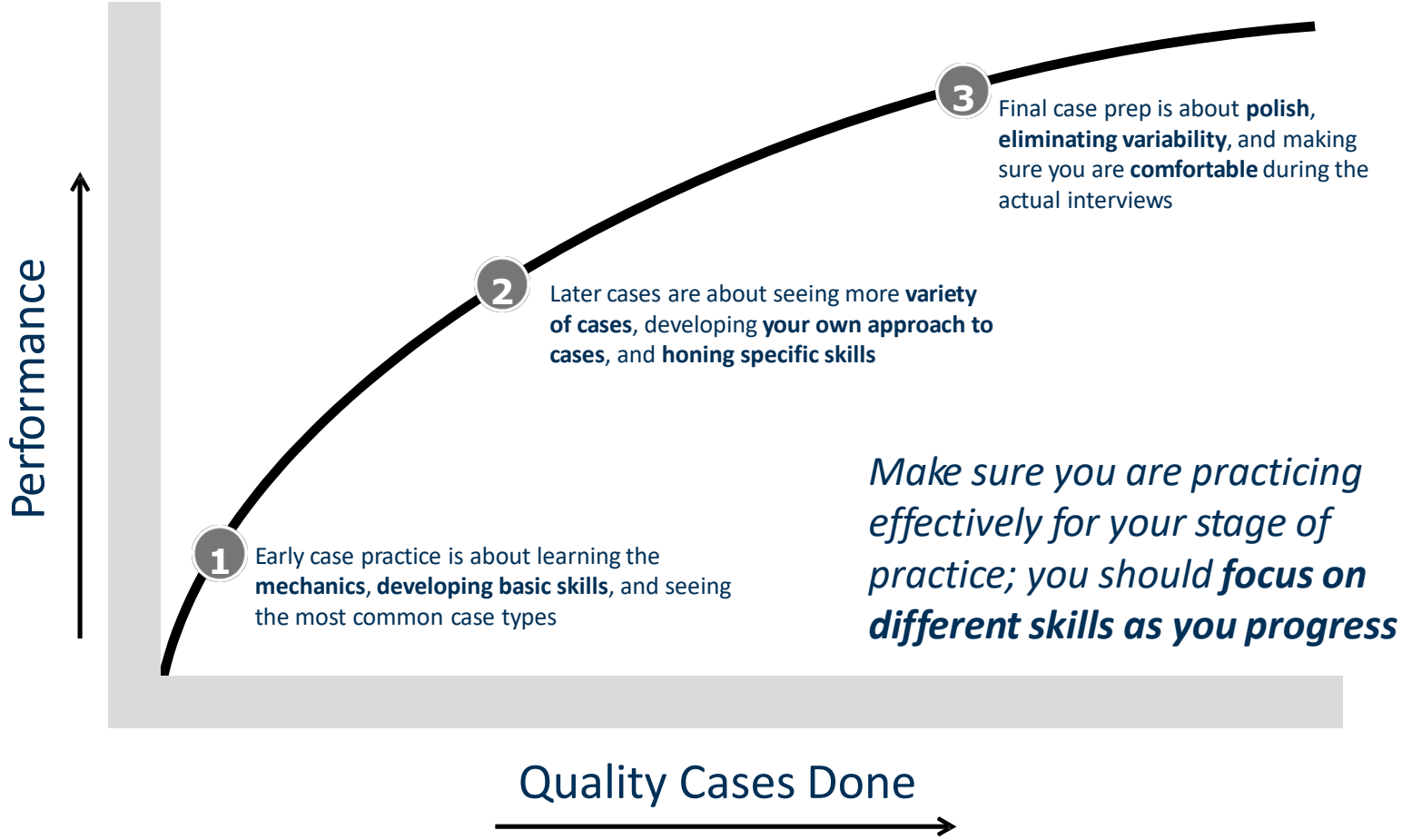
Giving and getting cases

	Interviewee	Interviewer
Before the case	- Inform your interviewer if you have specific areas for improvement - Send the interviewer a list of cases you have already done - Do not read the case ahead of time or discuss the case with peers! - Bring plenty of paper for notes	- Ask the interviewee if they wish to focus on specific case formats, industries or difficulties - Inform interviewee which case you plan to deliver to ensure no duplicates - Spend at least 30 minutes to review the case
After the case	- Seek feedback from the interviewer on your case performance - Review the case and log your performance in a case 'tracker' - Provide detailed feedback (both positive and constructive) to interviewer	- Provide detailed feedback (both positive and constructive) to interviewee - Seek feedback from the interviewee on your case delivery

Additional tips for giving good cases

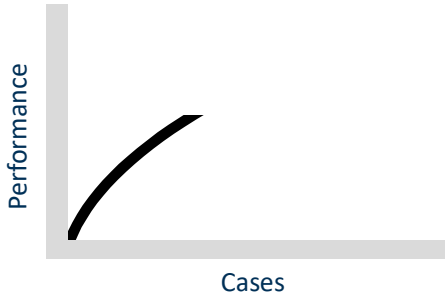
- While there is no single ‘right way’ to give a case, here are a few suggestions:
  - Take the interview seriously; pretend that you are a real interviewer
  - Learn to be comfortable with silence – while silence may be uncomfortable, resist the urge to jump in with pointers or additional information
  - Solve the case math on your own beforehand
- Focus on learning, not following the case ‘script’ – it’s ok to deviate
- When in doubt on what feedback to give, focus on intro (framework) and conclusion; these high value sections appear in every case interview and so are worth focusing on

Case prep: relationship of practice and performance



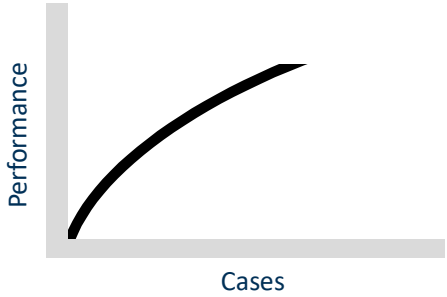
Case prep: common issues illustrated

Not enough case prep



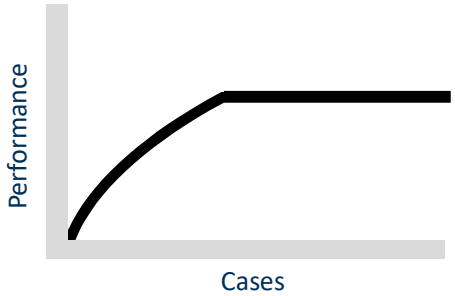
- Some people get started late and don't have time to get past the basics
- **Be sure to give yourself enough time to prepare**

Missing the final polish



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

Flatlining



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

Case Prep: how to practice

Case Skill = Number of cases * Avg. improvement / learning per case

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

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

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

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

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

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

Final tips for casing

1. **Case prep is a marathon, not a sprint:** Focus on quality cases, and focus on your learning objectives for each case. Keep a log of the cases you've done, the mistakes you made and your progress
2. **Make use of all available resources, including your peers (1st years and 2nd years):** 2nd years who did consulting summer internships or even 1st years with a background in consulting can be valuable sources of feedback and guidance
3. **It's 50% Case, 50% Fit:** the case interview is 50% casing and 50% fit – it is crucial to invest time in preparing for the fit interview
4. **Seek variety:** don't do one type of case – mix up industries, case types, interview styles, interviewers and casebooks regularly to develop a robust familiarity with structure
5. **Do your research on industries & firms:** as mentioned here, each firm has different interview types and styles, and use different terminology
6. **Read the business press every day:** it helps build industry knowledge and context
7. **Brush up on the basics:** get your basic algebra, mental math and business fluency right before diving into casing
8. **Remember the goal and purpose of casing:** they aren't looking for case robots – they want to see client-ready candidates who are able to come up with structured ways to solve problems

SECTION 5

Sample cases

BerkeleyHaas

Haas Casebook case list

Case Name	Interview Style	Difficulty	Case Type	Industry	Concepts Tested
Berry Chill Frozen Yoghurt	Interviewer-led	Easy	Growth	Consumer Retail	Growth strategy, Product development
Comfort Foam	Candidate-led	Medium	Profitability	Manufacturing	Market segmentation, market sizing
Coffee Co	Interviewer-led	Hard	Profitability	Restaurant	Market analysis, financial analysis
Life Renew	Candidate-led	Hard	Market Entry	Pharma	Market sizing, customer segmentation
Steel Corp	Candidate-led	Medium	Growth	Industrial goods	Growth strategy
Flyme.com	Interviewer-led	Medium	Profitability	Travel / eCommerce	Financial analysis, increasing sales
MexTell	Candidate-led	Medium	Market Entry	Telecom	Financial analysis

Haas Casebook case list (2/2)

Case Name	Interview Style	Difficulty	Case Type	Industry	Concepts Tested
SunFury	Interviewer-led	Hard	Market Entry	Energy	Market sizing, financial analysis
Camilla's Pets	Candidate-led	Medium	Operations	Consumer Products	Market segmentation, market sizing
Hrdwr2Sftwr	Interviewer-led	Medium	Growth	Tech	Market analysis, financial analysis
Alpha Auto	Candidate-led	Medium	Market Entry	Auto	Market Analysis
Jamaican Land	Candidate-led	Medium	Profitability	Agriculture	Profitability, financial analysis
Avicenna Health	Candidate-led	Hard	Market Entry	Healthcare	Market analysis
Down Under	Interviewer-led	Medium	Growth	Retail	Company analysis
Vestimenta	Candidate-led	Medium	Market Entry	Retail (Apparel)	Profitability, payback period

Guide to the Interviewer

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

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

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

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

Interviewer Guide

- **Keys to the case:** the two or three main points that need to be covered to crack the case
- **Tips:** hints for you to use to guide interviewee
- **Intro and questions to ask:** suggested questions to direct interviewee exhibit analysis
- **Good candidate vs. Better Candidate:** identifies the differentiating characteristics of interviewee performance

Level of Difficulty

1
- Single issue case question
- Focus on qualitative, not quantitative solutions

2
- Basic case problems
- Exhibit analysis introduced
- Quantitative analysis required, but no active number crunching

3
- Additional complexity introduced
- Basic number crunching (addition, multiplication) required for quantitative part of solution

4
- Multiple exhibits and stages to determine final solution
- Quantitative aspect of solution is most important

5
- Most complex problems with several stages to find solution
- Highly quantitative in nature

Case 1: Berry Chill Frozen Yoghurt (1/5)

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Easy
- **Case type:** Growth
- **Industry**: Consumer products
- **Concepts tested:** growth strategy, product development

Interviewer Guide

- Case takes place in 2008
- Keys to the case:
  - Candidate should suggest and test several growth strategies
  - Creativity of solutions
  - Short run + long run thinking
- Differentiation comes from creativity of solutions

Fit question #1

Describe a failure and what you learned from it?

Fit question #2

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

Case Prompt

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

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

Case 1: Berry Chill Frozen Yoghurt (2/5)

Interviewer Guide

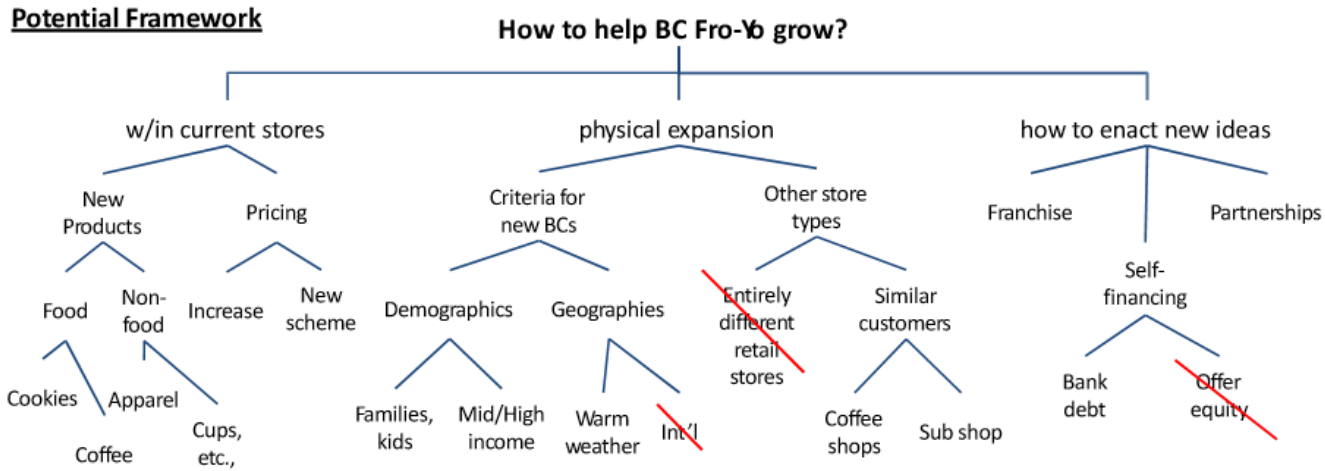
All critical information is provided below – any additional information requested can be made up or explicitly stated as irrelevant

- **Tips:**
  - This is an open-style case: goal is to push candidate to make assumptions and come up with creative solutions
  - Push candidate to focus on revenue growth
  - Feel free to describe the general operations of a self serve frozen yogurt store
- **Good candidate:**
  - Asks general questions regarding client
  - Asks general questions regarding industry
  - Does not focus on costs
- **Better candidate:**
  - Understands that business has economies of scale
  - Asks if the company has considered franchising

Additional information

- **Company-specific:**
  - One of the first in the self-serve frozen yogurt market
  - Develops own proprietary flavors; toppings are generic
  - Currently own and operate all 25 stores in Southern California
  - Currently only sells yogurt on a per ounce basis
- **Frozen yogurt market**
  - Frozen yogurt is seen as a healthier alternative to ice cream and other desserts
  - Self serve style stores are gaining popularity relative to traditional full-service stores
  - Major costs are fixed – variable cost is essentially yogurt and toppings
- **Competition**
  - In the last year, a few competitors have begun to enter the Southern California market

Case 1: Berry Chill Frozen Yoghurt (3/5)



Interviewer Guide

- **Intro**: "Why don't you go ahead and walk me through your framework"
- **Keys to section:**
  - Focus on top-line growth – do not address costs at this point
  - Identifies growth opportunities from current and new stores
- **NEXT STEP**: Prioritizing growth opportunities

- **Good candidate**
  - Presents non-canned framework in a structured manner
  - Able to talk through thought process while developing framework
- **Better candidate**
  - Unveiling hypotheses along the way and not afraid to disregard some of these
  - Thinks about "how" these will be brought to market

Case 1: Berry Chill Frozen Yoghurt (4/5)

Interviewer Guide

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

Potential framework for analyzing potential growth opportunities

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

Case 1: Berry Chill Frozen Yoghurt (5/5)

Recommendation

Suggested answer:

Short-term: increase price per ounce and begin offering additional food items (cookies, coffee, etc.,) with yogurt

Medium- to long-term: adopt franchising model to expand within So Cal and in other warm weather geographies

Rationale

- Short-term immediate impact to bottom line w/low risk
- Franchise model allows for fast, highly scalable approach to expanasion w/low risk to overall company

Risks

Potential cannibalization of current stores, too rapid expansion outpacing demand, loose franchise monitoring may harm brand and reputation

Next steps

Determine approach steps to initiate franchise model

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good / So-so / Weak		Scores (1-10)	+	▲
Initial Structure	☐ ☐ ☐	Clarifying questions	☐		
	☐ ☐ ☐	Relevant framework			
	☐ ☐ ☐	Hypothesis driven			
Analysis	☐ ☐ ☐	Drawing insights	☐		
	☐ ☐ ☐	Driving case analysis			
	☐ ☐ ☐	Math: stating approach → solving → so what			
	☐ ☐ ☐	Business intuition			
	☐ ☐ ☐	Creativity			
Closing	☐ ☐ ☐	Answer first	☐		
	☐ ☐ ☐	Structured recap			
	☐ ☐ ☐	Using findings in the case			
Consulting DNA	☐ ☐ ☐	Structured thinking	☐		
	☐ ☐ ☐	Clarity in communication			
	☐ ☐ ☐	Comfort with ambiguity			
	☐ ☐ ☐	Engagement and presentation			

Case 2: Comfort Foam (1/6)

Case Overview

- **Interview style:** Candidate-led
- **Difficulty Level:** Medium
- **Case type:** Profitability
- **Industry**: Manufacturing
- **Concepts tested:** market segmentation, market sizing

Interviewer Guide

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

Fit question #1

Tell me about a time when you worked on a team that faced a particular challenge. Please focus on the role you played in this process

Fit question #2

What are your long-term career goals and how do you see the time you spend at "X" firm helping you achieve these goals.

Case Prompt

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

Case 2: Comfort Foam (2/6)

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

Interviewer Guide

Good candidate:

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

• **Better candidate:**

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

• **NEXT STEP:** MOVE TO NEXT PHASE

Additional information

- **Company-specific:**
  - Manufactures, markets, and distributes **primarily mattresses**
  - Publicly traded with $1.7 billion in annual revenues (20% market share); 12% EBITDA margin
  - **Products**: primarily produces foam-based mattress (non-innersprings) and pillows
  - Competes in premium market mattresses (>$1,000), pillows, and other bedding
  - Costs are on-par with industry averages
- **U.S. mattress market**
  - Exhibit 1 (give this to interviewee during next phase of case when asked for it) – will show historical size, growth, and 1 and 3-year forecasts
  - **Retail pricing**: retailers typically add a mark-up of 20%-30% to final retail price
- **Competition**
  - Exhibit 1 – will show segmentation of market
  - Some new and existing companies have recently introduced new products and technologies target at premium mattress market

Case 2: Comfort Foam (3/6)

Interviewer guide

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

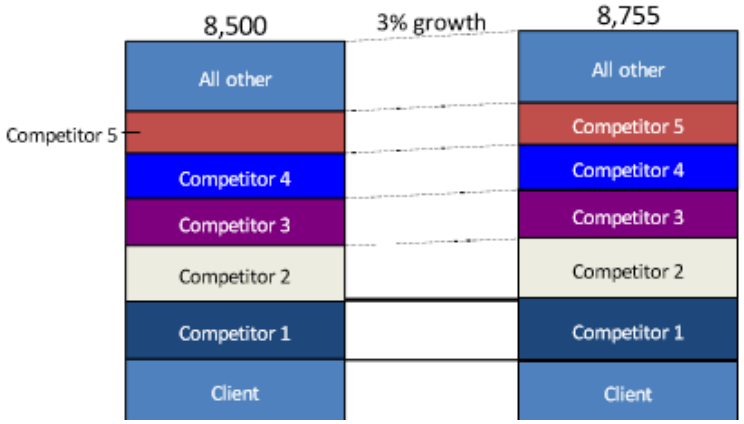
Key Observations

Client specific:
- Largest share of market
- Revenue expected to decline and result in loss of market share
- Average profitability and p/EBITDA rating

Overall market:
- Top 6 own ~80% of the market
- Relatively low-growth overall
- Profitability varies widely (from -2% to 19% EBITDA margin)
- EBITDA drives market value (ratio varies from 7.9 to 14.4)

Competitors 2 and 5 are rising stars

Exhibit 1: U.S. Mattress Market



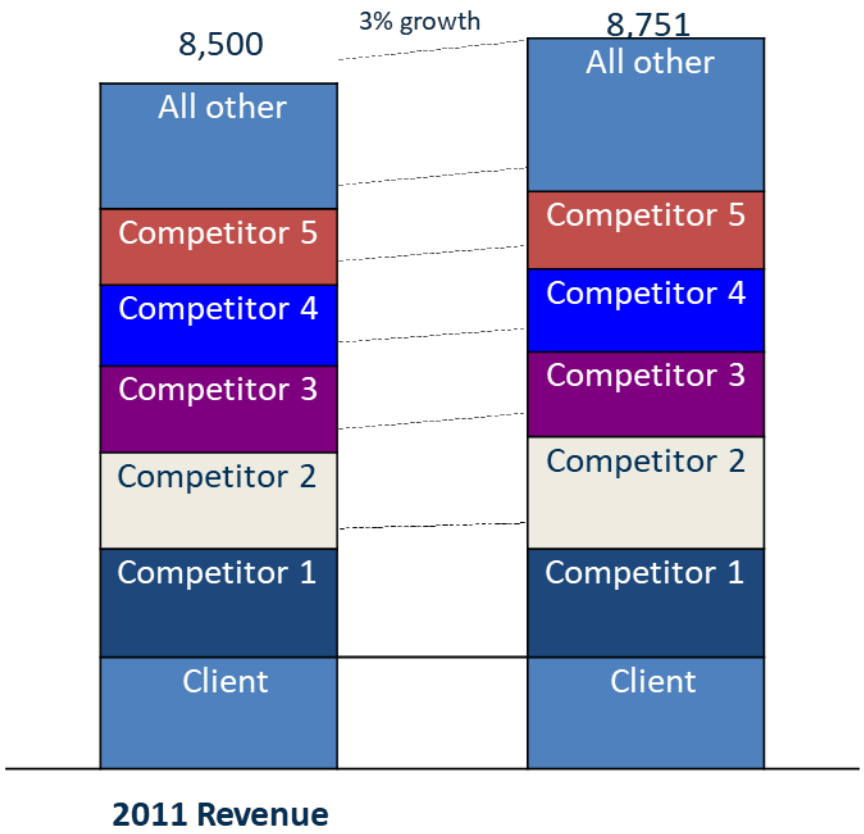
Company	Market Share	Revenue Growth	EBITDA Margin	EBITDA	Market Value	Price-to-EBITDA
Competitor 5	11%	9%	18%	$168	$2,074	12.3
Competitor 4	14%	2%	8%	$95	$755	7.9
Competitor 3	13%	-2%	-2%	-$22	$108	N/A
Competitor 2	8%	10%	19%	$129	$1,863	14.4
Competitor 1	15%	7%	10%	$128	$1,410	11.1
ComfortFoam	20%	-2%	12%	$204	$1,869	9.2

Case 2: Comfort Foam: Handout (4/6)

For candidate

Exhibit 1: 2011 U.S. Mattress Market

(values in millions)



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

Case 2: Comfort Foam (5/6)

Interviewer Guide

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

Potential framework for analyzing potential growth opportunities

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

Case 2: Comfort Foam (6/6)

Recommendation

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

Rationale

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

Risks

As appropriate to case outcome – risks of acquisition, fewer resources for growth, etc

Next steps

As appropriate to case outcome

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
	☐	☐	☐	Relevant framework			
	☐	☐	☐	Hypothesis driven			
Analysis	☐	☐	☐	Drawing insights	☐		
	☐	☐	☐	Driving case analysis			
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	☐	☐	☐	Creativity			
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	☐	☐	☐	Structured recap			
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Consulting DNA	☐	☐	☐	Structured thinking	☐		
	☐	☐	☐	Clarity in communication			
	☐	☐	☐	Comfort with ambiguity			
	☐	☐	☐	Engagement and presentation			

Case 3: Coffee Co (1/9)

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Hard
- **Case type:** Profitability
- **Industry**: Retail (F&B)
- **Concepts tested:** market analysis, financial analysis

Interviewer Guide

Keys to the case:

- Quickly realizing that profit decrease is not due to changes in the broader market
- Reading "between the lines" in the financial info to determine that new stories are underperforming
- Quickly get to revenue & OpEx issues

Fit question #1

Walk me through your resume

Fit question #2

Why do you want to work for us?

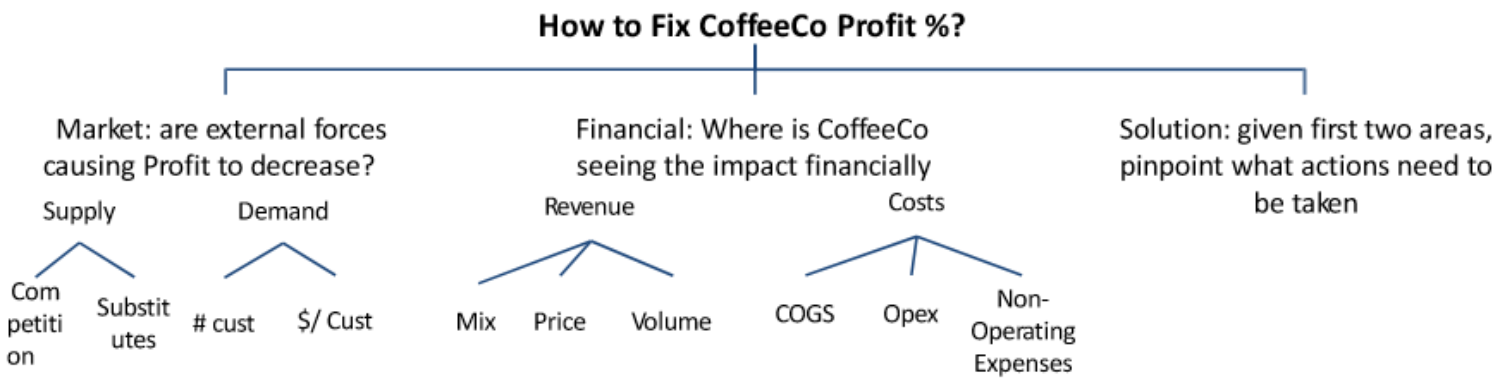
Case Prompt

Your client is a small Berkeley-based café chain called CoffeeCo. CoffeeCo has four café locations in and around the UC Berkeley campus.

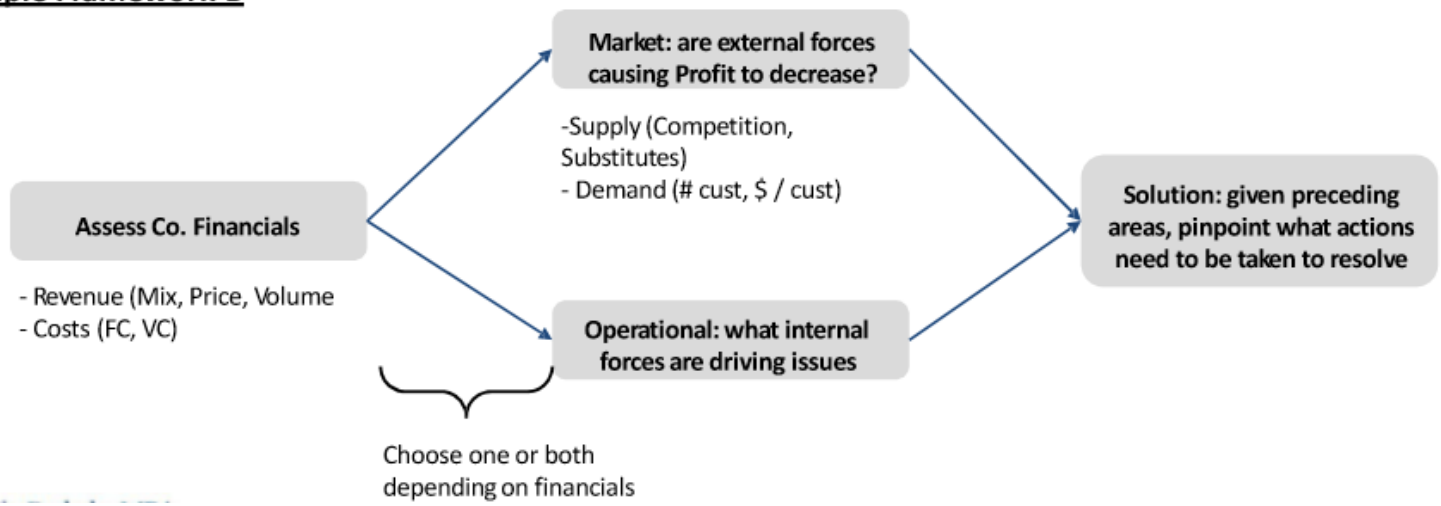
CoffeeCo has been experiencing declining profit margins over the past several years. The owner of the store wants to know why this is happening and what they can do about it. The chain has invested a lot in store expansions, opening one new store in each of the past two years.

Case 3: Coffee Co (2/9)

Example Framework A



Example Framework B



Case 3: Coffee Co (3/9)

Regardless of where the candidate wants to start, push them to explore if market forces impacted profitability

Interviewer Guide

Answer: The market has not changed and market forces are not driving Coffee Co's decrease in profitability

Note: This section does not require a full "market sizing", only a high-level understanding that the market has not materially changed in the past several years

- **Good candidate:**
  Gets to the right answer with a little bit of guidance
- **Better candidate:**
  Presents a structured approach to the market analysis before diving in.
  Knows when they have received enough information to move on from market analysis w/o prompting

Case Facts (provide if asked)

- **Market Demand:**
  - **Customers:** if asked by interviewee, ask them to estimate which demographics are going to be customers. Once they do, tell them since the locations are on or around campus, the customers are 80% students and 20% faculty / staff
  - **Population**: if asked by interviewee, ask them to estimate how the population has changed over the past several years. Once they do, let them know that the population has been roughly flat
  - **Spend per Customer / Usage trends**: if asked by interviewee, ask to estimate Café usage trends over the past several years. Once they do, let them know that store owner says spend per customer has been flat
- **Market Supply**
  - **Competition:** If asked by interviewee, ask them to estimate if they think competition has
    materially changed over past several years. Once they do, let them know that the Café market near UC Berkeley has always been competitive but has not become more so over past several years
  - **Substitutes:** no major replacements for Coffee / Cafés have emerged in the Berkeley mkt
- **Client**
  Product mix: sells two products: Coffee and Sandwiches
  Store location: two original stores are adjacent to campus (both on Bancroft) and two new stores are on campus (one at Haas, one at Law School)

Case 3: Coffee Co (4/9)

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

Interviewer guide

Intro: "Here is the financial data the owner provided us"
Questions to ask (if interviewee needs help):
- Should the company concerned about its COGS?
- How do these figures look on a margin basis?
- How do these look on a per-store basis?

Info to provide (if asked): old store financial performance has stayed same since 2010
Key section to remember:
- Remember store info from prompt and Exhibit footnote
- Identifies that declining revenue per store and spiking OpEx are driving the decrease in profit margin, not COGS
- Identify that it is the new stores that are causing the problem

Key Observations

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

Case 3: Coffee Co: Handout 1 (5/9)

For candidate

Exhibit: Selected CoffeeCo Income Statement Items*

(values in thousands)

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

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

Case 3: Coffee Co (6/9)

Revenue Solution: when candidate gets to revenue issue, hand them the Exhibit entitled "Menu for Old Stores vs New Stores"

Interviewer Guide

Answer: CoffeeCo's has higher OpEx in the new stores due to the higher labor cost at the new stores. This is due to the fact that the store is open too long and does not have enough employees, causing it to pay overtime. The company should explore reducing the hours for New Stores. It should also explore adding more employees to reduce overtime.

- **Good candidate:**
  - Gets to the right answer with moderate guidance

- **Better candidate:**
  - Gets to the right answer with limited guidance
  - Presents a structured approach to brainstorming

NEXT STEP: If the interviewee has done the Revenue portion, ask them to wrap up the case with a conclusion. Otherwise, ask them to solve the Revenue issue

Additional information

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

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

3.) Suggest solution:
- Coffee Co can fix this issue by making sandwiches off campus and bringing on campus

Case 3: Coffee Co: Handout 2 (7/9)

For candidate

Exhibit: Menu for Old Stores vs. New Stores

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

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

Case 3: Coffee Co (8/9)

OpEx Solution: When interviewee gets to OpEx issue, hand them Exhibit entitled "OpEx breakout for Old Stores vs. New Stores"

Interviewer Guide

Answer: CoffeeCo's has higher OpEx in the new stores due to the higher labor cost at the new stores. This is due to the fact that the store is open too long and does not have enough employees, causing it to pay overtime. The company should explore reducing the hours for New Stores. It should also explore adding more employees to reduce overtime.

- **Good candidate:**
  - Gets to the right answer with moderate guidance

- **Better candidate:**
  - Gets to the right answer with limited guidance
  - Presents a structured approach to brainstorming

NEXT STEP: If the interviewee has done the Revenue portion, ask them to wrap up the case with a conclusion. Otherwise, ask them to solve the Revenue issue

Additional information

1) Interpreting chart:

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

2) Brainstorming issues:

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

3) Suggest solution

Case 3: Coffee Co (9/9)

Recommendation

- Coffee Co's profit margin decrease is due to its new stores, which have $100K less revenue and $50K higher higher OpEx per store.
- Coffee Co should start selling sandwiches made off-site to get around current kitchen issues and look into optimizing labor

Rationale

CoffeeCo's profit margin decrease is due to its new stores, which have $100K less revenue and $50K higher higher OpEx per store. The revenue issue stems from not being able to sell sandwiches at its new stores due to kitchen permitting issues. The OpEx issue is due to higher labor costs at the new stores due to unnecessarily long hours and unnecessary overtime

Risks

As appropriate – drop in quality, brand damage from labor optimization

Next steps

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

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
	☐	☐	☐	Relevant framework			
	☐	☐	☐	Hypothesis driven			
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	☐	☐	☐	Driving case analysis			
	☐	☐	☐	Math: stating approach → solving → so what			
	☐	☐	☐	Business intuition			
	☐	☐	☐	Creativity			
Closing	☐	☐	☐	Answer first	☐		
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Consulting DNA	☐	☐	☐	Structured thinking	☐		
	☐	☐	☐	Clarity in communication			
	☐	☐	☐	Comfort with ambiguity			
	☐	☐	☐	Engagement and presentation			

Case 4: LifeRenew (1/7)

Case Overview

- **Interview style:** Candidate-led
- **Difficulty Level:** Hard
- **Case type:** Market Entry
- **Industry**: Pharma
- **Concepts tested:** market sizing, customer segmentation, pricing

Interviewer Guide

Keys to the case

- Canopure has potential to replace current products and also expand the overall market (disruptive)
- Target market: emergency care vet practices, which treat critical trauma cases
- Go-to-market strategy must be consistent across target customer segment -> price -> distribution

Option to extend w/ section on distribution and profitability

Fit question #1

Tell me about a time when you worked on a team that faced a particular challenge. Please focus on the role you played in this process.

Fit question #2

What are your long-term career goals and how do you see the time you spend at "X" firm helping you achieve these goals

Case Prompt

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

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

Case 4: Life Renew (2/7)

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

Interviewer Guide

- **Good candidate:**
  - Ask clarifying questions about company and/or blood substitutes
  - Asks about value proposition of blood Canopure
  - Asks about blood substitute market, including size, customers, and competitors
  - Asks about costs of production
- **Better candidate:**
  - Asks about production capacity
  - Identifies that Canopure may be a disruptive technology that may expand the overall market
  - Identifies impact of veterinarians on final price of Canopure
  - Indicates understanding of implications that client is a small, private company with limited access to capital
- **NEXT STEP:** MOVE ON TO SIZING THE POTENTIAL MARKET FOR CANINE BLOOD SUBSTITUTES

Additional information

- **Company-specific:**
  - **Org. structure** includes division management, scientists, manufacturing staff, and 3 dedicated sales employees
  - **Capital sources**: recently received $50 million in capital from Venture Capital
  - Other products in development, but not for 2 to 4 years
  - **Production capacity (units)**: 300,000 units of Canopure; additional volume requires substantial investment
- **Canopure-specific**:
  - **Value proposition of Canopure**: readily available; does not require refrigeration; long shelf- life (2 years vs. 2 months); faster recovery
  - **Costs**: not known at this stage
- **Canine blood substitutes market**
  - Exhibit 1 – give this to interviewee next
  - Low blood availability is the biggest limiting factor on the number of canine blood transfusions performed
  - **Competition**: No company currently in FDA trials; at least 3 to 5 years out
  - **Retail pricing**: Typical practice for veterinarians is to mark-up products 100% from the price they pay to the price they charge pet owners

Case 4: Life Renew (3/7)

Exhibit 1: Annual Canine Care Market

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

Interviewer guide

- **Questions to ask**:
  - Identify key observations from data (examples to right)
  - Calculate the current market size
  - Which market should LifeRenew target? **Emergency care practices**
- **Keys to section:**
  - LifeRenew has limited resources as private company – needs to target portion of market
  - Identifies market may be bigger if more transfusions are performed

Key Observations

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

Case 4: Life Renew: Handout 1 (4/7)

For candidate

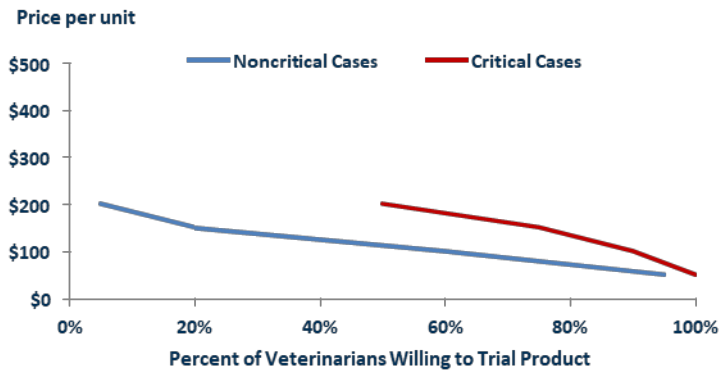
Exhibit 1: Annual Canine Care Market

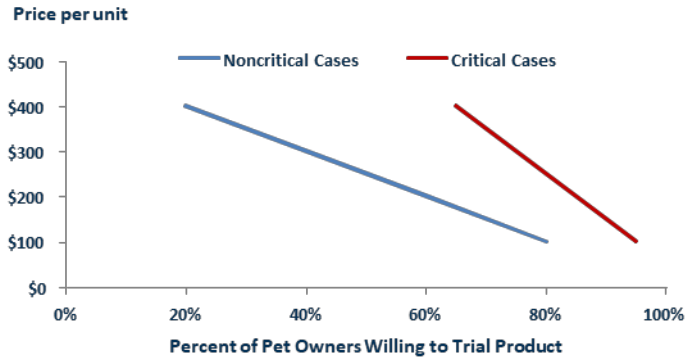
Practice Type	Avg. No. of Doctors	Number of Practices	Avg. No. of Blood Transfusions	Cost of Unit Blood	Acute Loss Cases	Percent of ABL Cases w/Transfusion
Primary care practice						
1 Doctor practices	1.0	4,000	-	-		
				1,200		
2 Doctor practices	2.0	4,800	-	-		
				2,400		
3+ Doctor practices	4.6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

Assumption: 1 unit of blood per transfusion
** Average cost of a unit of blood to the veterinarian*

Case 4: Life Renew (5/7)

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





Interviewer guide

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

Key Observations

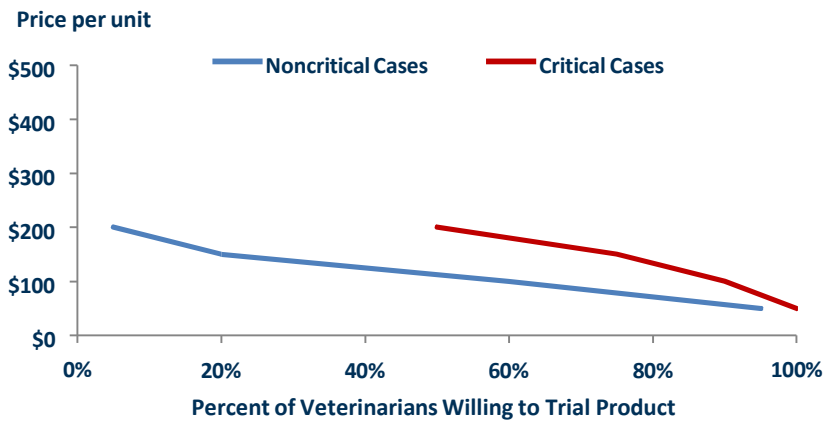
- Pet owners have higher willingness to trial
- Vets are more price sensitive overall
- Critical cases have higher willingness to trial
- Price that Vets pay will not be the same that pet owners pay (typically vets charge a 100% mark-up to their cost)

Case 4: Life Renew: Handout 2 (6/7)

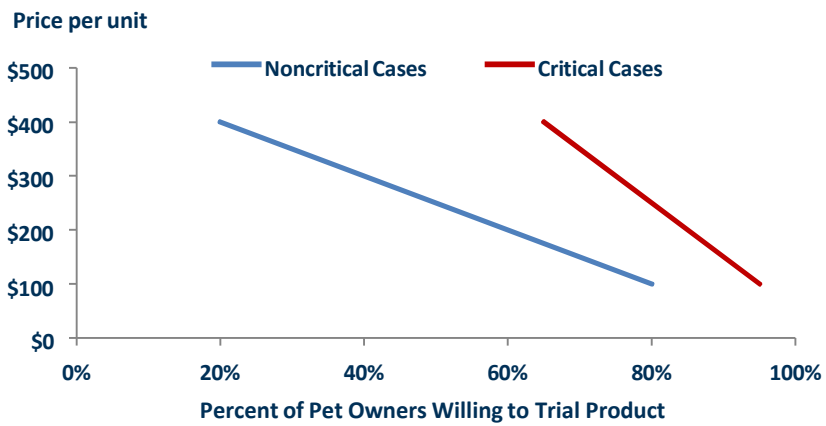
For candidate

<u>Survey question</u>: How willing are you to trial Canopure at the following price?

<u>Exhibit 2</u>: Vet Willingness to Trial Canopure



<u>Exhibit 3</u>: Pet Owner Willingness to Trial Canopure



Case 4: Life Renew (7/7)

Recommendation

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

Rationale

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

Risks

Several, depending on case outcome. For e.g. we have not looked at the cost side of the equation yet – while this pricing looks good from a market segment perspective, we should also consider out payback period on our initial investments

Next steps

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

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
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	☐	☐	☐	Clarity in communication			
	☐	☐	☐	Comfort with ambiguity			
	☐	☐	☐	Engagement and presentation			

Case 5: Steel Corp (1/5)

Case Overview

- **Interview style:** Candidate-led
- **Difficulty Level:** Medium
- **Case type:** Growth
- **Industry**: Industrial Goods
- **Concepts tested:** strategy analysis

Interviewer Guide

- Keys to the case
  - The North American steel market is heavily tied to the Automotive industry
  - This is a commoditized market so product differentiation is very difficult
  - Organic growth would not fall within the required timeframe
- Recommendation is that Steel Corp acquires a competitor

Fit question #1

Tell me a about a time when you assumed a leadership role? What do you think made you a good leader?

Fit question #2

Looking back on your career to date, what's one thing you wish you could have done differently and why?

Case Prompt

Our client, Steel Corp, is a privately held automotive flat steel producer serving North American automotive OEMs. The steel industry as a whole has experienced steady growth over the last decade due to increased North American auto production. In the past, Chinese and Brazilian steel imports have taken a significant portion of North American market share, however recently the markets have seen a more stable distribution.

Steel Corp has asked us to develop a strategy that would allow them to reach 30% market share by 2025. (Currently 2015)

Case 5: Steel Corp (2/5)

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

Interviewer Guide

- **Good candidate:**
  - Understands that there may be production limitation for Steel Corp
  - Asks probing questions about the current and future state of the steel market
  - Understands that this is a commoditized good
- **Better candidate:**
  - Builds a quick and concise framework that touches on the market, competition, customers, and capabilities
  - Realizes a new facility will not fit into the timeframe
  - Asks relevant questions about customer relationships
  - Notes the fact that market share will remain constant in 2025

Additional information

Steel Corp:
- Current production: 4,000,000 tons per year
- Current production capacity: 4,600,000 tons per year
- Current market share: 20%

Flat steel industry
- Current price of steel is $500 per ton and is expected to increase 20% over the next decade
- Average margin for a ton of steel is 15%
- Steel demand expected to rise 25% over the next decade
- Governments can impose import restrictions
- Capital projects within this industry usually have extremely long lead times, sometimes taking 10-15 years to get a new facility up and running

Competitors: (There are no production constraints for competitors)
1) New Steel: 15% market share (privately held) (Max Capacity: 4,000,000)
2) National Steel: 25% market share (publically held) (Max Capacity: 6,500,000)
3) HD Steel: 10% market share (privately held) (Max Capacity: 2,500,000)
4) Imports: 30% market share

Customer:
- OEMs typically maintain long term relationships and will rarely switch suppliers
- All OEMs are expected to grow at an equal rate (market shares will remain constant)

Case 5: Steel Corp (3/5)

Interviewer guide

- **Good candidate:**
  - Correctly calculates the 2015 and 2025 productions numbers
  - Presents the data in a organized and readable way
  - Clearly states the required production needed to reach 30% market share
- **Better candidate:**
  - Recognizes the fact that Steel Corp has a production constraint and will not be able to meet future demand
  - Correctly notes the production shortfall (for 30% market share)

Key Observations

- To reach 30% market share Steel Corp would need to produce and sell 7.5M tons of steel per year
- To reach that number they would need to add additional 2.9M tons of production capacity
- At this point if candidate did not ask, Interviewer should note that OEMs rarely switch suppliers
- If asked, market share will stay the same in 2025 for all producers

Candidate should come up with some potential growth options, realizing that an acquisition meets all the clients needs

Producer	Market Share	Production 2015	Production 2025
Steel Corp	20%	4,000,000	5,000,000
New Steel	15%	3,000,000	3,750,000
National Steel	25%	5,000,000	6,250,000
HD Steel	10%	2,000,000	2,500,000
Imports	30%	6,000,000	7,500,000

Case 5: Steel Corp (4/5)

Candidate should come up with some potential growth options, realizing that an acquisition meets all the clients needs

Interviewer Guide

- **Good candidate:**
  - Lists out potential options and addresses some risk factors associated with those options
  - Correctly identifies an appropriate acquisition target
  - Clearly communicates thoughts and provides supporting rationale
- **Better candidate:**
  - Demonstrates an understanding of market risk factors associated with raw materials and OEMs
  - Notes the fact that equal OEM growth would result in no MS change for 2025
  - Provides a reasonable estimate for what the value of additional capacity would be

Potential Solutions

Option 1: Acquire New Steel

Potential Benefits:

- OEMs are not likely to switch suppliers so organic growth would not get you to 30%
- This would be the most appropriate target to meet the 2.9M production shortfall
- There may be some synergies between the two companies
- Economies of scale

Potential Risks:

- Acquisition price may not make economic sense
- Antitrust issues
- Cultural fit between the two companies
- Raw material sourcing/long term obligation

- The two key points here are that Steel Corp does not have the capacity to meet future demand as is. In order to reach their stated goal they would need to acquire both capacity and customers.

- New Steel production facilities or new steel grades would deal with extremely long lead times and fall outside the range of the clients stated goal.

- Candidate could figure out what a reasonable price for an acquisition should be (using the additional tonnage times the margin received per ton).

Case 5: Steel Corp (5/5)

Recommendation

Steel Corp should look to acquire New Steel Corp should look to take controlling interest in publicly traded National Steel (51% ownership)

Rationale

New facilities would not be online quick enough to meet the customers needs

New customers are difficult to acquire without a significant change in the market itself

Steel Corp has a production constraint and needs to acquire additional capacity

Risks

As appropriate to case outcome

Next steps

As appropriate to case outcome

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
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Case 6: Flyme.com (1/9)

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Medium
- **Case type:** Profitability
- **Industry**: Travel / eCommerce
- **Concepts tested:** profit drivers, buyer-supplier power, turnaround

Interviewer Guide

- Keys to the case
  - The issue is on the revenue side → airlines are paying less commission to OTAs for each flight sold
  - Critical to get to the root of the issue before trying to suggest ways to solve it
  - The business model of an OTA may not be totally intuitive → a strong candidate will problem solve their way through understanding

Fit question #1

Tell me about your most recent performance review at your pre-MBA job. Both the positive and negative aspects.

Fit question #2

At what point in your life or career were you the most busy or overwhelmed? How did you handle it?

Case Prompt

Our client, FlyMe.com is a US-based online travel agency (OTA) – similar to Expedia, Priceline, etc. They sell flights, hotel rooms, car rentals, and other travel products on their website directly to consumers. Their inventory comes from all of the major travel suppliers (airlines, hoteliers, car rental companies, etc.). Although the travel industry is large and growing, our client has recently experienced a drop in profitability.

They have hired us to (1) figure out why profits are down, and (2) what they can do to turn around the business.

Case 6: Flyme.com (2/9)

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

Interviewer Guide

- **Good candidate:**
  - Recognizes this is a straightforward profitability problem
  - Asks enough questions to fully understand the situation
- **Better candidate:**
  - Engages with the interviewee during the prompt / understanding stage
  - Asks 2nd level questions before jumping into framework → will help structure what the framework should contain
- **NEXT STEP:** Create framework (example on next slide)

Additional information (only if asked)

- **Industry-specific:**
  - **OTA business model** – ecommerce site that sells travel related content to consumers. Make money by charging a commission to content providers (airlines, hoteliers, etc.) on each sale.
  - **Markets** – most OTAs are regional – a few big players in the US, Asia, Europe, South America
  - Different than travel aggregators (Kayak) – aggregators don't actually sell content
- **Company-specific**
  - **Location** – operate mostly in the US; have some subsidiaries elsewhere, but small
  - **Products** – sell a broad range of products (flights, hotels, etc.) from a broad range of providers
  - **Reputation** – very well-known brand; household name in the US
- **Competitor-specific:**
  - 5-6 main competitors in the US
  - 2 are profitable; the rest are experiencing declines like us
  - Industry has seen recent consolidation

This is a simple prompt – the candidate should quickly move into creating a profitability framework. Don't let them ask too many questions up front.

Case 6: Flyme.com (3/9)

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

Interviewer Guide

- **Good candidate:**
  - Recognizes this is a straightforward profitability problem
  - Asks enough questions to fully understand the situation
- **Better candidate:**
  - Engages with the interviewee during the prompt / understanding stage
  - Asks 2nd level questions before jumping into framework → will help structure what the framework should contain
- **NEXT STEP:** Create framework (example on next slide)

Profitability Framework

- **Non-company items *(less relevant)***
  - **Market / economy** – travel spend is highly correlated with the economy
  - **Competition** – the consolidation is likely having an effect
  - **Customers** – are purchasing behaviors or customer needs changing?
- **Suppliers** – how are airlines and hotels doing? Are they happy selling through us? **Company profitability *(most relevant)***
  - **Revenue** – P * Q → candidate should highlight this and include some extra detail
  - **Cost** – Fixed + Variable → candidate should highlight this and include some extra detail
- **How to fix the issue *(relevant)***
  - Candidate should at least note in the framework that a piece of the case is to recommend ways to fix the issue
  - Does not need to be complete in the framework, but should be included

After presenting the framework – push the candidate to suggest where to start

Case 6: Flyme.com (4/9)

Interviewer Guide

- **Good candidate:**
  - Recognizes it is not a cost problem
  - Asks for specific information within revenue, not just "do you have revenue information"
- **Better candidate:**
  - Recognizes that the cost growth is roughly inflationary growth and to be expected for a business
  - Provides a rationale for the revenue data they request
- **NEXT STEP:** Revenue analysis using Exhibit 1

Profitability Deep Dive

The problem is in revenue, but they can start with cost if they'd like

- **If asked about costs**
  - ***Interviewer***: *"Overall costs have been growing ~3% year over year. Growth is happening across most key categories"*
  - **NOT A COST ISSUE – PUSH THEM TOWARDS REVENUE IF THEY DON'T RECOGNIZE THIS QUICKLY**
- **Revenue**
  - ***Interviewer:*** *"What do you want to know about revenue?"*
  - If asked, primary sources of revenue are booking fees charged to suppliers for each sale, and for banner advertising on the website
  - **WHEN THEY MENTION PRODUCT BREAKDOWN, BOOKINGS INFO, VOLUME/RATE, ETC– PROVIDE THEM WITH EXHIBIT 1**

Case 6: FlyMe.com: Handout 1 (5/9)

For candidate

Exhibit 1: FlyMe.com Selected Financial Data – 2013 & 2014

	2013		2014	
	Revenue ($M)	Bookings (M)	Revenue ($M)	Bookings (M)
Product Revenue				
Air	$440	110	$319	159
Hotel	$270	30	$331	31
Car Rental	$75	15	$81	16
Cruise	$15	5	$17	6
Banner Ad Revenue	$150	N/A	$149	N/A
Trip Insurance Revenue	$50	2	$53	2

Case 6: Flyme.com (6/9)

Exhibit 1: FlyMe.com Selected Financial Data – 2013 & 2014

	2013				2014			
	Revenue ($M)	Bookings (M)	Avg. Booking Total Fee Revenue	% of	Revenue ($M)	Bookings (M)	Avg. Booking Fee	% of Total Revenue
Product Revenue	$440	110	*$4*	*44%*	$319	159	*~$2*	*34%*
Air								
Hotel	$270	30	*$9*	*27%*	$331	31	*~$11*	*35%*
Car Rental	$75	15	*$5*	*8%*	$81	16	*~$5*	*9%*
Cruise	$15	5	*$3*	*2%*	$17	6	*~$3*	*2%*
Banner Ad Revenue	$150	N/A	N/A	*15%*	$149	N/A	N/A	*16%*
Trip Insurance Revenue	$50	2	*$25*	*5%*	$53	2	*~$25*	*6%*
Total:	$1,000				$950			

Interviewer guide

- Have them walk through the data contained in the table
- If they don't recognize that booking fees could be an issue, **have them calculate average booking fee for each category**, each year (answers provided in red)
- **2014 SHOULD BE ESTIMATES – THIS IS A TEST FOR PRACTICALITY**
- Good candidate will also do rough % of total estimation (in red) to see which categories are most important)
- If asked, the end ticket prices to consumers have stayed the same

Key Observations

- Air and Hotel are the largest revenue drivers
- Hotels and Insurance have the largest booking fee, and therefore relative profit margin, because it is all commission
- Air booking fees are dropping year-over-year – BAD
- Hotels and Insurance booking fees are growing even more year-over-year

THE CANDIDATE SHOULD CONCLUDE THAT THE DROP IN AIR BOOKING FEES IS THE PRIMARY DRIVER TO DECLINING REVENUE

Case 6: Flyme.com (7/9)

Interviewer Guide

- **Good candidate:**
  - Summarizes findings from the math portion before moving on
  - Writes down brainstorm ideas rather than just reciting
  - Doesn't give completely illogical reasons
- **Better candidate:**
  - Is hypothesis-driven when brainstorming
  - Gives justification for each item in brainstorm

NEXT STEP: Brainstorm ways to turn around the revenue decline

QUESTION

"What could be causing the drop in air booking fees?"

Brainstorm deep dive (1/2)

There are many potential answers. Ensure the answers make sense. Some potential examples are:

- Airlines have strong bargaining power and are pressuring OTAs to drop fees
- Contract renewals just occurred, and the new fee is lower
- Airlines are selling more flights on own websites – we had to drop fees to keep the content on our site
- Air ticket prices are dropping overall
- Mix shift of lower cost airline tickets (Spirit, Frontier) being sold vs. higher priced (Hawaiian, American)
- A competitor dropped booking fees – we had to follow suit
- Many others…

Once they provide at least 3-5 answers, tell them:
***Interviewer**: "A lot of factors contributed, but we had to drop the air booking fees to stay competitive – there was nothing we could do"*

Case 6: Flyme.com (8/9)

QUESTION

"Given this, what can the client do to improve revenues?"

Interviewer Guide

- **Good candidate:**
  - Writes down brainstorm ideas rather than just reciting
  - Doesn't focus on air booking fees since this was fixed
- **Better candidate:**
  - Brings in data from the preview section – hotel and insurance have large booking fees
  - Think outside the box and gives creative ideas to improve revenue
  - **In conclusion**:
    - Summarizes case
    - References data from case
    - Provides risks of the recommendations
    - Provides next steps past what was covered in case

Brainstorm deep dive (2/2)

There are many potential answers. Ensure the answers make sense.

Some potential examples are:

- Focus on Hotel – booking fees are high and rising
- Focus on selling Trip Insurance – revenue per purchase is huge and growing
- Increase advertising to drive more traffic to the site – will increase bookings and drive up banner ad revenue
- Offer bundles Air bookings (hotel, car) – will help drive bookings to higher margin products
- Consolidate with a competitor to increase bargaining power against airlines

Once they provide at least 3-5 answers, drive towards a case conclusion:

Interviewer: *"Ok, great. We are going to meet with the client now – what do we tell them based on what we've covered today?"*

Case 6: Flyme.com (9/9)

Recommendation

Profits are down due to revenue and the Company should focus on hotels where booking fees are higher.)
To overcome the $50M revenue shortfall impacting profits the Company should pursue a bundling strategy with hotels and car rental companies to drive bookings to higher margin products

Rationale

As appropriate to case outcome

Risks

As appropriate to case outcome

Next steps

As appropriate to case outcome

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
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	☐	☐	☐	Comfort with ambiguity			
	☐	☐	☐	Engagement and presentation			

Case 7: MexTell (1/5)

Case Overview

- **Interview style:** Candidate-led
- **Difficulty Level:** Medium
- **Case type:** Market entry, M&A
- **Industry**: Telecommunications
- **Concepts tested:** Math, valuation

Interviewer Guide

- Keys to the case
  - This is meant to be a math heavy testing ground; candidate will have to structure and calculate quickly to keep from losing control
  - Valuation meeting the threshold is largely based on the growth and interest rates used in DCF.
- Recommendation is dependent entirely on candidate's chosen WACC and growth assumptions.

Fit question #1

Tell me about a time when you failed

Fit question #2

Tell me about another time when you failed.

Case Prompt

Our client is a major U.S. cell phone service provider with $45 billion in revenues. They have recently been buying companies in an attempt to expand their network, and have been notified of a potential window to acquire MexTell, a Mexican Cellular network. They've determined the deal will be worth the trouble likely to come from activist investors if MexTell is worth more than $6 billion.

Should they acquire?

Case 7: MexTell (2/5)

Interviewer Guide

- **Good candidate:**
  - Creates a framework that catches the major levers and risks to the deal
  - Ensures that valuation and risks to the deal are part of the framework
- **Better candidate:**
  - Understands from the prompt that a final number of > or < $6B is the goal, and creates a framework based on valuation methods commonly used (DCF, Comps, Book Value)

Sample framework

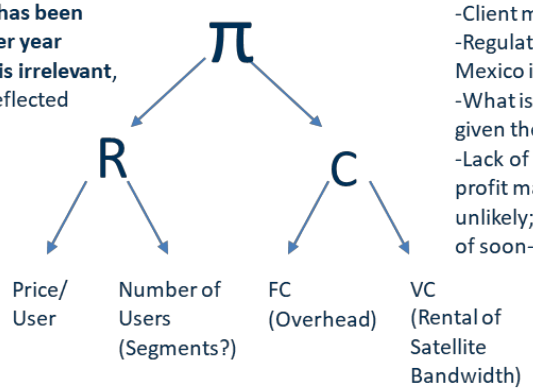
"Should our client acquire MexTell?" NOTE: Relevant information for candidate in BOLD

What does the Mexican Cellular Market look like?

-Competition **is non-existent**
-Industry growth **has been steady at 5% YOY**
-Major substitutes **don't exists**
-Prevalence of cell phones in Mexican society **has been growing at 5% per year**
-**Everything else is irrelevant**, and should be deflected

What does the MexTell Income Statement look like?

- Need to understand the major revenue and cost streams to be able to value the company:



Should we do the deal? What are the Risks and Next Steps

Valuation Methods:
DCF: Need income statement
Comps: Need other deals
Book Value: Balance Sheet

Suggested Risks:
-Client moving internationally
-Regulatory environment in Mexico is different
-What is the adjusted WACC given the move?
-Lack of competition given profit margin of 18% seems unlikely; either illegal activity of soon-to-enter competition

Case 7: MexTell (3/5)

Interviewer Guide

Good candidate:

- Creates a structure after realizing the volume of information they are about to get.
- Keeps a structure through most of the profit tree, asking for relevant information when needed
- Calculates numbers as they go.

Better candidate:

- Realizes that in order to get to a Valuation they need a profit, and makes a structure to get the data
- Does math as necessary to keep the numbers flowing, but doesn't interrupt data capture
- Realizes that Basic Users<<Premium users; hypothesizes that Basic price may be too high for average GDP, and flags for "opportunity review"
- Realizes that total users<<pop. of Mexico since Mextell has no competition; flags as growth potential

NOTE: Number to provide are highlighted in **BOLD**

	Basic	Premium	Ultra	*SUM*
Users	**300,000**	**1,500,000**	**50,000**	*$ 1,850,000*
Price	**$ 40**	**$ 100**	**$ 150**	
Monthly REVENUE	$ 12,000,000	$ 150,000,000	$ 7,500,000	*$ 169,500,000*
Annual REVENUE	$ 144,000,000	$ 1,800,000,000	$ 90,000,000	*$ 2,034,000,000*
VC/User	**$ 5**	**$ 10**	**$ 10**	
Total VC	$ 1,500,000	$ 15,000,000	$ 500,000	*$ 17,000,000*
FC as % of Rev	**40%**	**60%**	**60%**	
Total FC	$ 4,800,000	$ 90,000,000	$ 4,500,000	*$ 99,300,000*
Monthly COST	$ 6,300,000	$ 105,000,000	$ 5,000,000	*$ 116,300,000*
Annual COST	$ 75,600,000	$ 1,260,000,000	$ 60,000,000	*$ 1,395,600,000*
Gross Monthly Profit	$ 5,700,000	$ 45,000,000	$ 2,500,000	*$ 53,200,000*
Gross Annual Profit	$ 68,400,000	$ 540,000,000	$ 30,000,000	*$ 638,400,000*
Tax Rate	**40%**	**40%**	**40%**	
Annual Tax Burden	$ 27,360,000	$ 216,000,000	$ 12,000,000	*$ 255,360,000*
Net Annual Profit	$ 41,040,000	$ 324,000,000	$ 18,000,000	*$ 383,040,000*

Case 7: MexTell (4/5)

Interviewer Guide

- **Good candidate:**
  - Knows all three methods, and quickly identifies that DCF is the way to go with the data we have
  - Has an intelligent discussion on interest rates and growth projections
- **Better candidate:**
  - Understands that WACC is based on risk inherent in this deal and this industry, not just on the company or client itself; when provided with 10% as the company's WACC, suggests that we use a higher WACC to capture the extra risk in this
  - Realizes that WACC makes or breaks the deal, and suggests further due diligence on determining the right WACC

Three potential valuation methods

DCF: We have the information, so this is the way to go

Comps: "**No Data in recent history**"

Book Value: "**We don't have their asset data**"

-Competition **is non-existent**
-Industry growth **has been steady at 5% YOY**
-Major substitutes **don't exist**
-Prevalence of cell phones in Mexican society **has been growing at 5% per year**
-**Everything else is irrelevant**, and should be deflected

KEY POINTS:
- WACC decision determines deal validity
- Growth projections are also critical; is 5% forever likely? (Based on data left, answer is **"Yes"** but an intelligent discussion on competition is warranted here)

15% WACC: $$DCF = \frac{\$383{,}040{,}000}{15 \quad -5} = \$\ 3{,}830{,}400{,}000.00$$

10% WACC: $$DCF = \frac{\$383{,}040{,}000}{10 \quad -5} = \$\ 7{,}660{,}800{,}000.00$$

Case 7: MexTell (5/5)

Recommendation

(GOOD) Our client should continue purchase of MexTell based on a $7.6B valuation

(BETTER) We should continue our due diligence in order to determine the correct WACC to evaluate this deal with, lest we miss our target.

Rationale

- Strong profit margins of ~20% on gross revenue
- Lack of competition makes future position much more secure, even with competitive entry
- WACC changes of 5% change valuation from $2B above our benchmark to $2B below benchmark; WACC is single most important factor here

Risks

A star candidate will realize that Basic Users are far 5x fewer than Premium users, despite price tag. A good hypothesis is that Basic price may be too high for average GDP, and Premium users are mostly business. This is a good opportunity to adjust prices to better capture the segments.

Next steps

A star candidate will also notice that MexTell has no competition, yet holds far fewer subscribers than the population of Mexico; huge opportunity for growth, or competition, depending on the regulation

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

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Case 8: SunFury (1/7)

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Medium
- **Case type:** Market entry
- **Industry**: Energy
- **Concepts tested:** market sizing, strategy analysis

Interviewer Guide

- Keys to the case
  - The residential solar market is a huge potential market that has only been partially tapped
  - Competition is very fierce, as many different players are trying to compete.
  - Market is unprofitable without ITC, and SunFury cannot recoup investment costs in time.
- Recommendation is that SunFury allocate resources to utility projects.

Fit question #1

- Tell me about a time when you had to give a team member unpleasant feedback. How did you approach the situation? What would you do differently?

Fit question #2

- What's the hardest feedback you've received? How did you take it?

Case Prompt

Our client, SunFury, is a publically traded solar developer and the largest builder of utility scale solar projects across the US. They have experienced incredible growth over the last 6 years, due largely to the rapidly falling solar module prices from China and the consistent US tax credit for solar projects. In 2017 the Solar Investment Tax Credit (ITC) will drop from 30% for all solar to 10% for utility and 0% for residential, forcing the industry to compete more closely with cheap coal and natural gas.

It is August 2015, and SunFury has decided to expand their operations into the residential arena to better capture the ITC while it still exists. They have asked us to (1) estimate the potential value at stake, and (2) determine whether they should go ahead with their residential launch in 2016.

Case 8: SunFury (2/7)

If candidate starts to make a framework, redirect them to answer the question

Interviewer Guide

- **Good candidate:**
  - Understands that this is a market sizing and requires no prompting
  - Makes reasonable assumptions about home ownership and population density
  - Understands what information they will need to answer the question as it comes up
- **Better candidate:**
  - Lays out the steps to the problem in advance; knows how they will get to a number and the information they need before they start
  - Reads the footnotes to find out the solar cutoff is >5 kWh/m^2/day

QUESTION

"Given that SunFury is targeting US residential solar, how many homes can we target?"

Market Sizing

TASK: Estimate number of homes in the US that have suitable roofs

a) Assume 320M people in US and (*80-100M*) families

b) Assume (*40-80%)* of families live single or multi-family domiciles (homes), and that others live in large apartment complexes, mobile homes, etc (not suitable for solar)

Things they should then ask:

1. "Can we build solar everywhere in the US?" **(GIVE HANDOUT 1, NEXT PAGE)**

a) Follow on question should be "Ok, what is population density?" or some deviation thereof **(GIVE HANDOUT 2, NEXT PAGE)**

b) Based on 2 handouts, acceptable estimates of population living in solar radiation zones >5kWh/m^2/day is between *30-50%* (CA+TX is 80M)

c) This yields a PAM of *(9.5-40M homes)* **(Give 15M once math is complete)**

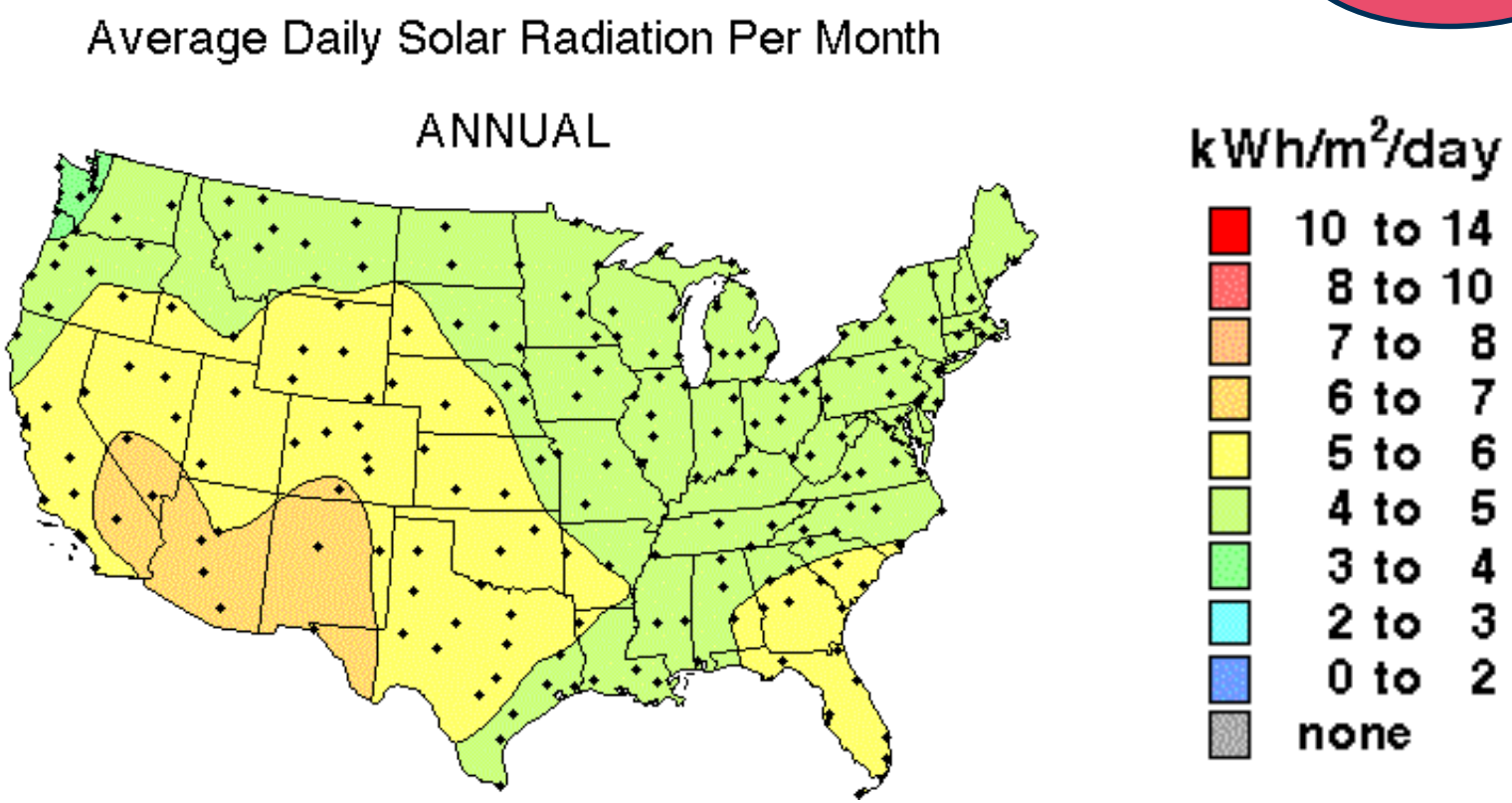
2. "How many homes already have solar?" Can assume *20-50%,* **then provide 40%**

a.) This means the TAM is 9**M homes**

If candidate gets stuck at any point, or work at this question passes 10 minutes, provide 9 million homes as the answer and move to question 2.

Case 8: SunFury: Handout 1 (3/7)

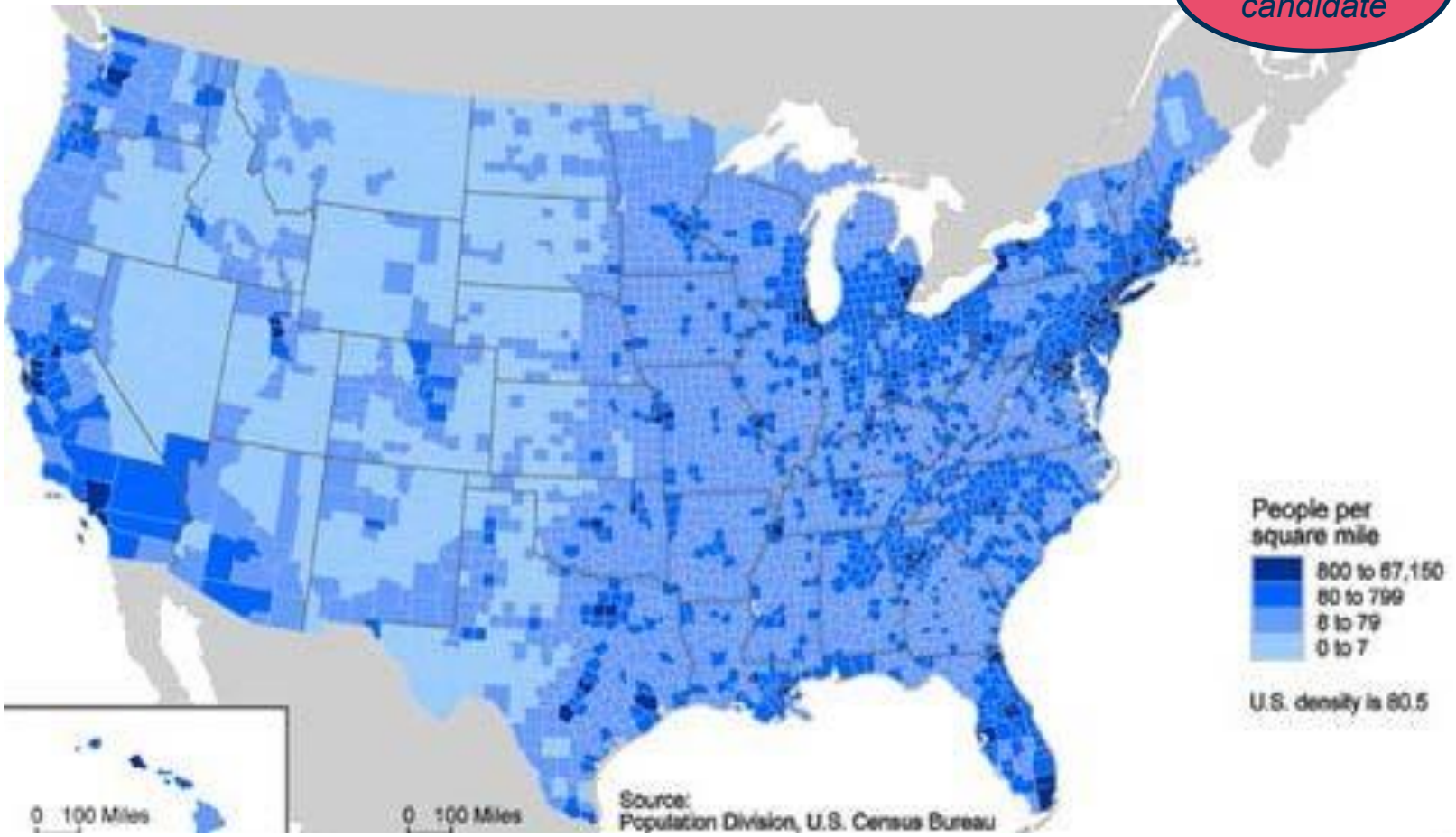
For candidate



Footnote:
(1) SOURCE: National Renewable Energy Laboratory (NREL) 1961-1990
(2) Expert analysis has shown that residential solar with SunFury™ solar panels is profitable when kWh/m²/day is >5 on an annualized basis

Case 8: SunFury: Handout 2 (4/7)

For candidate



Footnote:
(1) SOURCE: US Census Bureau

Case 8: SunFury (5/7)

QUESTION

"The client would like to know how many solar panels they could sell based on your estimate of 9M homes. How would you structure this problem?"

Interviewer Guide

- **Good candidate:**
  - Given the prompting, lays out the rough structure in advance
  - Knows the information they need at each point in the process
  - Does math correctly and quickly
- **Better candidate:**
  - Lays out the correct structure in advance and knows therefore knows what information they need before they begin the math
  - Quickly realizes that the size of the roof and the size of the panels aren't perfectly divisible, and therefore need to be calculated by row x column

ANSWER

225M panels: critical information is provided below in **bold**

Market Sizing

Candidate should understand they will need to find the number of panels per home, which requires knowing:

1. **Size of average roof:**

a) **"The average American home is single story, and roughly 1600sqft"**

b) 1600sqft means that there is 40'x40' of roof

2. **Size of the SunFury solar panel: "Each solar panel is 2m x 3m"**

3. **Number of panels that can fit on a roof:**

a) The panel can be estimated to be 6'x9', which yields 54sqft/panel (55' OK)

b) This means that 1600'/55' = ~29 panels COULD fit on the roof

Note: A great candidate will recognize that you can't fit panels extending over the edge of the roof, so you can really only fit 6 wide (roof is 40' wide, so 6 panels at 6' is 36') and 4 panels tall.

The number of panels/home is therefore 6*4=24 panels (**tell them to round to 25**) The final number of panels SunFury could potentially sell is 225M panels

Help candidate along if needed; if time on this question passes 10 minutes with no endpoint in sight, give them assumptions as necessary to reach 225M panels

Case 8: SunFury (6/7)

QUESTION

"The client is excited, and wants to launch immediately. What information do you still need to recommend that SunFury move into residential solar?"

Interviewer Guide

- **Good candidate:**
  - Creates a framework that catches the major levers and risks
  - Determines the profit that SunFury could capture based on Profit Tree
  - Comes to the conclusion competition will drive down market share to <10%
  - Notices the initial negative profit, and recalls the ITC without prompting
- **Better candidate:**
  - Looks back to their notes and remembers that the ITC goes away in one year
  - Comes to the conclusion that the upper bounds are not profitable

ANSWER

Expect the candidate to make a framework that covers the relevant information

Suggested frameworks and sequence of events

Do **external** conditions support?

"The residential solar market is extremely competitive right now, with 10-12 regional players, all at the same price point, in each market we want to launch in."
"We are offering a commodity product here"

Based on the above, reasonable assumptions of the market share we can expect to get is (*5-10%*). Any higher, and push back for unreasonable assumptions of capturing market share so quickly in a saturated market.

Do **internal** conditions support?

"Business Model: SunFury sells home owners the panels at an 'All-inclusive cost' per panel, similar in price to the competition"
Price = $355/panel
Material Cost= $300/panel
Labor + Permit = $5000/roof
(Note: equals $200/panel)

Total Cost/Panel is => $500, and Tax Credit is 30%, so cost after the ITC is $350

Profit: $5/panel @22.5M panels (10% market share) so Potential Profit = <u>$112.5M</u>

Are there relevant Risks? Next Steps?

"There is an engineering and certification process that must be completed to launch a residential solar system. Based on the reduced timeline to launch by January 2016, we expect it will cost $35M to launch the system"
"Logistics and training will cost us $50M to ramp up in 6 months"

<u>Based on upper bound of market capture (10%) and startup cost of $85, we will only be very close to breaking even: max profit ~$25M</u>

Case 8: SunFury (7/7)

Recommendation

(GOOD) SunFury should not enter the residential market.

(BETTER) SunFury should instead focus on locking in and completing utility projects before the ITC lowers by 20%, reducing their profit margin significantly.

Rationale

The fierce competition reduces market share available to <20%

Duration of ITC is only one year from launch date

Startup costs make this an unprofitable endeavor

Risks

As appropriate to case outcome

Next steps

As appropriate to case outcome

Case Feedback Form

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Case 9: Camilla's Pets (1/7)

Case Overview

- **Interview style:** Candidate-led
- **Difficulty Level:** Medium
- **Case type:** Profitability
- **Industry**: Retail
- **Concepts tested:** strategic analysis

Interviewer Guide

- Keys to the case
  - Actively presenting frameworks
  - Actively ask for information
  - Remain calm if the case changes direction
  - Pay attention when reading charts

Fit question #1

Tell me about a time when you had to change direction on a task. What did you do?

Fit question #2

Tell me about a time when you tried really hard, but you still failed. What did you learn?

Case Prompt

Our client, Camilla's Pets is a regional pet store chain based in San Francisco. The Company's profits are $64M and they have 400 stores. Over the last 5 years the Company has performed exceptionally well and is now interested in a chartering a national expansion. A key concern Camilla's Pets would like to address before undertaking the expansion is improving individual store performance per sq. meters. The average store has an area of 2000 sq. meters.

You and the team have been brought in to identify the factors that drive store performance and perform an analysis of how floor space is currently utilized.

Question: What are the factors that should be considered with assessing store performance?

Case 9: Camilla's Pets (2/7)

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

Interviewer Guide

- **Good candidate:**
  - Takes initiative, proposes a path forward and starts developing hypothesis
  - Gets industry specific with the framework (e.g. retail and pet store related)
  - Asks questions about the market (e.g. size and growth)
- **Better candidate:**
  - Ask why the chain wants to expand
  - Asks about specific targets
  - Inquires about technology (i.e. online retail, social media, etc.)

Additional information

- TASK 1: Calculate the avg profit per store. The candidate should have captured the following notes:

- profits are $64M
- 400 stores
- 2000 sq. meters per store

Answer: **$80.00 per sq. meters**

Things they should then ask:

- Are there any major outliers: **No**
- What other locations are included in the region: **Not Relevant**
- Should anything else be included in store performance: **Only profit**

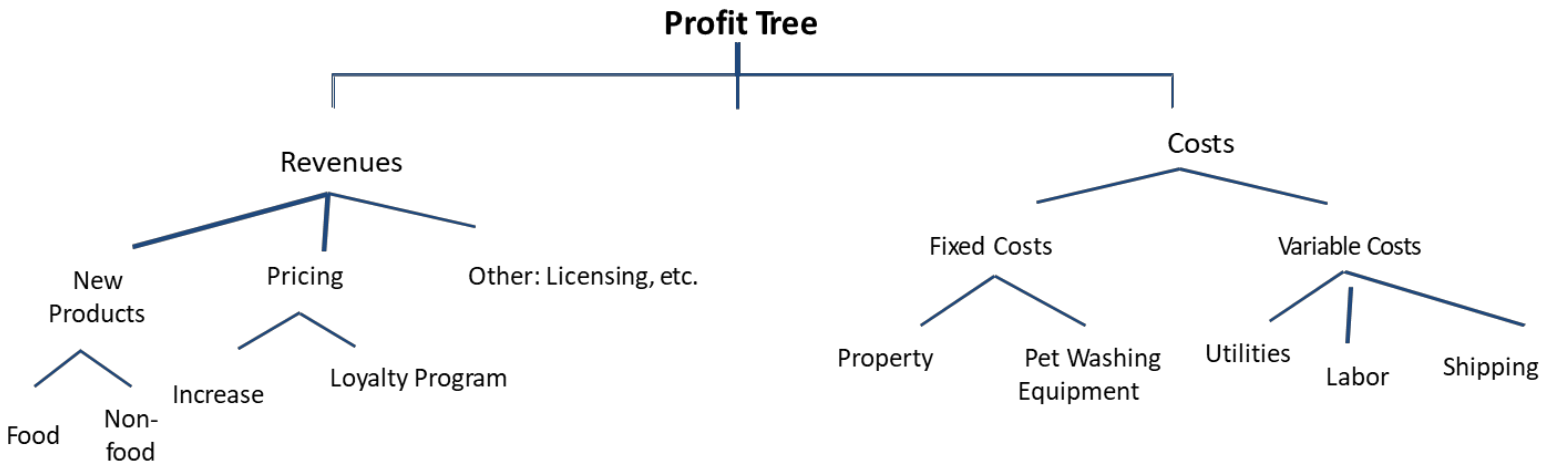
TASK 2 : Draw out a profit tree and highlight some of the major costs of a retailer

Things they should then ask about:

- Are there non-obvious expenses or revenue (e.g. special taxes)? **Not Relevant**
- Where is our client versus industry benchmarks? **Not Relevant**
- Does the pet store items sell other than pets? **Yes**

Case 9: Camilla's Pets (3/7)

Potential Framework



Interviewer Guide

- **Intro**: "Let's step through your approach"
- **Keys to section:**

– Discusses costs and revenue related items

– Identifies growth opportunities from current and new stores

- **NEXT STEP**: Prioritizing opportunities

- **Good candidate**
  - Presents non-canned framework in a structured manner
  - Able to talk through thought process while developing framework
- **Better candidate**
  - Unveiling hypotheses along the way and not afraid to disregard some of these
  - Thinks about "how" areas are under performing

Case 9: Camilla's Pets (4/7)

QUESTION

"The client has changed their minds and now would like the team to just focus on animal sales. They have decided they would like us to increase the floor space allocation for two types of animals. Here is the data collected by our analysts"

Interviewer Guide

- **Good candidate:**
  - Remains calm and not thrown by the case twist
  - Understands that they need additional information, but does not actively ask or assume more information.
  - Quickly understands the chart and communicates what they see
  - Performs calculations quickly
- **Better candidate:**
  - Understands immediately that they need both costs and growth to make an informed decision

Sequence of events and required data

Read the following information to the candidate: Only 5% of profits come from animal purchases. Assume floor space is equally distributed by animal types.

Task 1) Obtain additional information:

Do NOT Give Expenses, Growth, or Charts Until Asked:

Revenues:	Expenses:	Growth %:	**Answers: GP and GP%**
Reptiles - 5895	Reptiles - 4295	Reptiles – 10%	**Reptiles – 1600 / 27%**
Birds - 5073	Birds - 5073	Birds – 15%	**Birds – 2400 / 47%**
Hamster - 4647	Hamster - 4647	Hamster – 10%	**Hamster – 1360 / 29%**
Gerbils - 8958	Gerbils - 8958	Gerbils – 10%	**Gerbils – 2000 / 22%**
Fish - 2416	Fish - 2416	Fish – 5%	**Fish – 640 / 26%**

Once candidate has performed gross profit (GP) calculation give charts 1 and 2
***If candidate realized all information is needed give charts right away.**

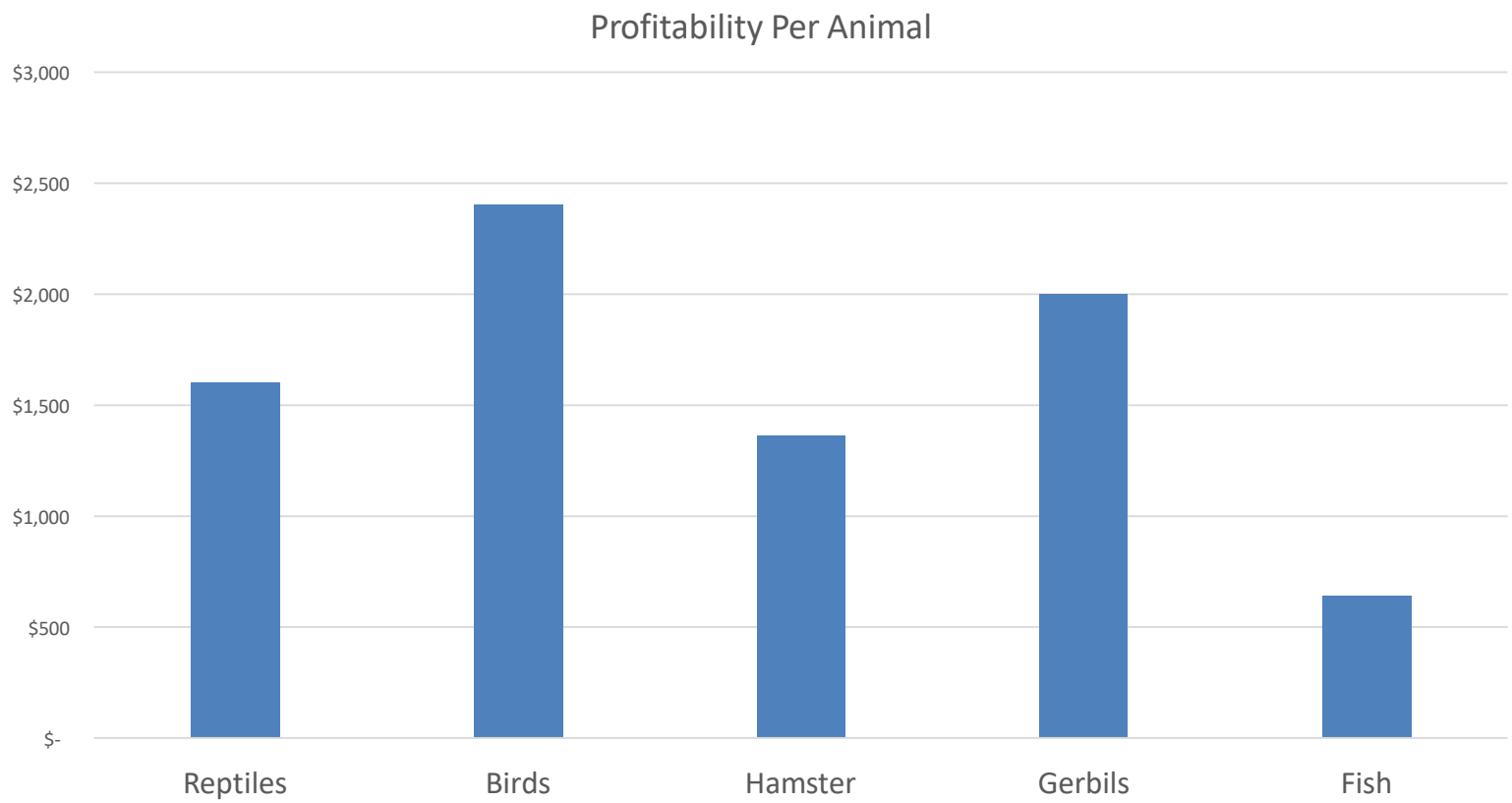
Ask the candidate which animals they should recommend:

Task 2) Actively read and understand simple charts including foot notes:

Candidate should quickly recognize that birds generate the most revenue and are the most profitable animal. Reptiles and Hamsters have the second highest revenues and GPs, respectively, but fish generate significantly more ancillary services and product revenue.

Case 9: Camilla's Pets: Handout 1 (5/7)

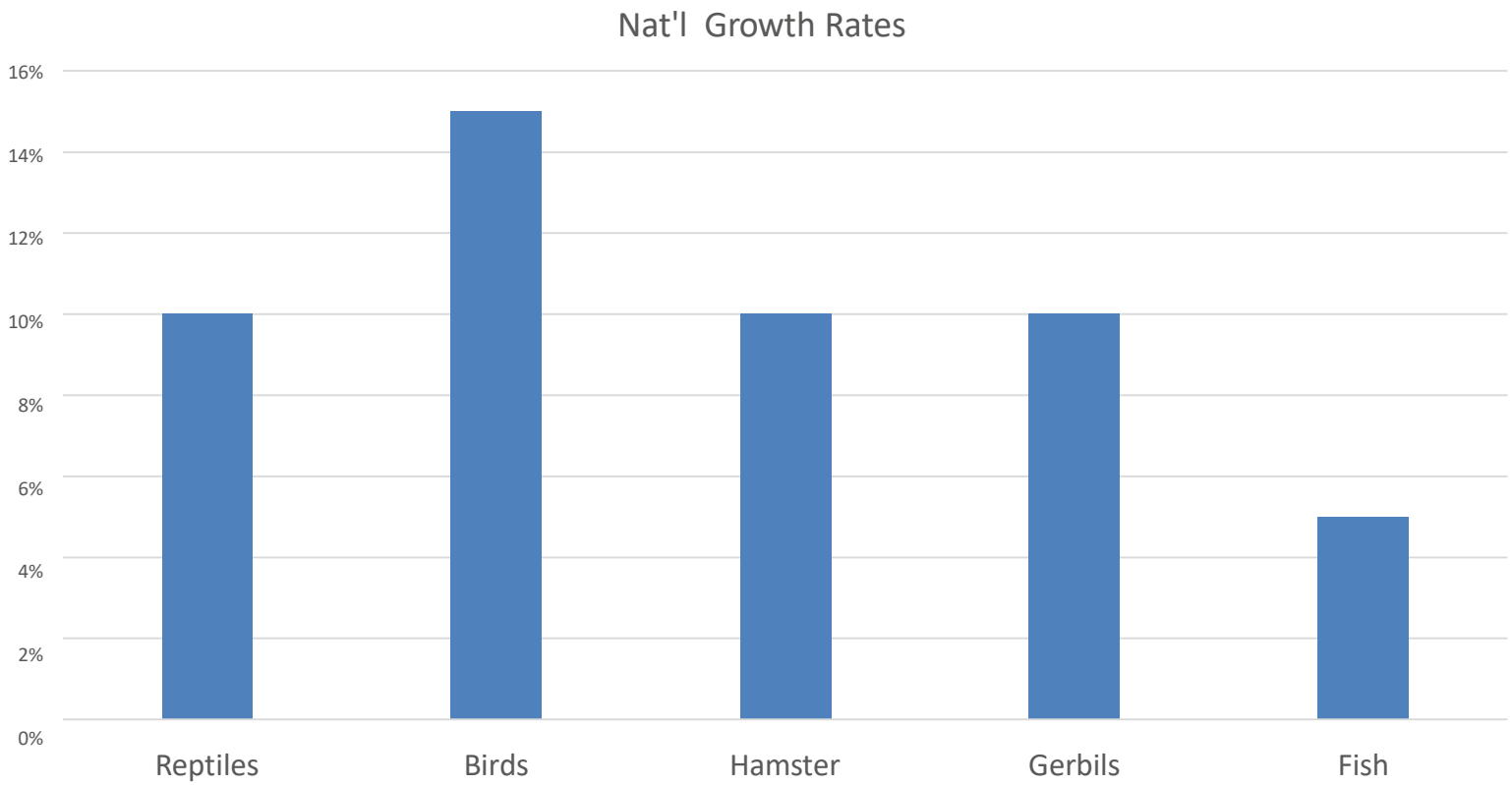
For candidate



Footnote:
(1) Fish generate more ancillary product purchases than reptiles, hamsters, and gerbils combined.

Case 9: Camilla's Pets: Handout 2: (6/7)

For candidate



Case 9: Camilla's Pets (7/7)

Recommendation

GOOD) Camilla's pets should focus on birds and fish.

(BETTER) Camilla's pets should focus on birds dues to the 14% growth rate and fish dues to the smaller growth rate of 5%, but massive increase to ancillary product sales.

Rationale

As appropriate to case outcome

Risks

As appropriate to case outcome

Next steps

As appropriate to case outcome

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
	☐	☐	☐	Relevant framework			
	☐	☐	☐	Hypothesis driven			
Analysis	☐	☐	☐	Drawing insights	☐		
	☐	☐	☐	Driving case analysis			
	☐	☐	☐	Math: stating approach → solving → so what			
	☐	☐	☐	Business intuition			
	☐	☐	☐	Creativity			
Closing	☐	☐	☐	Answer first	☐		
	☐	☐	☐	Structured recap			
	☐	☐	☐	Using findings in the case			
Consulting DNA	☐	☐	☐	Structured thinking	☐		
	☐	☐	☐	Clarity in communication			
	☐	☐	☐	Comfort with ambiguity			
	☐	☐	☐	Engagement and presentation			

Case 10: Hrdwr2Softwr (1/

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Medium
- **Case type:** Market Entry
- **Industry**: TMT
- **Concepts tested:** Operations, growth strategy

Interviewer Guide

- NOTE: Case takes place in 2015
- Keys to the case
  - Understanding the basic operations of a business
  - Perform moderate calculations
  - Read charts
- **Differentiation**: creativity of solutions, while maintaining structure

Fit question #1

Tell me about a time when you had to change someone's mind

Fit question #2

Tell me about a time when you had to manage the interests of conflicting stakeholders

Case Prompt

Your client is a networking equipment provider with roughly $2B in revenue, but sales have declined over the past few years. There is a general trend in the industry towards software-defined networking (SDN) so in response, the company acquired several software assets over the past few years with one significant acquisition this year. Although sales have been stagnant, the client set a very aggressive revenue target for the new SDN division.

The company wants to hear your recommendation on the following: 1) How does the Company need to reorganize its departments in order to successfully sell software? 2) Evaluate the go forward strategy for additional product offering.

Case 10: Hrdwr2Softwr (2/

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

Interviewer Guide

- **Tips**
  - This is an open-style case: goal is to push candidate to make assumptions and come up with creative solutions
  - Feel free to describe the general operations of a network provider
- **Good candidate:**
  - Asks general questions about the client
  - Asks general questions about the industry
- **Better candidate:**
  - Structures their thoughts
  - Proposes a path forward

NEXT STEP: Framework evaluation

Additional information

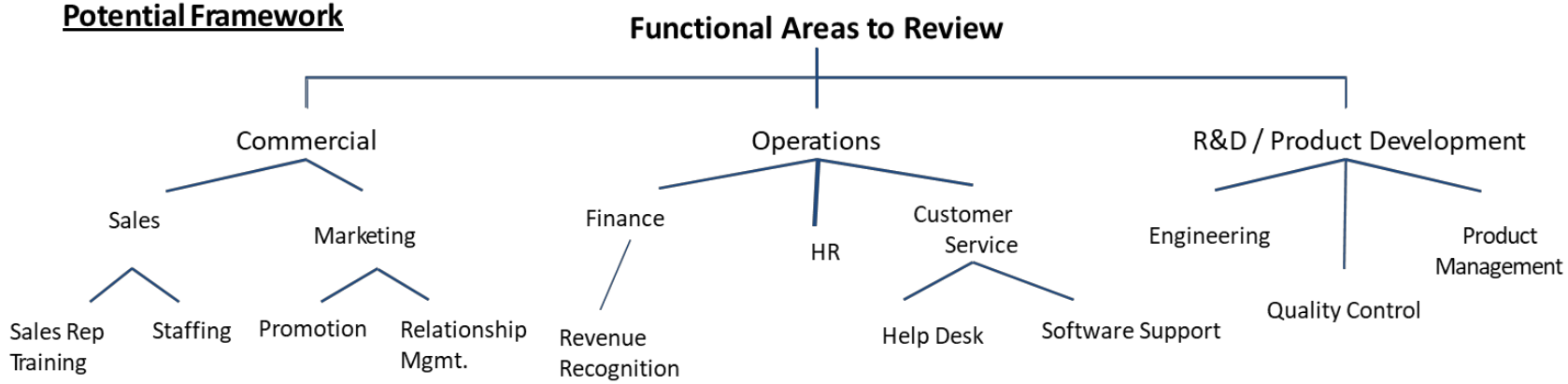
- **Company-specific:**
  - Company is a smaller player in network hardware
  - Customers include businesses of all sizes, public institutions, telecommunication companies, other service providers and individuals
  - Other products include: switches, routers, servers, interfaces and modules, etc
  - Company is based in Silicon Valley, CA
- **Computer networking market**
  - Other major players switching to software
  - Trend driven by need for increased automation, cost savings, flexibility, and

application use

- **Competition**
  - Competes against dozens of competitors globally
  - Amongst the first to move to software

Case 10: Hrdwr2Softwr (3/

Potential Framework



Interviewer Guide

- **Intro**: "Why don't you walk me through your thoughts about which department will undertake changes?"
- **Keys to section:**
  - Focus on the most significant areas changing
  - Suggest opportunities for growth or cost savings
- **NEXT STEP**: Prioritizing areas to change

- **Good candidate**
  - Presents non-canned framework in a structured manner
  - Able to talk through thought process while developing framework
- **Better candidate**
  - Unveiling hypotheses along the way and not afraid to disregard some of these
  - Thinks about "how" these will impact the existing org

Case 10: Hrdwr2Softwr (4/

If candidate starts to make a framework, redirect them to answer the question

Interviewer Guide

- **Good candidate:**
  - Actively brainstorms relevant tech ideas and attempts to structure their thoughts (e.g. top 3 ideas)
  - Actively read the charts and communicate about what they are observing
  - Quickly understand the chart and communicate what they see
  - Perform calculations quickly and accurately
- **Better candidate:**
  - Is not thrown off that the client has decided on all strategies
  - Demonstrates strong knowledge of the technology sector

QUESTION

"Which product strategy should the client pursue?"

Sequence of events and required data

Task 1) Could you tell me about some of the major trends in tech that might impact the need for SDN (giving computers extra capacity, flexibility, and custom ability):

– **Let the interviewee brainstorm then present the charts**

Interviewee should comment on what they are seeing (e.g. the following):

- **Mobile and video are increasing steadily compared to others**
- **Big data and cloud have major upticks in later years**
- **Mobile has the most patents/ Video has the least**

Once the interviewee has commented then inform the interviewee that the client would like to pursue all strategies.

Task 2) As a mid-sized networking player valuation is also important. Calculate how many years will it take the software business to overtake hardware in valuation?

- Company revenue is $2B today and declining at 5% YoY.
- Software business is $30M today and growing 100% YoY.
- How many years will it take the software business to overtake hardware in valuation? **(Answer: year 3)**

Case 10: Hrdwr2Softwr: Handout 1 (5/

For candidate

Which product strategy should the client pursue? Explain your logic.

Exhibit 1: Cloud Revenue

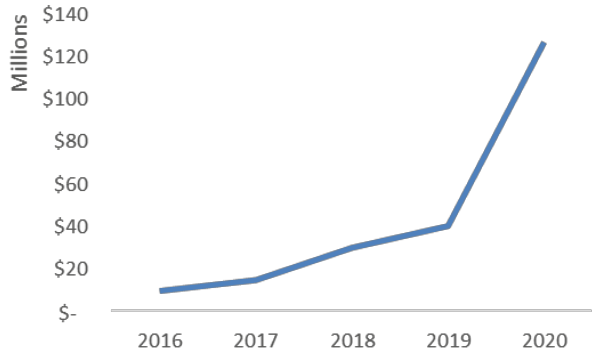


Exhibit 2: Big Data Revenue

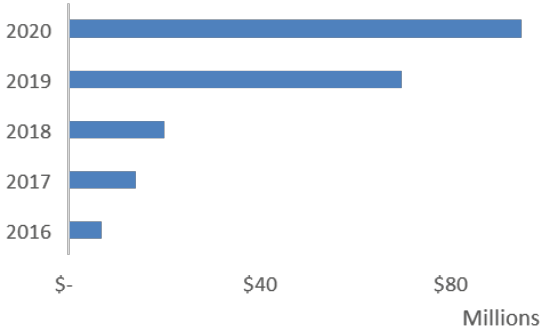


Exhibit 3: Mobile Revenue

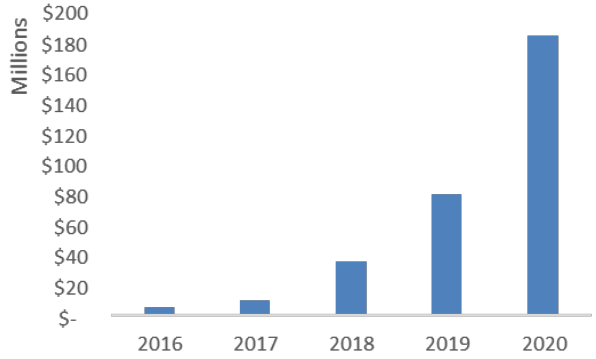
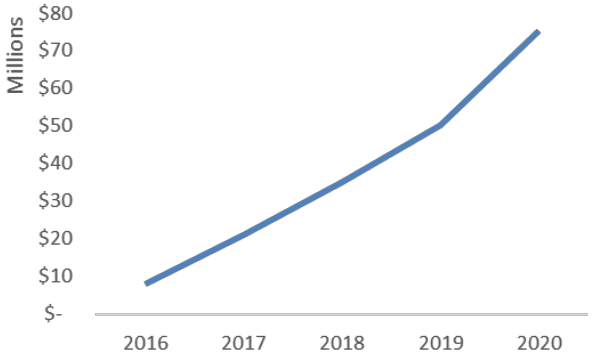


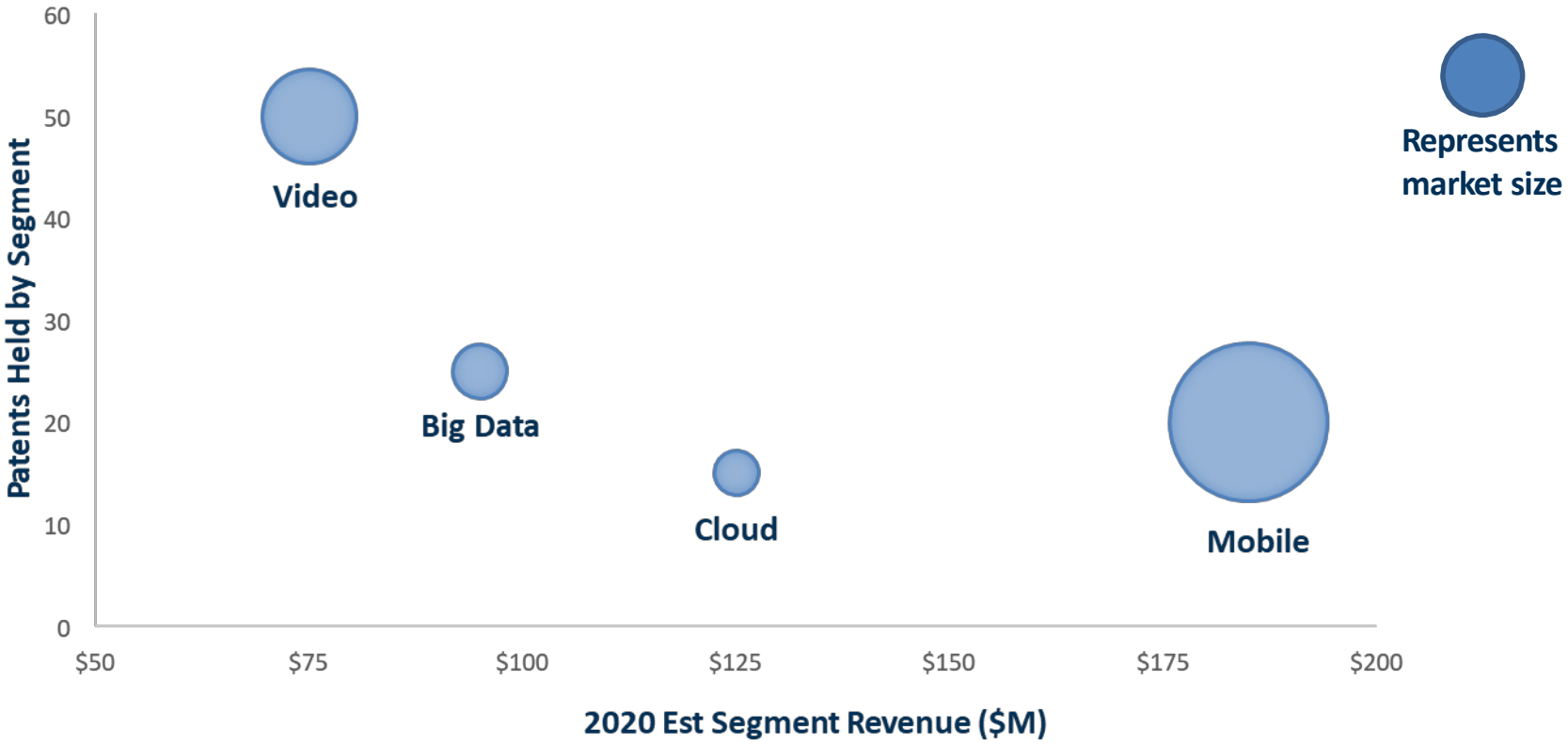
Exhibit 4: Video Revenue



Case 10: Hrdwr2Softwr: Handout 2 (6/

For candidate

Exhibit 5: 2020 Est. Segment Revenue, Customer Base and Patent Count



Case

Recommendation

The software business will overtake hardware in 3 years and the Company should pursue product strategies in Cloud, Mobile, Video, and Big Data.

Rationale

The software business will overtake hardware in 3 years. The Company can pursue all product strategies as they all represent growth potential. The Company should focus on Mobile since it represents the biggest market size and revenue while showing the highest rate of growth potential.
Alternatively, the Company can focus on Video as they hold the most patents in this area and there's potential to monetize them as the product grows.

Risks

As appropriate to case outcome

Next steps

As appropriate to case outcome

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
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Case discussion _____ min

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Case 11: Alpha Auto (1/14)

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Medium
- **Case type:** Market entry
- **Industry**: Automotive
- **Concepts tested:** market entry, customer segmentation, pricing

Interviewer Guide

Keys to the case

- Recognize that the electric vehicle market, although growing rapidly, is still a small fraction of the overall US auto market
- Target segment has to be aligned with client's operations and current positioning in the market
- Internalize exhibits/data and eliminate non-viable options using strategic insights

Fit question #1

Tell me about a time when you were in a stressful situation at work? How do you deal with stress?

Fit question #2

What is the biggest risk for us in hiring you?

Case Prompt

Our client, Alpha Auto, is a large US-based auto manufacturer that produces a broad range of vehicles from compact cars to medium-sized commercial trucks. Alpha Auto emerged from bankruptcy in 2009 and it's share in the US auto market has declined from 11.2% to 9.5% over the past 3 years.
With increasing consumer interest in electric vehicles, Alpha Auto wants to evaluate the option of expanding it's product range to offer an electric or hybrid vehicle.

The client wants our advise on how to evaluate this option.

Case 11: Alpha Auto (2/14)

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

Interviewer Guide

Good candidate:

- Asks clarifying questions about Company's ability to develop EV technology
- Asks about company's current product lineup and brand
- Asks about electric vehicle market, including size, growth, segments, and competitors

Better candidate:

- Asks about company's financial position after bankruptcy
- Identifies that EV market is still very small and growth is subject to risks

NEXT STEP:

PROVIDE EXHIBIT 1, IF CANDIDATE HAS NOT ALREADY ASKED FOR MARKET DATA

Additional information

Company-specific:

- **Financial health:** Net income in 2014 was $1.2 billion. Cash at year's end was $8.4 billion
- **Current product lineup:** Consists of 3 brands
  - Astra: Low to medium end luxury sedans, convertibles and minivans
  - Neptune: Low end passenger, performance cars, crossovers and SUVs
  - Forge: Trucks and commercial vehicles
- **Technology**
  - R&D: Have developed technology to manufacture electric/hybrid power trains
  - Have commitment from battery suppliers to provide batteries at all capacities
- **Distribution**: Network of dealerships across the US

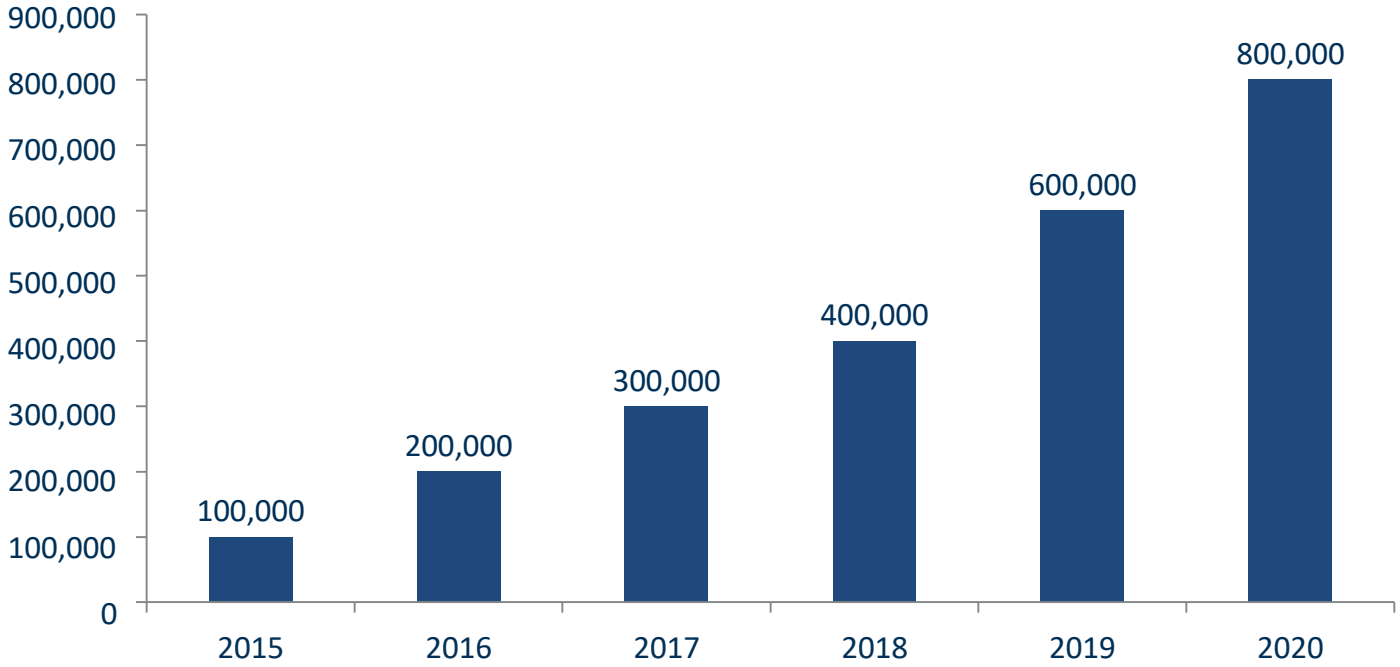
US auto market

- **Market size in 2014**
- Total units (cars) sold in US: 8 million
- Electric vehicles sold as percentage of total units: 1.5%
- Average price of vehicle in US - $33,560
- Average price of electric vehicle in US - $40,025
- **Electric vehicle market growth: provide exhibit 1**
- **Electric vehicle segments: provide exhibit 2**
- **Competitors: provide exhibit 5**

Case 11: AlphaAuto: Handout 1 (3/14)

For candidate

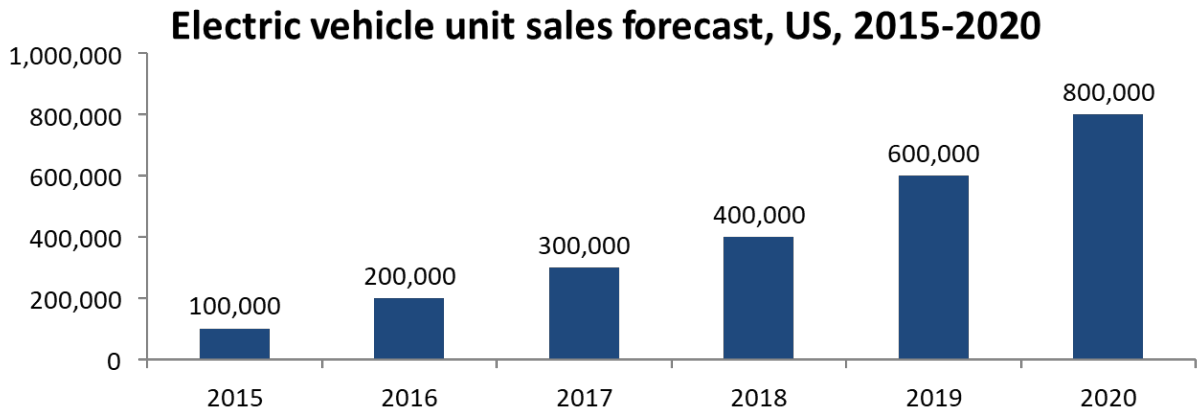
Electric vehicle unit sales forecast, US, 2015-2020



Assuming -

1) Oil prices at $100 / barrel
2) Network of charging stations continues to expand at current rate

Case 11: Alpha Auto (4/14)



Assuming -
1) Oil prices at $100 / barrel
2) Network of charging stations continues to expand at current rate

Interviewer Guide

Candidate should identify that EV market is forecasted to grow rapidly but is subject to some risks

- If candidate asks about impact of lower oil prices, state that some decrease in demand is expected
- If candidate asks about charging stations, state that they're expected to grow at a constant rate

NEXT STEP: PROVIDE EXHIBIT 2

Case 11: AlphaAuto: Handout 2 (5/14)

For candidate

Electric Vehicle Segments		% of EV market in 2014
Economy	Compact or mid-sized family cars Average price - $32,000	75%
Luxury	Premium features, higher-end brand Average price - $70,000	24%
Sports	High performance, usually two-door Average price - $100,000	1%

Case 11: Alpha Auto (6/14)

Segments		% of EV market in 2014
Economy	Compact or mid-sized family cars Average price - $32,000	75%
Luxury	Premium features, higher-end brand Average price - $70,000	24%
Sports	High performance, usually two-door Average price - $100,000	1%

Interviewer Guide

Ask candidate – "What factors should the client consider in selecting the target segment?"

- Candidate should be able to provide several factors including – segment growth, profitability, price elasticity within segment, competitor concentration, fit with client's current brand, positioning, manufacturing capabilities and distribution channels
- Good candidate will ask if percentage share of segments is expected to change in future. Can assume no change in percentage

- Good candidate will realize that the **economy segment** is a better fit with the current brands owned by Alpha Auto which skew towards the lower end.
- **NEXT STEP:** PROVIDE EXHIBIT 3

Case 11: AlphaAuto: Handout 3 (7/14)

For candidate

		Sports	Luxury	Economy
High pricing	**Price**	**$100,000**	**$70,000**	**$32,000**
	Market share <u>within</u> segment	**2.5%**	**5%**	**5%**
Low pricing	**Price**	**$90,000**	**$55,000**	**$30,000**
	Market share <u>within</u> segment	**5%**	**10%**	**10%**

Case 11: Alpha Auto (8/14)

		Sports	Luxury	Economy
High pricing	Price	$100,000	$70,000	$32,000
	Market share	2.5%	5%	5%
Low pricing	Price	$90,000	$55,000	$30,000
	Market share	5%	10%	10%

Interviewer Guide

Ask candidate – "The client wants to target one segment. The table shows how much market share they can capture within each segment if they set either a high price or low price. Which segment and price level do you recommend?"

- It's important for candidate to note that market share listed above is market share within the specific segment
- Candidates can assume that market share will remain constant in subsequent years
- In order to estimate unit sales for client, candidate will have to refer to information in exhibits 1 and 2.
- Candidate should pick total forecast sales for EITHER 2018 or 2019 or 2020 to run any calculations (because production capacity will not come online until 2018 (see Exhibit 4)
- Example calculation, total forecast unit sales in 2018 = 400,000 (from exhibit 1)
  unit sales for economy segment in 2018 = 400,000 * 75% (from exhibit 2) = 300,000
  unit sales for client = 300,000 * 5% (assuming high pricing) = 15,000
- A good candidate will ask for unit costs. If not, prompt candidates to think about costs before starting any calculations.
- **NEXT STEP:** PROVIDE EXHIBIT 4 before candidate begins any calculations

Case 11: Alpha Auto (9/14)

		Sports	Luxury	Economy
High pricing	Price	$100,000	$70,000	$32,000
	Market share	2.5%	5%	5%
Low pricing	Price	$90,000	$55,000	$30,000
	Market share	5%	10%	10%

Interviewer Guide

- Units sold calculation for interviewer's REFERENCE ONLY
- Candidates can pick one segment based on factors such as brand fit, price elasticity etc. and focus on that
- Some candidates might choose to run partial calculations across segments before deciding upon one.
- Note: candidate does **NOT** need to do these calculation for all years, but choose any ONE YEAR

- Good candidates will **eliminate** the Sports segment based on poor brand fit and low unit volume

	Market share	2018	2019	2020
Total units sold forecast	100%	400,000	600,000	800,000
Sports segment units sold	1%	4,000	6,000	8,000
Luxury segment units sold	24%	96,000	144,000	192,000
Economy segment units sold	75%	300,000	450,000	600,000

Company units sold forecast	Segment share	2018	2019	2020
Sports segment (high price)	2.5%	100	150	200
Sports segment (low price)	5%	200	300	400
Luxury segment (high price)	5%	4,800	7,200	9,600
Luxury segment (low price)	10%	9,600	14,400	19,200
Economy segment (high price)	5%	15,000	22,500	30,000
Economy segment (low price)	10%	30,000	45,000	60,000

Case 11: AlphaAuto: Handout 4 (10/14)

Option 1

- Retrofit existing production facility

	Sports	Luxury	Economy
Investment	$1 Billion		
Max capacity	60,000 units per year		
Production start	Beginning of 2018		
Average unit cost	$65,000	$50,000	$24,000

Option 2

- Set up new production facility

Investment	$3 Billion		
Max capacity	100,000 units per year		
Production start	Beginning of 2018		
Average unit cost	$60,000	$45,000	$22,000

Case 11: Alpha Auto (11/14)

Option 1

- Retrofit existing production facility

Option 2

- Set up new production facility

	Sports	Luxury	Economy
Investment	$1 Billion		
Max capacity	50,000 units per year		
Average unit cost	$65,000	$50,000	$24,000
Investment	$3 Billion		
Max capacity	100,000 units per year		
Average unit cost	$60,000	$45,000	$22,000

Interviewer Guide

Ask candidate – "The client has two options to manufacture these electric vehicles. Which one would you recommend? What criteria would you use?

- Good candidates will ask about operation expenses (OPEX) – state that OPEX will be 5% of sales in addition to the unit costs. OPEX will be same across both options.
- Good candidates will bringup qualitative factors of choosing either option before jumping to any calculations.
  - Option 1: lower capital requirements may limit exposure if EV market doesn't realize growth expectations
  - Option 2: higher production capacity provides room to scale in the future. Lower unit costs may lead to higher return on invested capital (ROIC)
- Candidates should then proceed to calculate return on invested capital (ROIC) for either one or both production options for their chosen segment

- Good candidates will eliminate the Sports segment based on poor brand fit and low unit volume. Direct candidates to do so if they start running calculations on the sports segment

Case 11: Alpha Auto (12/14)

	Sports	Luxury	Economy
Option 1 • Retrofit existing production facility			
Investment	$1 Billion		
Max capacity	50,000 units per year		
Average unit cost	$65,000	$50,000	$24,000
Option 2 • Set up new production facility			
Investment	$3 Billion		
Max capacity	100,000 units per year		
Average unit cost	$60,000	$45,000	$22,000

Interviewer Guide

- Candidates should calculate gross profits for the segment, pricing level & production option they have chosen.
- Some candidates might choose to run calculations for multiple pricing levels and options before selecting one

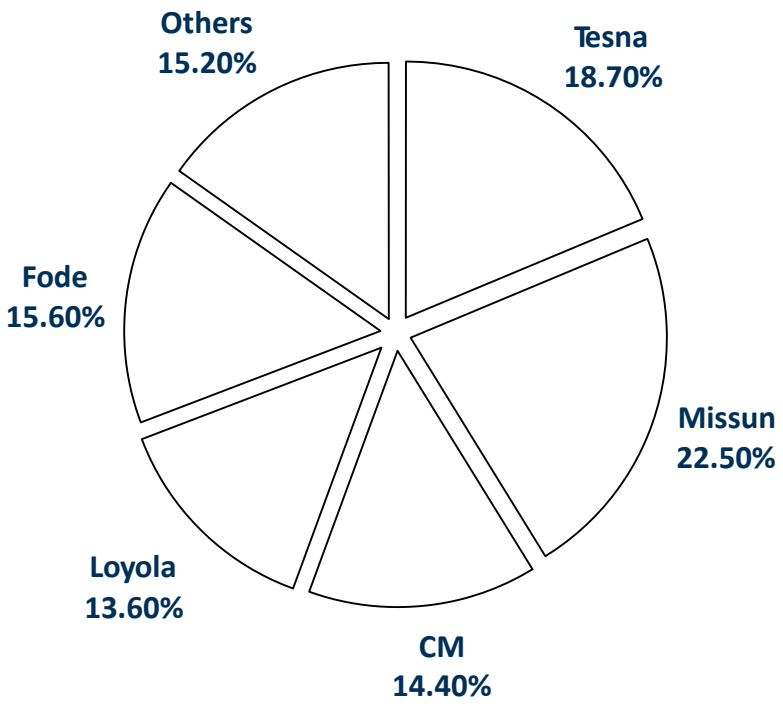
	Segment share	Price	Cost	Gross margin	2018 units sold	2018 gross profit
Luxury segment (high price, production option 1)	5%	$70,000	$50,000	$20,000	4,800	$96,000,000
Luxury segment (low price, production option 1)	10%	$50,000	$50,000	$0	9,600	$0
Luxury segment (high price, production option 2)	5%	$70,000	$45,000	$25,000	4,800	$120,000,000
Luxury segment (low price, production option 2)	10%	$50,000	$45,000	$5,000	9,600	$48,000,000
Economy segment (high price, production option 1)	5%	$32,000	$24,000	$8,000	15,000	$120,000,000
Economy segment (low price, production option 1)	10%	$30,000	$24,000	$6,000	30,000	$180,000,000
Economy segment (high price, production option 2)	5%	$32,000	$22,000	$10,000	15,000	$150,000,000
Economy segment (low price, production option 2)	10%	$30,000	$22,000	$8,000	30,000	$240,000,000

- Option highlighted in RED above will lead to highest ROI. Gross profit = $180M, Operating expenses = 5% of sales = 5% * $900M = 45M, Net Income = $135M ROIC = $135M / $1B = 13.5% in 2018
- Option highlighted in BLUE is also an acceptable answer if candidate justifies it with strategic factors. Gross profit = $240M, Operating expenses = $45M, Net Income = $195M, ROIC = $195M / $3B = 6.5% in 2018

Case 11: AlphaAuto: Handout 5 (13/14)

For candidate

Electric vehicle market share (US) in 2014



Case 11: Alpha Auto (14/14)

Recommendation

Alpha Auto should enter the electric vehicle market and target the economy segment. Price should be set lower than the average price at $30,000 to capture 10% market share. Retrofit existing production facility to manufacture electric vehicles

Rationale

Expanding product line to include electric vehicles will enable Alpha Auto to tap into a rapidly growing segment within the overall auto market and strengthen the Alpha Auto brand

Risks

- Growth – Actual growth might end up lower than forecasts
- Pricing – competitors might reduce price putting pressure on Alpha Auto
- Technology – advances in technology by competitors may pose threats
- Regulatory changes – Tax benefits provided by the government might change

Next steps

As appropriate to case outcome

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
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	☐	☐	☐	Driving case analysis			
	☐	☐	☐	Math: stating approach → solving → so what			
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	☐	☐	☐	Clarity in communication			
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	☐	☐	☐	Engagement and presentation			

Case 12: Jamaican Land (1/5)

Case Overview

- **Interview style:** Candidate-led
- **Difficulty Level:** Medium
- **Case type:** Profitability
- **Industry**: Agriculture
- **Concepts tested:** strategy analysis

Interviewer Guide

It is important to let the candidate drive the case!

The objective of the case is vague and ambiguity. Candidates must spend time clarifying what exactly a "good idea" is in the eyes of the client.

Case Prompt

Our client is thinking about buying a piece of land in Jamaica for $3000 and has asked us to determine whether or not this is a good idea.

The price of the land is $3000

- Total acreage: 10 acres
- Financial Target: $4,500 profit within first two years, excluding
- $3000 purchase price

When prompted about use of land, ask candidate to brainstorm possibilities before giving him/her the answer: real estate development, farming, hold and sell it once it appreciates, etc.)

- Land will be used for agriculture
- Trees, Shrubs, Fruit, Exotic Flowers
- Cannot mix products (trees and shrubs) on same acre. Only one type of plant allowed per acre.
- Price per plant
- Tree $50, Shrub $35, Fruit $15, Exotic $25
- Variable Cost per plant
- Tree $30, Shrub $25, Fruit $11, Exotic $17

Case 12: Jamaican Land (2/5)

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

Interviewer Guide

Good candidate:

- Understands that this is a profitability and needs to ask many questions to get the information needed
- Understands what information they will need to answer the question as it comes up

Better candidate:

- Lays out the steps to the problem in advance; knows how they will get to a number and the information they need before they start
- Understands limit to profitability is amount of acres you own

Additional information

Fixed Cost: $500 initial set up (first year only), $350 per year for salaried labor

Market Demand per year: 5000 Trees, 1000 shrubs, 1000 fruit, 2500 exotic flowers

Penetration rate: competitors cannot meet current demand.

Competitors have 60% tree share, 20% shrub share, 85% fruit share, 90% exotic flower share…the remaining shares can be captured by our client.

How many plants can fit on an acre? When asked about how much of each plant can fit onto an acre, throw the question back and ask: “which plants do you think would have less of per acre?” (trees and shrubs b/c they take up a lot of room)

- 10 Trees/acre
- 25 Shrubs/acre
- 75 Fruit/acre
- 50 Exotic Flowers/acre

Case 12: Jamaican Land Investment (3/5)

Market Size/Est. Demand

Demand

Market Size x Client Penetration Rate

- 5000 trees x 40%= 2000 units
- 1000 shrubs x 80%= 800 units
- 1000 fruit x 15%= 150 units
- 2500 exotic x 10%= 250 units Supply

*Client's capability to meet estimated demand is dependent on the number of acres it has (10 acres)

Margins Per Unit

P-C=Profit per unit

$50-$30= $20 per Tree

$35-$25= $10 per Shrub

$15-$11= $4 per Fruit

$25-$17= $8 per Exotic

Profitability Per Acre

of units per acre x profit per unit

10 trees per acre x $20= $200/acre

25 shrubs per acre x $10= $250/acre

75 fruit per acre x $4= $300/acre

50 exotic flowers per acre x $8= $400/acre

Possible follow-up and guidance to interviewer

of units per acre x profit per unit

- 10 trees per acre x $20= $200/acre
- 25 shrubs per acre x $10= $250/acre
- 75 fruit per acre x $4= $300/acre
- 50 exotic flowers per acre x $8= $400/acre

Possible follow-up and guidance to interviewer

5 acres of Exotic Flowers x $400/acre=$2000

2 acres of fruit x $300= $600

3 acres of shrubs x $250= $750

Y1: $3,350-500-350= $2,500 (do not include $3000 investment) Y2: $3, 350-$350= 3000

Total Profit For First Two Years: $5,500

Possible follow-up and guidance to interviewer

To make the case more challenging, ask:

-How would you price each unit? (cost based pricing, look at competitors prices, price by segment (premium supermarkets vs. fruit stands, etc.)

-If demand was there, would you use all 10 acres for exotic flowers? Why or why not?

(important to diversify products!)

Case 12: Jamaican Land (4/5)

Clarify the Problem

Interviewee should always spend time clarifying the objective(s) upfront. Find out what the land will be used for, how many acres, financial target of client, etc. in order to come up with a more precise structure and to avoid stumbling later on in the case.

Determine Demand & Assign Plants To # of Acres Based on Profitability

Interviewee should determine total demand of each product and the client's penetration rate (market share that client can grab). After finding estimated demand, interviewee should look to assign each type of plant to a specific number of acres. This involves figuring out the margins per unit, the profitability per acre of each plant (most profitable plants get first priority in acre assignments), and how many plants can fit onto an acre.

Determine If Investment Would Meet Client's Financial Target

Once interviewee assigns plants to a specific number of acres, he/she should calculate the total profitability for the first two years. Interviewee should take into account the fixed costs for each year. Running the numbers, he/she will find that the investment will exceed the client's financial target of $4,500

Case 12: Jamaican Land (5/5)

Recommendation

"My recommendation to our client is to invest in the Jamaican property. My calculations show that we would achieve $5,500 in profit within the first two years, exceeding our client's financial target by $1,000."

Rationale

As appropriate to case outcome

Risks

"Before making a final decision, however, I would look into the growth rate and expected demand for these agricultural products, and any risks from natural disasters such as hurricanes, Risks drought, plant diseases, etc."

Next steps

"At this point in time though, given my calculations, investing in this land looks like a great idea."

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
	☐	☐	☐	Relevant framework			
	☐	☐	☐	Hypothesis driven			
Analysis	☐	☐	☐	Drawing insights	☐		
	☐	☐	☐	Driving case analysis			
	☐	☐	☐	Math: stating approach → solving → so what			
	☐	☐	☐	Business intuition			
	☐	☐	☐	Creativity			
Closing	☐	☐	☐	Answer first	☐		
	☐	☐	☐	Structured recap			
	☐	☐	☐	Using findings in the case			
Consulting DNA	☐	☐	☐	Structured thinking	☐		
	☐	☐	☐	Clarity in communication			
	☐	☐	☐	Comfort with ambiguity			
	☐	☐	☐	Engagement and presentation			

Case 13: Avicenna Health (1/5)

Case Overview

- **Interview style:** Candidate-led
- **Difficulty Level:** Hard
- **Case type:** Profitability
- **Industry**: Healthcare
- **Concepts tested:** Market analysis, opportunity assessment

Interviewer Guide

- Keys to the case
  - Recognize that toe-toe competition with UMC is a losing strategy
  - Propose creative methods for driving patients into Avicenna
  - Evaluate most attractive non-hospital sites of care
- Recommendation is to reduce value of hospital by driving members to non-hospital sites of care

Fit question #1

Tell me about a time you had to optimize two or more competing variables, what was the result? What would you have done differently?

Case Prompt

Our client is Avicenna Health, a major healthcare payer in the Chicagoland area. Avicenna Health recently purchased a large hospital system in order to compete with a former strategic partner, University Medical Center (UMC), one of the best hospital systems in the nation. The client believes that as a provider and payer, it will be better positioned for the future of healthcare which will focus on value of care, rather than volume. Nonetheless, our client is concerned about the profitability of its hospitals today and in the future, since the majority of patients are choosing UMC. What should the client do to position itself more successfully in the short and long-term?

Additional Information (if asked): Payer=healthcare insurance company, provider= hospital or healthcare setting, value=reimbursement based on quality and appropriateness of care, volume=reimbursement based on quantity of care.

Case 13: Avicenna Health (2/5)

QUESTION

What should the client do to position itself more successfully in the short and long-term?

Interviewer Guide

- **Good candidate:**
  - Creates a framework that logically orders thinking
  - Correctly applies healthcare and develop specific opportunities evaluated against meaningful criteria
  - Asks for or makes reasonable estimates to calculate most attractive Non hospital service
- **Better candidate:**
  - Supports each bucket with specific qualifying facts
  - Generates specific opportunities that cover short and medium term opportunities
  - Develops second level insights with exhibit calculation with minimal prodding (see exhibit calculation slide)

Suggested Framework

Market Landscape

Industry Trends
- Consolidation in payers and providers due to reduced reimbursement for high volume services

Local Competition
- UMC has world renowned physicians and cancer facilities
- 80% of population and 70% of Avicenna insurance members go to UMC

Regulation
- National and state focus is on value based care, reducing reimbursement for re-hospitalization and excessive care

Opportunities

Short Term
- Marketing Campaign
- Poach UMC Talent

Medium/Long Term
- Build Hospitals
- Cut UMC out of Network
- *Non-hospital services*
  - *Home Health*
  - *Hospice Care*
  - *Infusion*
  - *Nurse Facilities*
  - *Etc.*

Evaluation and Next Steps

Evaluation
- Criteria and scorecard for each opportunity in ST and LT
- Calculate most attractive non-hospital service
  - Needs to estimate population of Chicagoland (~10 million)

Next Steps
- Recommendation with risks associated with best options

Case 13: Avicenna Health: Handout (3/5)

For candidate

Table of Non-Hospital Sites of Care

Site of Care	Target demographic	Relative Utilization	Hospital Replacement rate	Average cost of service
Home Health	Age 65+ chronically ill	High	60%	$500
Hospice	Age 65+ terminally ill	Low	10%	$800
Infusion	All	Very Low	5%	$2000
Nurse Facilities	Age 65+ chronically ill	Medium	80%	$1000

Case 13: Avicenna Health (4/5)

Table of Non-Hospital Sites of Care

Site of Care	Target demographic	Relative Utilization	Hospital Replacement rate	Average cost of service	Calculation	Result
Home Health	Age 65+ chronically ill (20%)	High (100%)	60%	$500	20%*100%*60%*$500	$60/person
Hospice	Age 65+ terminally ill (5%)	Low (50%)	10%	$800	5%*50%*10%*$800	$2/person
Infusion	**All (100%)**	**Very Low (25%)**	**5%**	**$2000**	**100%*25%*5%*$2000**	**$80/person**
Nurse Facilities	**Age 65+ chronically ill (20%)**	**Medium (50%)**	**80%**	**$1000**	**20%*50%*80%*$1000**	**$80/person**

Second Level Insight: Infusion is most attractive site of care since it is least capital intensive and represents the highest revenue per service

Case 13: Avicenna Health (5/5)

Recommendation

(GOOD) Avicenna should avoid competing directly with UMC by leveraging its insurance position and building non-hospital services

(BETTER) Avicenna should acquire high quality infusion capabilities to drive customers away from UMC in the short and medium term, while reducing the role of hospitals across all services in the long term

Rationale

Infusion represents the least capital intensive and highest revenue per service

Risks of reducing hospital traffic at owned facilities, may need to change the role

Expect a competitive response from UMC, create long term strategy to loyalty to Avicenna

Risks

As appropriate to case outcome

Next steps

As appropriate to case outcome

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min
Framework explanation ___:___ min
Case discussion _____ min

	Good	So-so	Weak		Scores (1-10)	+	▲
Initial Structure	☐	☐	☐	Clarifying questions	☐		
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	☐	☐	☐	Clarity in communication			
	☐	☐	☐	Comfort with ambiguity			
	☐	☐	☐	Engagement and presentation			

Case 14: Down Under (1/11)

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Medium
- **Case type:** Growth
- **Industry**: Retail
- **Concepts tested:** Company analysis, increase in revenue

Interviewer Guide

- Keys to the case
  - identifying why Down Under missed it's earnings forecast
  - Understanding the client and industry
  - Ability to distinguish between concept forecast vs actuals
  - Data segmentation
  - Evaluate risks and challenges

Solution: The client missed earning forecast due to selling 2m fewer surfboards/ surf equipment at surf shops

Fit question #1

Tell me about an achievement you're proud of – what do you think you did well and what would you do differently now?

Fit question #2

Tell me about a project in which you learned the most

Case Prompt

Our client is Down Under Apparel an Australian based swim wear and lifestyle company. The company unexpectedly missed its internal earnings target. The CEO has called on your firm to diagnose the problem

Case 14: Down Under (2/11)

Information to be given upon request only

Interviewer Guide

Good candidate:

- Understands that this is a performance analysis case and needs to ask many questions to get the information needed
- Understands what information they will need to answer the question as it comes up

Better candidate:

- Prepares a clear structure or framework to organize brainstorming
- Demonstrates executive presence, describes the problem, and proposes a solution

Additional information

Competitors:

- The client competes against a different competitors depending on product. Maui is the largest rival in the surf and athletic swim wear category but offers lower quality products, at lower price points.
- The client has no interest in growth through competitor acquisition

Customers:

- Surfers and Professional Athletes (30% of Revenue): Willing to pay for performance, yet low earnings for the average surfer suggests limits
- Luxury Seekers (70% of revenue): Fastest Growing segment, contributing to the explosive growth. These are casual users who enjoy the performance but not a key to buying process. Value the brand and ascetics. Brand offers legitimacy.

Channel:

- Surf Shops: Typically small independent retailers located in beach towns. Client has long standing relationships and entry point for any given market. Carry limited merchandise due to small locations, almost exclusively performance wear.
- Big Box Retailers: Products at targeted price points to appeal to their customers. Typically more price sensitive customers. Offers a wide variety of performance wear and equipment (boards, etc.), some lifestyle products. Frequent Sales
- Department Stores: Least price sensitive customers. Offer variety of products focusing on lifestyle wear. Only channel outside online offering “resort collection”.
- Direct to Consumer (Online): Attracts repeat customers who are already familiar with brand and products. Never puts anything on sale.

Case 14: Down Under (3/11)

QUESTION

What should the client do to position itself more successfully in the short and long-term?

NOTE

Expect the candidate will make framework to structure relevant info. Redirect candidate that immediately requests data to learn more about the client.

Interviewer Guide

- **Good candidate:**
  - Creates a framework that logically orders thinking
  - Identifies the reason for missed earnings
  - Recaps the case and delivers fact based recommendations on the best course of action for Down Under
- **Better candidate:**
  - Supports each recommendation with specific qualifying risks and next steps
  - Quickly draws insights between exhibits to identify the source of the problem

Suggested Framework

Analyze business performance

- Provided earnings data when asked
- Provide forecast details and sales information exhibits when candidate asks for a breakdown of either the sales or cost information
- If candidate does not , then direct to form a hypothesis: ***Missed surf equipment forecast at surf shops is the issue***
- Direct candidate to validate hypothesis through understanding cost information

Brainstorm solutions

If the candidate does not switch to "solutioning," then guide with the following question: how could the client increase sales?

Good response considerations:

- Tailor to the customer experience <u>instead of sales overall</u>
- Acknowledge but not focus on other ways to increase sales (e.g., working with the vendor, product modification, etc.)
- Outline potential challenges, risk, or other considerations

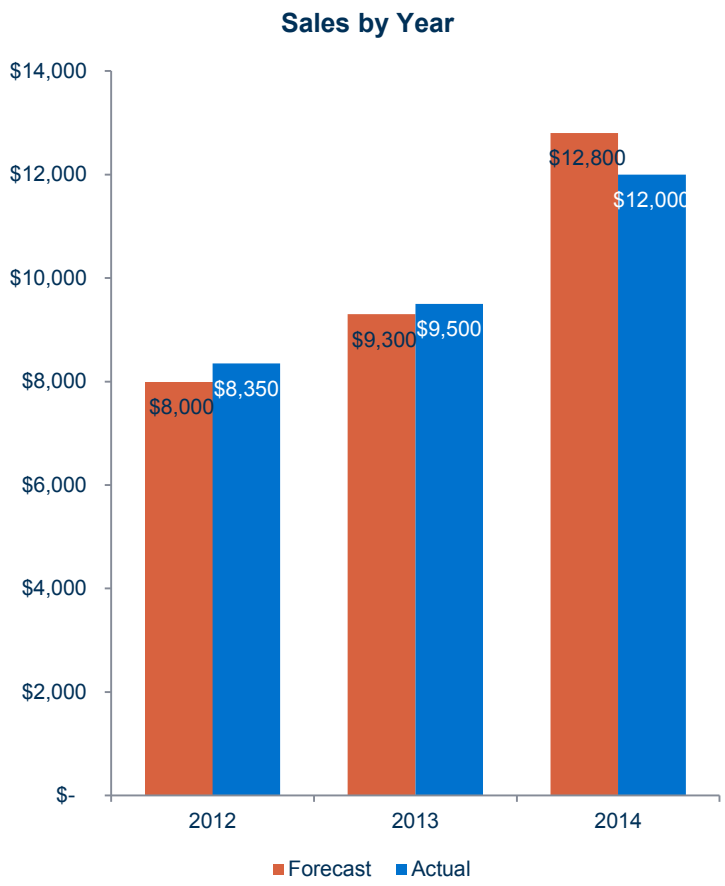
Recommendation and Next Steps

- Propose options to increase sales (e.g., introduce surf equipment into new channels, developed actionable steps to increase sales with surf shops, increase product consideration, etc.)
- Identify other considerations/ challenges (lack of channel and consume awareness of product, movement away from core competencies, long term impact to brand)

Case 14: Down Under: Handout 1 (4/11)

For candidate

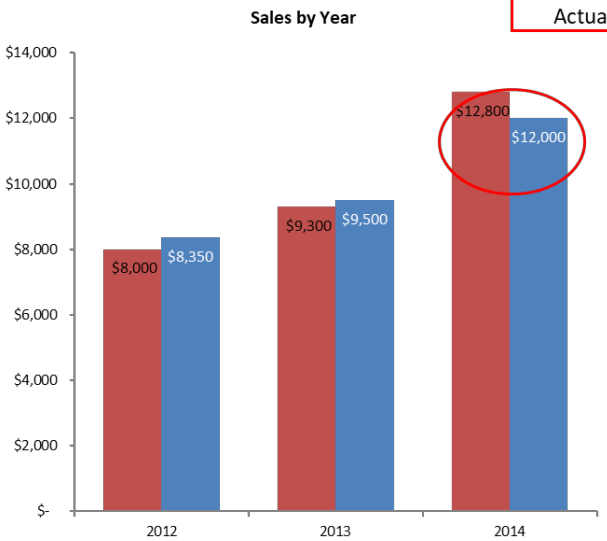
Forecast

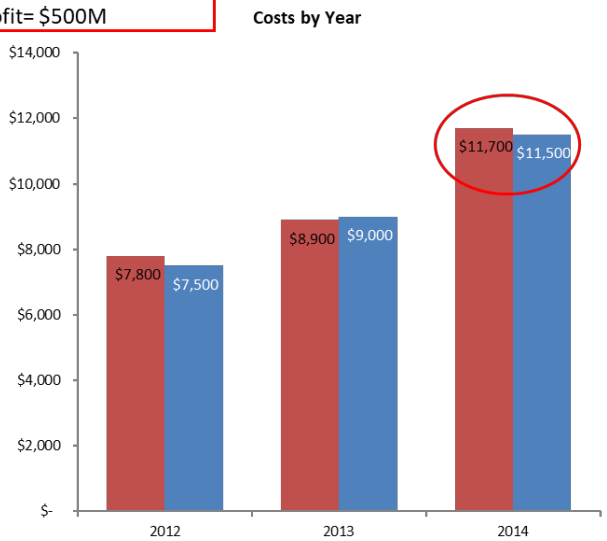


Case 14: Down Under (5/11)

Forecast

Expect Profit = $1,100M
Actual Profit= $500M





Note: in millions ($)
Approximate figures

Interviewer Guide

Always provide this exhibit before forecast details exhibit, even if the candidate asks for more specific information

Candidate should compare expected sales and costs to determine expected earnings = $1,100 million

Case 14: Down Under : Handout 2 (6/11)

For candidate

Forecast Details

Note: in millions

2014 Sales Forecast by Channel and Category

	Big Box	Department	Online	Surf Shops	Total
Beach Attire	$1,000	$800	$480	$400	$2,680
Casual Swim	$1,400	$870	$580	$435	$3,285
Professional Swim	$400	$0	$360	$800	$1,560
Resort Wear	$1,050	$1,100	$450	$675	$3,275
Surf Equipment	$400	$0	$0	$1,600	**$2,000**
Total	$4,250	$2,770	$1,870	$3,910	$12,800

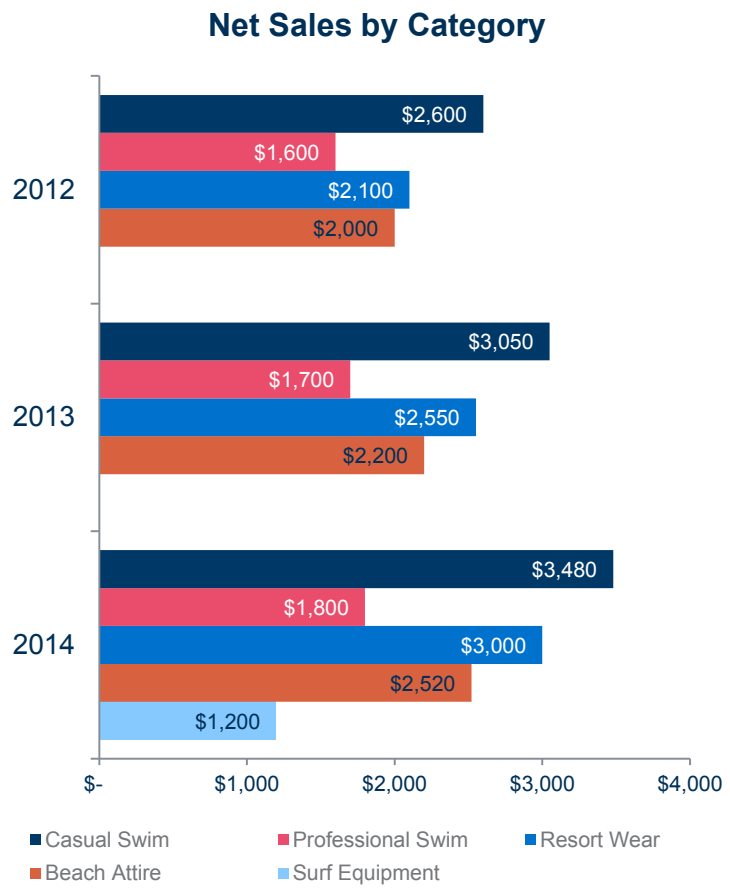
2014 Projected Units Sold by Channel and Category

	Big Box	Department	Online	Surf Shops	Total
Beach Attire	8	6	4	3	21
Casual Swim	11	6	4	3	24
Professional Swim	3	0	2	4	9
Resort Wear	7	6	3	4	20
Surf Equipment	1	0	0	**4**	5
Total	30	18	13	18	79

Case 14: Down Under: Handout 3 (7/11)

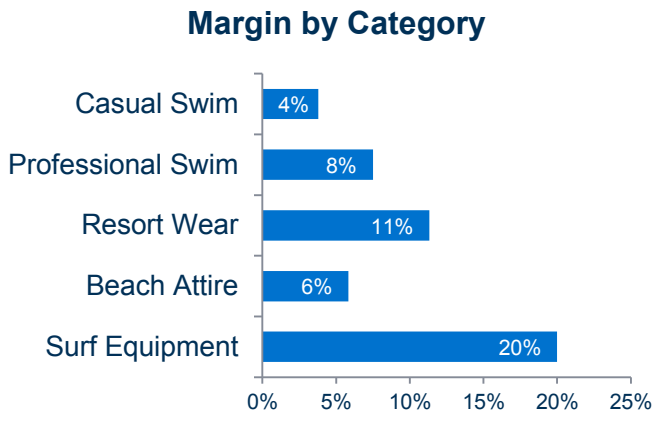
For candidate

Sales by Category (actuals)

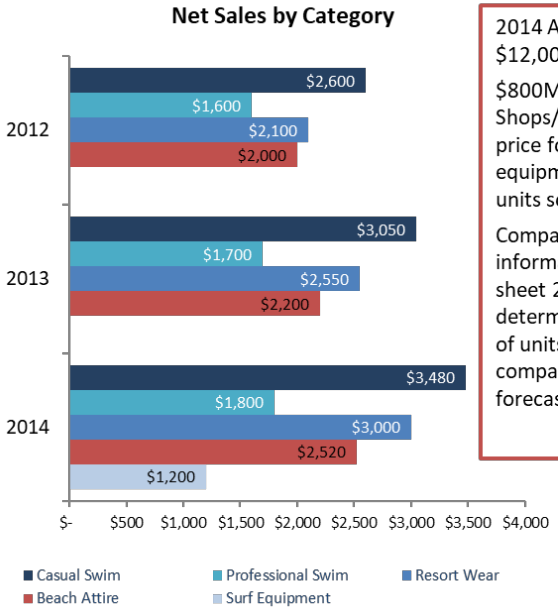


Note: in millions ($)

Average Price by Category (2014)	
Beach Attire	$128
Casual Swim	$134
Professional Swim	$173
Resort Wear	$163
Surf Equipment	$400



Case 14: Down Under (8/11)

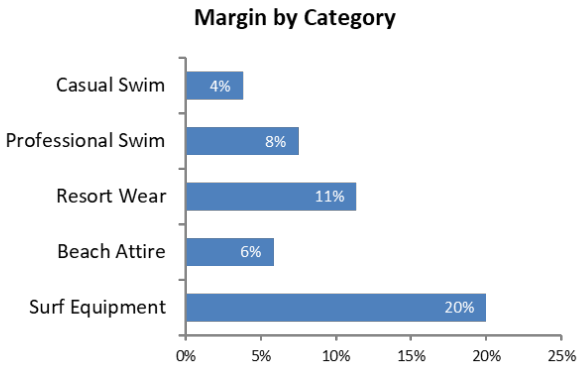


2014 Actual Sales = $12,000 million

$800M sold at Surf Shops/ $400 average price for surf equipment = 2M units sold

Compares this information to data sheet 2 and determine only 50% of units sold compared to 2014 forecast

Average Price by Category (2014)	
Beach Attire	$128
Casual Swim	$134
Professional Swim	$173
Resort Wear	$163
Surf Equipment	$400



Interviewer Guide

The candidate should notice Surf Equipment is new. After making the observation, provide the following information:

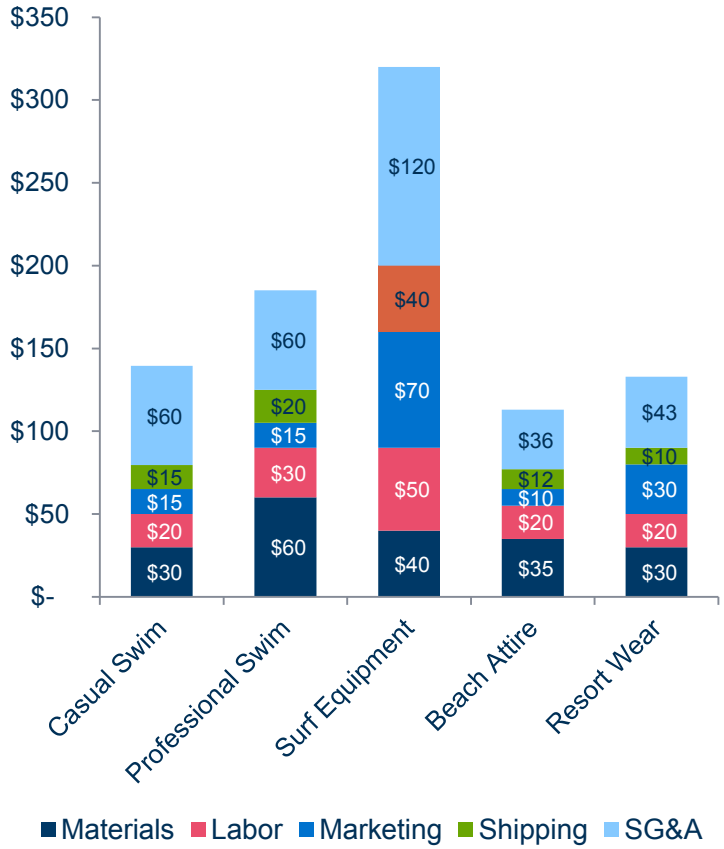
- Surf Equipment is a recently launched category
- Products include Surf Boards, primarily at Surf Shops
- **Sold $800 million at Surf Shops this year**
- Information confirms that costs are inline with expectations and costs are not a problem

Case 14: Down Under: Handout 4 (9/11)

For candidate

Cost Information (actuals)

Average Cost by Category



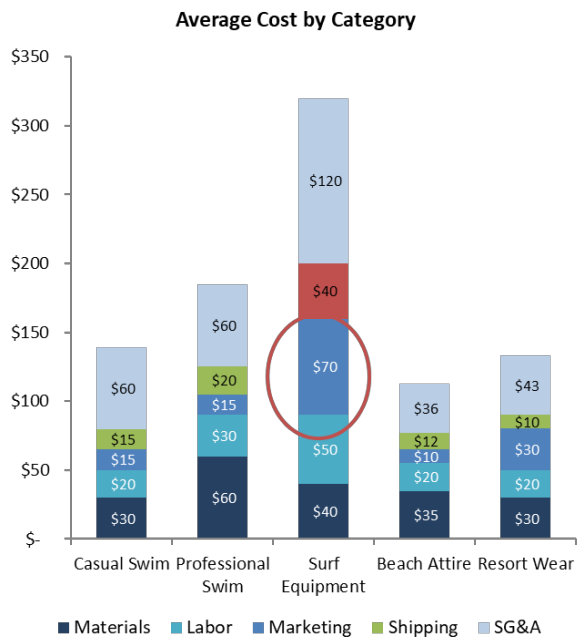
Note: in millions ($)

Other Information

- Down Under's offers free shipping for Direct to Customer sales due to competitive pressures
- Down Under is opening a new manufacturing and distribution center and consideration 3 sites:
  - Southern California
  - Mexico
  - Guatemala
- Five years ago, Down Under relocated many of its manufacturing facilities to South Asia from Australia boosting long term profitability
- FY 2014 costs are approximately the same as FY 2013 costs

Case 14: Down Under (10/11)

Cost Information (actuals)



Other Information

- Down Under's offers free shipping for Direct to Customer sales due to competitive pressures
- Down Under is opening a new manufacturing and distribution center and consideration 3 sites:
  - Southern California
  - Mexico
  - Guatemala
- Five years ago, Down Under relocated many of its manufacturing facilities to South Asia from Australia boosting long term profitability
- FY 2014 costs are approximately the same as FY 2013 costs

Interviewer Guide

Candidate should identify the following from the provided data:

- Higher marketing costs as a percentage of overall costs due to recent product launch
- Costs are not the main issue

Case 14: Down Under (11/11)

Conclusion

(GOOD) Down Under missed its earnings forecast due to lower than expected sales of Surf Equipment at Surf Shops.

(BETTER) Down Under missed its earnings forecast due to lower than expected sales of Surf Equipment at Surf Shops. The new product launch into a tangential category proved challenging for down under. The candidate should summarize strategies to increase sales and identify considerations/ challenges to proposed strategies

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min

Framework explanation ___:___ min

Case discussion ___:___ min

Good So-so Weak

		Scores (1-10)	+	▲
Initial Structure	☐ ☐ ☐ Clarifying questions ☐ ☐ ☐ Relevant framework ☐ ☐ ☐ Hypothesis driven	☐		
Analysis	☐ ☐ ☐ Drawing insights ☐ ☐ ☐ Driving case analysis ☐ ☐ ☐ Math: stating approach → solving → so what ☐ ☐ ☐ Business intuition ☐ ☐ ☐ Creativity	☐		
Closing	☐ ☐ ☐ Answer first ☐ ☐ ☐ Structured recap ☐ ☐ ☐ Using findings in the case	☐		
Consulting DNA	☐ ☐ ☐ Structured thinking ☐ ☐ ☐ Clarity in communication ☐ ☐ ☐ Comfort with ambiguity ☐ ☐ ☐ Engagement and presentation	☐		

Case 15: Vestimenta (1/12)

Winner of the 1st Haas Case Writing Competition

Case Overview

- **Interview style:** Interviewer-led
- **Difficulty Level:** Medium
- **Case type:** Growth
- **Industry**: Retail
- **Concepts tested:** Company analysis, increase in revenue

Interviewer Guide

- The case flows quickly from structuring to financial analysis and brainstorming and wrap-up; keeping up the pace is critical to success
- Structuring the math, pushing towards insights, and addressing the "so what" will lead to success
- Please share Exhibit 1 along with the case prompt

Fit question #1

Why are you considering consulting? Why now?

Fit question #2

How would you describe the work environment in which you do your best work?

Case Prompt

Our client, Vestimenta, is in the business of creating tailor-made clothes for the modern woman with an emphasis on quality and fit. Vestimenta focuses on clothing design, retail, and tailoring. The company's executive team wants to launch in the Bay Area and has hired BCG to evaluate if this is a good idea.

Case 15: Vestimenta: Handout 1 (2/12)

For candidate

Exhibit 1

Case 15: Vestimenta (3/12)

Information to be given upon request only

Interviewer Guide

Keys to case:

- The case prompt is purposefully vague and a good interviewee will ask clarifying questions to understand the current situation, business model, product offerings, and goals.
- This information will be the basis of several calculations in the case; please provide information if requested in following sections.

NEXT STEP: allow interviewer 60-90 seconds to create a framework.

Additional information

Is Vestimenta a concept or do they have existing stores?
Vestimenta launched in New York City approximately three years ago and has one physical location in Manhattan.

Who is Vestimenta's target market?
A typical Vestimenta customer is a working woman who's looking for high-quality tailor-made clothing at mid-range prices.

What type of clothing does Vestimenta sell?
Vestimenta sells dresses, blazers, slacks, shirts, skirts, and sweaters.

Does the company have specific goals in mind as they think about this launch?
Vestimenta is looking to get their investment back in two years.

Who manufactures Vestimenta clothes?
Vestimenta works with many vendors. Their main manufacturers are in Vietnam, Cambodia, and Mexico.

What's the average price point for a Vestimenta item?
An average Vestimenta item is priced at $175-225.

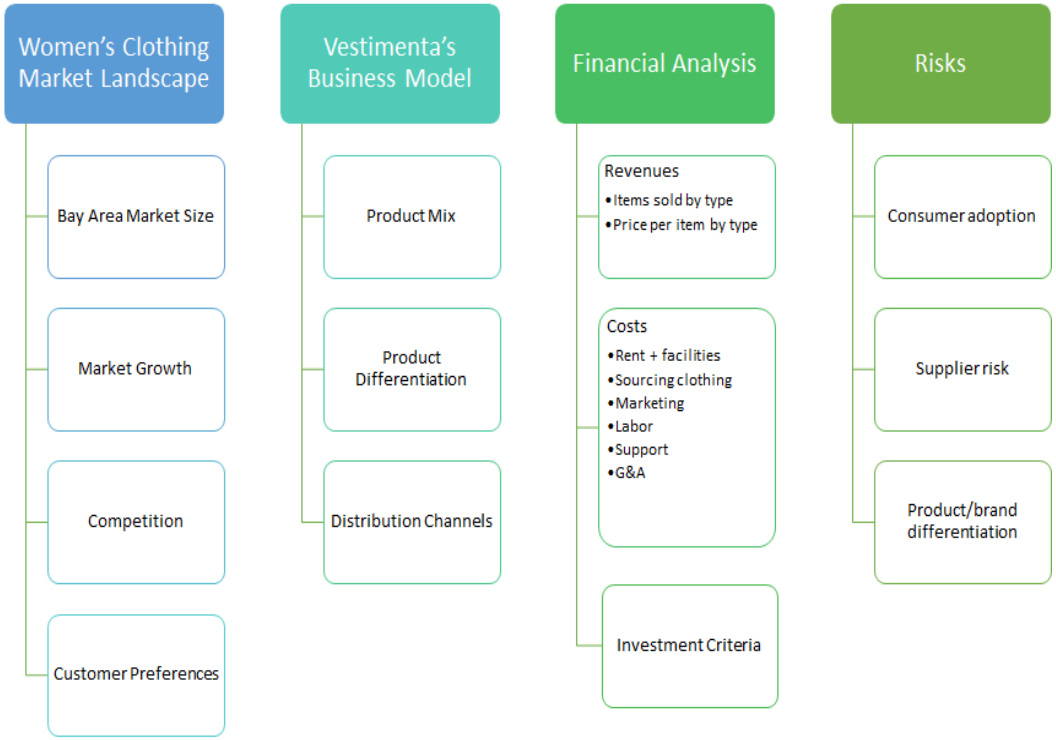
Case 15: Vestimenta (4/12)

Interviewer Guide

- Once the interviewee is done discussing their framework, you may say that issues around market landscape and business model are largely resolved for the moment.
- Coax the interviewee to start at the Financial Analysis section, specifically with revenues.

NEXT STEP: "Here's an exhibit…"

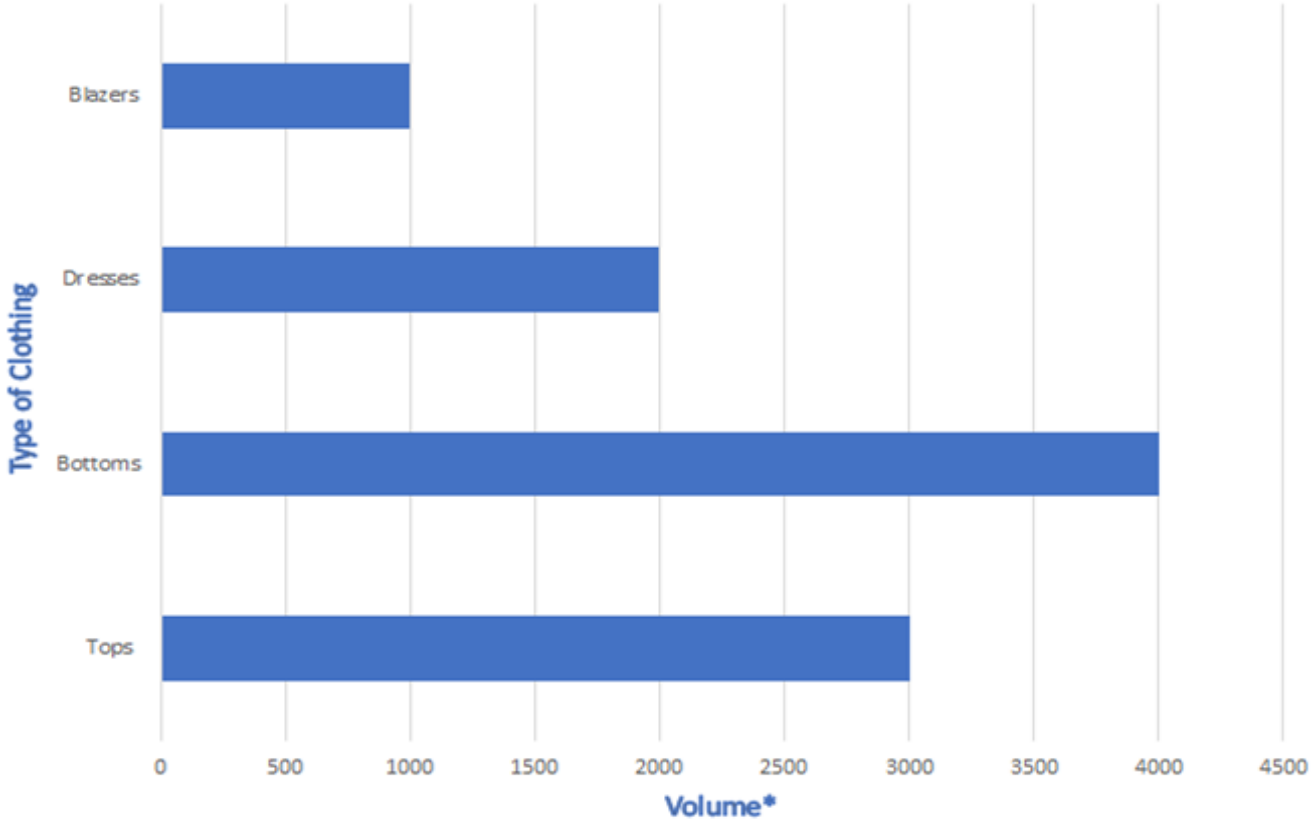
Suggested Framework



Case 15: Vestimenta: Handout 2 (5/12)

For candidate

Exhibit 2



*Volumes listed are per quarter

Case 15: Vestimenta (6/12)

Interviewer Guide

Intro: "The client gave us this data from their New York City store."
Questions to ask (if candidate needs direction):

- How would you project annual revenues for the new SF store?

Additional facts (provide if asked)**:**

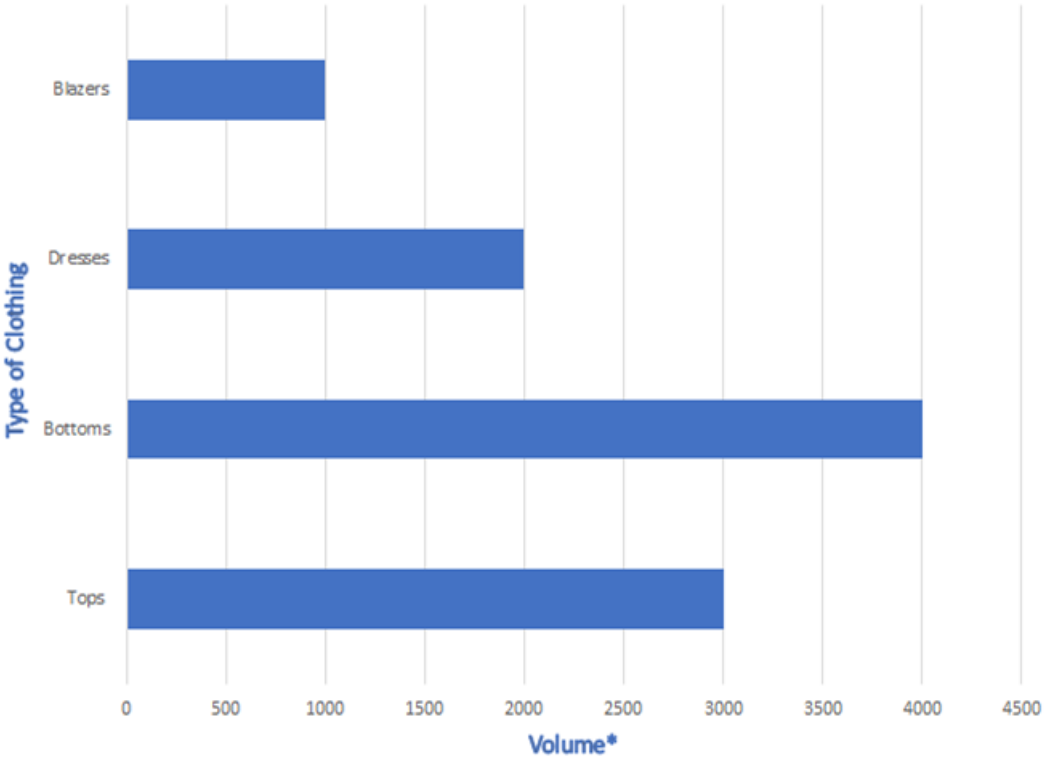
- The average price/item at the NYC store is $200/item (if candidate asks about specific prices for each item, say these are the only details we have).
- The product mix sold at the San Francisco store is projected to be similar to that of the NYC store.

Correct Math:

- Annual Revenue for NYC store = 10,000 items/quarter * 4 quarters * $200/item = $8M
- Candidate should ask if we have data about how the NYC and SF markets or stores relate to each other.

NEXT STEP: Move to Exhibit 3.

Suggested Framework



Case 15: Vestimenta: Handout 3 (7/12)

For candidate

Exhibit 3: Three Bay Area Options

Model	Retail only (per location)	Try-on Shop + Online	Online only
Revenue	NYC	2*NYC	2.2*NYC
Employee Costs	3% of revenue	3% of revenue	3% of revenue
Marketing Expenses	1% of revenue	2% of revenue	4% of revenue
Variable Costs + Other Costs	30% of revenue	25% of revenue	20% of revenue
Rental Costs	$7 per square foot per month		
Profit Growth in Year 2	5%	30%	10%

*Retail locations require 5,000 sq ft each, while Try-on Shops required 1,000 sq ft. While retail stores require upfront investment of $6M per store and no warehouse cost, the Try-on model requires $4M per location + $3M warehouse cost. Online only has warehouse cost of $6M but no retail cost.
** If client pursues retail only, they want to open 3 locations in SF to justify the investment to their board. If they pursue Try-on Shop + Online, they only require one location. If online only, they don't need a retail location in SF.

Case 15: Vestimenta (8/12)

Interviewer Guide

Intro: "We know the client wants to consider one of three models: retail only, Try-on shop + online sales, or online sales only. We'd like your help to determine which model makes the most sense to pursue. Assume an SF retail location has the same annual revenue as the NYC location."

Questions to ask:

- Which retail option is most profitable on a two year timeline given the following revenue and costs?

Additional facts (provide if asked):

- Provide exhibit. In case the client decides to pursue a retail only model. Our client is considering which retail model to pursue in SF.

NEXT STEP: Use this information to calculate profitability and select which model is the best strategic decision for the client

Three Bay Area Options (1/2)

Model	Retail only (per location)	Try-on Shop + Online	Online only
Revenue	NYC	2*NYC	2.2*NYC
Employee Costs	3% of revenue	3% of revenue	3% of revenue
Marketing Costs	1% of revenue	2% of revenue	4% of revenue
Variable Costs + Other Costs	30% of revenue	25% of revenue	20% of revenue
Rental Costs	$7 per square foot per month		
Profit Growth in Year 2+	5%	30%	10%

*Retail locations require 5,000 sq ft each, while Try-on Shops required 1,000 sq ft. While retail stores require upfront investment of $6M per store and no warehouse cost, the Try-on model requires $4M per location + $3M warehouse cost. Online only has warehouse cost of $6M but no retail cost.

** If client pursues retail only, they want to open 3 locations in SF to justify the investment to their board. If they pursue Try-on Shop + Online, they only require one location. If online only, they don't need a retail location in SF.

Case 15: Vestimenta (9/12)

Interviewer Guide

Suggested response: Based on calculations, we can see that the online only option is the most profitable within two years. Given reduced investment costs, it appears to be a good option. However, if growth trends continue as they are, the Try-On Shop + Online sales option would be the most appealing after two years. Assuming the client wants to be in the market for longer than two years, the Try-On Shop + Online Sales option would likely be the most profitable given current growth trends.

NEXT STEP: What criteria would you use to evaluate the three options?

Three Bay Area Options (2/2)

Retail Only (3 locations)

- Revenue = NYC*(3 locations) = ($8M)*3 = $24M
- Costs = (.03+.01+.30)*$24M+$7*5,000*12*3 = $8.2M+$1.3M = ~$9.5M
- Year 1 Profit/year = =$24M-$9.5M = ~14.5M
- Year 2 Profit/year = $14.5*1.05 = ~$15.2M
- Total 2 year profit = ~$29.7M
- Investment cost = $6M*3 = $18M
- Total profit = $29.7M - $18M = ~$11.7M

Try-On Shop + Online Sales (1 location)

- Revenue = 2*NYC = $16M
- Costs = (.03+.02+.25)*$16M+$7*1,000*12 = $4.8M+$84K = ~4.9M
- Year 1 Profit/year = ~$11.1M
- Year 2 Profit/year = $11.1M*1.3 = ~$14.4M
- Total 2 year profit = ~$25.6M
- Investment cost = $4M+$3M = $7M
- Total profit = $25.6M - $7M =~$18.6M

Online Only (no physical store)

- Revenue = 2.2*NYC = 2.2*($8M) = ~$17.6M
- Costs = (.03+.05+.2)*$17.6M+$0 = ~$4.9M
- Year 1 Profit/year = ~$12.7M
- Year 2 Profit/year = $12.7M*1.1 = ~$13.9M
- Total 2 year profit = ~$26.6M
- Investment cost = $6M
- Total profit = $26.6 - $6M = ~$20.6M

Case 15: Vestimenta (10/12)

Interviewer Guide

- The interviewee may ask for 10-15 seconds to structure their their brainstorm - this is recommended
- Feel free to push the interviewee in areas that seem lacking

NEXT STEP: The client will be meeting their board soon, and would like to know the advantages and disadvantages of the selected option.

Brainstorm: What criteria would you use to evaluate the options?

- Alignment with long-term growth strategy
- Profitability in short and long term
- Sustained growth and expansion within market
- Internal expertise and strengths
- Competition in each space (online only v. brick and mortar)

Case 15: Vestimenta (11/12)

Interviewer Guide

- The interviewee may ask for 10-15 seconds to structure their their brainstorm - this is recommended
- Feel free to push the interviewee in areas that seem lacking

NEXT STEP: The client wants to know where we are with our analysis.

Brainstorm: Assuming the client goes with the Try-On + Online option, what are advantages and disadvantages of the selected opportunity?

Advantages

- **Retail cost:** Try-On model reduces retail space required, and therefore rental costs
- **Investment cost:** Try-On model has lower investment cost compared to retail only
- **Inventory required:** Try-On model reduces inventory needed (smaller warehouse because clothes are custom tailored); this reduces cash tied up in inventory
- **Marketing cost:** Try-On model has lower marketing cost than online only
- **Growth rate:** Growth of Try-On appealing
- **Tailor fit:** Customers get tailor fit, they know clothes will fit them with Try-On model, providing a positive customer experience..
- **Capture customer sizes:** With Try-On, client gets customer data. They are guaranteed good fit in future & should return.

Disadvantages

- **Foot traffic:** Having one location doesn't catch as much foot traffic (need to know how much foot traffic drives sales)
- **Break even:** With Try-On model, have longer break even period (but not by a lot)
- **Retail costs:** Try-On model still has retail costs that online only model does not
- **Online competitors:** Try-On model assumes people care to try on in store, but increasingly many competitors may offer free return shipping, which makes the Try-On model less appealing for people who are ok to make returns.

Case 15: Vestimenta (12/12)

Recommendation

We recommend Vestimenta proceed with the Try-On Shop + Online format for their SF launch.

Rationale

It meets the client's investment criteria and with significant profit growth. While the online only model is more profitable within 2 years, beyond 2 years Try-On + Online is more profitable.

Risks

There are certainly some risks to this option, including assuming the SF market is similar to NYC culturally and economically, assuming rental rates in SF are flat, introducing consumers to a different way of shopping, etc. In general there are a number of assumptions made about costs that need to be further evaluated.

Next steps

To mitigate these risks, potential next steps would be to (1) evaluate actual costs and revenue for existing similar retailers in SF, (2) run focus groups, surveys, and consumer research studies to better understand SF consumers (mentioning factor analysis is a plus), and (3) explore long-term lease contracts. Other next steps are also acceptable

Case Feedback Form

Name of Case:

Case Giver: _____ **Date:** _____

Framework development ___:___ min

Framework explanation ___:___ min

Case discussion ___:___ min

Good So-so Weak

		Scores (1-10)	+	▲
Initial Structure	☐ ☐ ☐ Clarifying questions ☐ ☐ ☐ Relevant framework ☐ ☐ ☐ Hypothesis driven	☐		
Analysis	☐ ☐ ☐ Drawing insights ☐ ☐ ☐ Driving case analysis ☐ ☐ ☐ Math: stating approach → solving → so what ☐ ☐ ☐ Business intuition ☐ ☐ ☐ Creativity	☐		
Closing	☐ ☐ ☐ Answer first ☐ ☐ ☐ Structured recap ☐ ☐ ☐ Using findings in the case	☐		
Consulting DNA	☐ ☐ ☐ Structured thinking ☐ ☐ ☐ Clarity in communication ☐ ☐ ☐ Comfort with ambiguity ☐ ☐ ☐ Engagement and presentation	☐		

SECTION 6

- *Additional resources for resumes and fit*
- *HCC resources*
- *CMG resources*
- *Firm resources*

BerkeleyHaas

Additional resources

1.) Consulting recruiting resources

- The Insead 2011 casebook has a good (but possibly dated) writeup on the background and state of the consulting industry
- The LBS 2015 casebook also have a good overview of the role and recruiting process

2.) Firm overviews

- The CBS 2017 has good, relatively up-to-date firm overviews
- Instead 2011 has some as well but they're more dated

3.) Industry overviews

- The NYU 2016 casebook has thorough industry overviews

4.) Full case list and recommended cases – link only for HCC members
- A compilation of the best cases from the various casebooks

HCC resources

1.) 294 speaker series

- Offered in fall semesters, mainly intended for internship seekers since full time consulting starts very early in the school year

2.) Haas Consulting Club newsletters and events

3.) Haas Casebook and access to other schools' casebooks

4.) Case competitions – provides many opportunities for quality networking with the firms

5.) Newsletters to help keep track of when coffee chats, networking events and application deadlines are

CMG resources

1.) Peer advisors – leverage peer advisors' experience to get detailed and specific feedback on everything from resumes and cover letters to casing

2.) Industry specialists

3.) Career coaches

4.) Haas consulting days – company presentations followed by networking

5.) Small case workshops – CMG will organize external casing coaches to organize day long casing workshops

6.) Alumni events

Firm resources

1.) Firm networking events

- Throughout fall, firms will have networking events for summer interns. Usually, this involves an office tour and a presentation, with some networking opportunities

2.) On-campus resources

- Firms have coffee chats that students can sign up for in fall
- Some firms also have campus ambassadors that students can connect with and ask questions to
- Some of the ambassadors also run cases with candidates and provide feedback

3.) Firm cases

- The firms' websites have small collections of sample cases – those are high quality and generally in the style of real interview questions