

Case Interview Marathon Workshop

Overhead Slides v1.0

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Introduction

- **My Story**
- **Goal for Today**
- **How This Workshop Is Different**
- **What I Will NOT Cover**
 - Normal job interview questions
 - More recent twists to the case interview
 - Estimation / Back of Envelope Cases
- Recommend Reading:

“Case Interview Secrets” by Victor Cheng

www.caseinterviewsecrets.com

Why I'm Doing This

- The first time I did this...
- www.kidpower.org

Examples

- 7 year old girl took class, one year later stopped a man who was trying to molest her at the zoo.
- Teenage girl took class, 2 years later got tackled to the ground by kidnaper, fought him off and escaped
- 10 year old took class, 13 years later, walking in the woods with an old boy friend, former employee, baseball bat, she took him out

**My request:
IF you find today useful, then
make a \$50 donation and keep a child safe for life**

| | |
|--------------------------------------|------------------|
| Cost of MBA to Get Interview: | \$150,000 |
| Cost to Ace Interview: | 50 |

Conclusion: It's a darn good deal

Agenda

- 1. Case Interview Basics**
- 2. Case Interviewer Mindset & Criteria**
- 3. How to Open, Analyze & Close a Business Case**
- 4. Demonstration of Common Cases & Frameworks**
- 5. How to Practice Case Interview Skills**
- 6. Final Tips + Q&A**

Section I

Case Interview Basics

Two Categories of Cases:

1. Business Situation
2. Estimation Question

HBS Cases vs. Case Interviews

Two Prong Approach to Tackling Business Situation Cases

1. Learn how to be the InterviewER (very predictable)
2. Learn how to be the InterviewEE

Section II

Case Interviewer Mindset

- A Day in The Life...
 - Independence
 - 80/20 vs. Boil the Ocean
 - Precise vs. “Good Enough” (Tolerance for ambiguity)
+ Role of Estimation Questions
- 3 Rules of Consulting
- Mindset of the Interviewer

Rule #1

The Consultant's Motto:

**“Often Right, Never Without
Data-Driven Justification”**

Rule #2:

**“It’s Not About Being Right,
It’s About Being Right In A
CLIENT FRIENDLY Way”**

HOW You’re Right Matters... A LOT

Things That Are NOT “Client Friendly”

1. Making conclusion without showing your work
 - a. Brain surgery story
2. Scatter brained
3. Can't be explained visually
4. Can't be justified with facts and data
5. Logically correct, but not practical

Rule #3:

“Don’t Be An Ahole”**

Hint: A**holes are not “client friendly”
(See Rule #2)

Interviewer's Mindset

1. Process excellence vs. specific answer

(Repeatable vs. Got Lucky)

2. Logical, data-driven analysis

3. Synthesis (The Big Picture) & Presentation of conclusions

Section III

How to Open, Analyze & Close A Case

A) How to Open A Case

1.STALL

(Hmm... that's an interesting question)

2.VERIFY your understanding

a. Terminology and facts

b. The problem to be solved

(Don't solve the wrong problem)

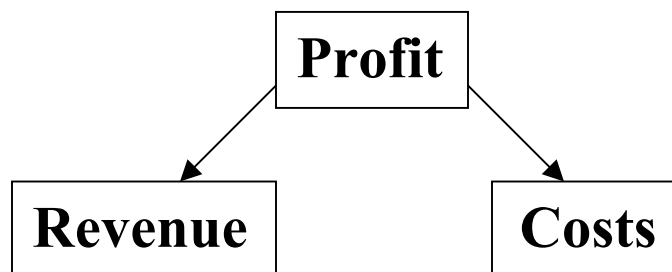
3.STRUCTURE The Case for Analysis

How to Structure a Case

- 1) Identify **PROBLEM TYPE**
- 2) Match to appropriate **FRAMEWORK**
- 3) Describe **KEY COMPONENTS** of framework
(don't mention name of framework explicitly)
- 4) **DRAW** the framework on a piece of paper
(this is client friendly)

Example:

20% Decline in Profits of ABC Company



Hint: This is client friendly

B) How to Analyze A Case

**To Analyze =
To Break Things Down Into Its
COMPONENT PARTS**

BIG TIP: When in doubt, break problem into PIECES

Analysis:

The separating of any material or abstract entity into its constituent elements (opposite of synthesis).

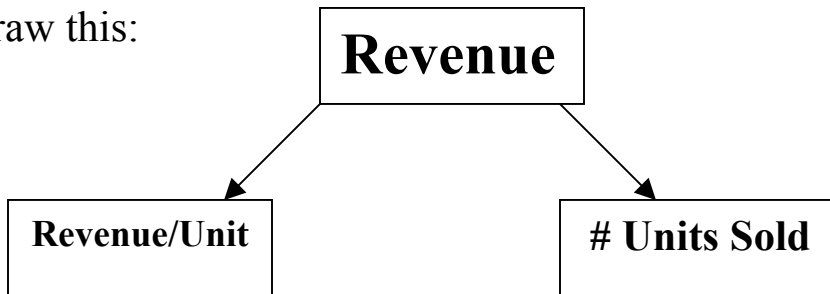
Analyzing A Case Step-by-Step

- 1.ASK for any info on where to start**
 - 2.State a HYPOTHESIS**
 - 3.PICK a branch of framework to start**
 - 4.Identify KEY ISSUES within BRANCH**
 - 5.Ask STANDARD QUESTIONS to gather initial data**
- Example: Let's start by looking at revenues.
- Example of STANDARD QUESTION:
"Have Revenues Gone Up, Down or Stayed The Same"
- 6.Go DEEPER down the branch if data suggests to do so, or go UP a level and work a different branch**
 - 7.REFINE hypothesis as you discover more insights**

Example of Going Deeper:

“I see revenues have decreased. Now we need to look at the components of revenues and see what is CAUSING the revenue decrease”

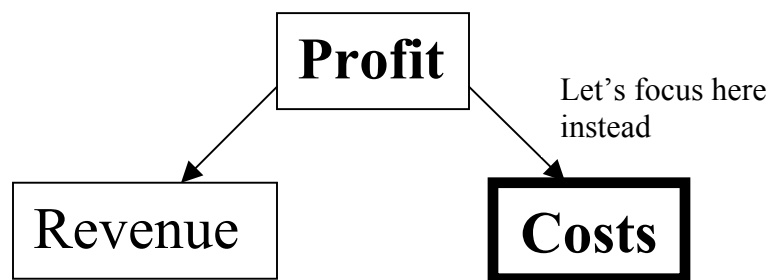
Draw this:



Example of coming back UP a level and work a different branch:

You Say:

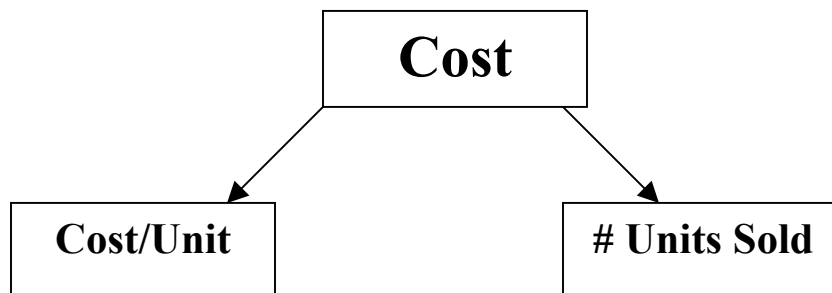
“Oh I see, REVENUES have actually INCREASED by 20% yet PROFITS have 20% DECREASED. Hmm... that’s interesting. (Read: Geez this company is screwed up). Well, then it looks like revenues is NOT the source of the problem. It must be a cost problem.



You say, “This must mean that costs have gone up quite significantly”

Interviewer: “Yes”

You say, “Then to understand what is driving the cost increase, we must look at the COMPONENTS of cost.



Tips for Analyzing Cases

- **Think Out Loud**
- **Use “hypothesis” a lot**
 - Educated guess
 - Gather data to test validity
 - Modify hypothesis (and say you are doing so)
 - Ask for more data to test revised hypothesis
- **Critical COMPARISON of Numbers**
 - **Company vs. Competitors**
(Company-Specific or Industry-Wide Problem)
 - **Current Year vs. Previous Year**
(Find The Trend)
- **SEGMENT your Numbers**
- **ASK FOR DATA**

C) How to Close A Case

Checklist of a Good Close:

1. Figure out what's IMPORTANT about what you've discovered (“Insight”)

2. Provide a “Big Picture” POINT OF VIEW or CONCLUSION

(Ideally with recommended ACTION)

3. SUPPORT your point of view with data

Synthesis:

To combine separate elements to form a coherent whole. (Opposite of Analysis)

Examples of Closes:

Poor Close: data, data, data, data, data, data, data, data, data, data, data, data, data... conclusion (sort of)

Good Close: conclusion, data, data, data

Great Close: conclusion with action recommendation, 3 pieces of clearly relevant and logically related data

“The house is on fire, burning to the ground quickly and can’t be saved... you have no choice other than to get the heck out of here”

1. **The fire will consume the house in less than one minute.** It is moving 10 feet every 5 seconds and the width of the house is 120 feet.
2. **Putting out the fire is not possible.** The fire’s too big for the extinguisher and the fire extinguisher is on the opposite side of the house. The house is a goner.
3. **Your only remaining option is to save you and your kids NOW.** If you leave the kids alone in a burning building, your wife will kill you.

“Therefore, you have no choice other than to get the heck out of here”

Resource: “The Pyramid Principle”, by Barbara Minto

SECTION IV

Demonstration of Cases & Frameworks

Matching Cases to Frameworks

- Common Cases
- My Favorite Frameworks – “The Core Four”
- Which Cases go with which frameworks?
- Demonstrations

Most Common Case Types (But Definitely Not All)

1) Profit Problem

- Decline in prices
- Decline in volume
- Increase in costs

2) Business Situations

- Enter A New Market / Start A New Business
- Introduce New Product
- Respond to competitor behavior
- Respond to changes in demand*
- How to grow

3) Mergers & Acquisitions

- Is this merger a good idea?

4) Supply / Demand (Industry Capacity)

- Capacity change through acquisition, merger
- Build/shut-down factory
- Capacity shift in response to change in demand*

The Four “Core” Frameworks

- 1. Profitability Framework**
- 2. Business Situation**
- 3. Mergers & Acquisition (Specific Business Situation)**
- 4. Supply / Demand Framework (Capacity Framework)**

Note: There is more than one way to be right.

Case Example #1A: Profitability

Omega & Omega Advertising: Profits Down 15%

- Demo Wrong Way
- Reminder of Right Way
 - Open The Case
 - Stall
 - Verify
 - Structure – Profitability Framework
 - Analyze The Case
 - Demo
 - Close The Case
 - Conclusion & Action Recommendations
 - 3 Supporting Reasons + Data
- Right Way – Step-by-Step Demo

Case Example 1B -> 1F
Variations on Profitability Problems

1. Decline in # clients (Previous Case)
2. Decline in prices
3. Increased Costs – fixed cost
4. Increased Costs – variable cost

Compound Cases -> Usually lead to Business Situation Framework

Case Example #2: New Market Entry “Business Situations Framework”

- Omega & Omega Enter Digital Advertising Market
- Medical financing
- Gas station chain with convenience centers wants to drive more sales of food & beverage, how should they lay out their stores?

Case Example #3: Mergers & Acquisitions

- Should Omega & Omega Acquire eCool Marketing?

Case Example #4: Capacity Change / Supply Demand

- Copper Mine
- 1980's cell phone manufacturer wants to know future size of cell phone market in 5 year increments for next 50 years

Case Interview Reminders

FIND THE TREND

COMPANY-SPECIFIC or INDUSTRY-WIDE

Totals and Averages are very misleading....

Always SEGMENT YOUR METRICS

Example: Total sales are flat, but Segment A represents 20% of sales, and Segment B represents 80%... Segment A grew 100% this year, Segment B declined by 25%... BUT total sales were FLAT.

If you don't segment, you MISS THE WHOLE POINT.

ALWAYS, ALWAYS SEGMENT... (Get interview to help you figure out HOW to segment)

- Segment revenues (by product, channel, customer type, region) (total revenues, revenues per unit)
- Segment costs (by fixed vs variable, costs within each segment of value chain) (total costs, cost per unit)
- Segment customers (by demographics, needs, purchasing patterns, price point, other)
- Segment competitors (by channel, region, product, customer segment)

Think Out Loud

Ignore your previous knowledge and only use data from the case

SECTION V

How to Practice for Case Interviews

- 1) Split up the practice on business situation cases
 - Practice Opening & Closing on your own
 - Wall Street Journal articles
 - Practice Analyzing with a partner
 - Business Week & Portfolio Magazine Articles

- 2) Practice drawing
 - Media - Graph paper pad, white board, flip chart
 - What - Framework diagrams, math computations

- 3) Practice math of large numbers
 - 5,000 x 15,000
 - 2 million x 2,500

SECTION VI

Final Tips + Q&A

- **Strategic planning for your career**
 - What's your competitive advantage?
 - Do you leverage it by going into consulting?
- **Consulting is NOT the end all, be all**
- **If you don't enjoy case interviews, you probably won't enjoy the job**
- Who doesn't get hired by consulting firms
 - Creative, non-linear thinkers that make good business decisions... but NOT in a way that's easy to follow
 - Richard Branson
 - Steve Jobs – Genuine visionaries
- You're going to succeed at whatever you do, so pick something that 1) you enjoy, 2) you do unusually well
- You get hired for analytical skills, you get promoted for “Client” skills (aka. SALES Skills)
- Questions & Answers

Thank You

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