

Ace Your Case[®] V

Return to the Case Interview



WetFeet Insider Guide

The WetFeet Research Methodology

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Ace Your Case[®] V: Return to the Case Interview

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Case-by-Case Rules at a Glance

Here's a summary of the different types of cases you'll find in this Insider Guide, along with some rules that should help you ace your answer.

Market-Sizing Questions

- Use round numbers.
- Show your work.
- Use paper and calculator.

Business Operations Questions

- Isolate the main issue.
- Apply a framework.
- Think “action.”

Business Strategy Questions

- Think frameworks.
- Ask questions.
- Work from big to small.

Resume Questions

- Know your story.
- Keep the Parent Test in mind.
- Let your excitement shine!

The Interview Unplugged

- Overview
- The Case Interview

Overview

When it comes to preparing for your case interviews, there's one word and one word only: practice. By now, you're spending all of your spare time thinking about why Google is getting into e-mail, why customer service jobs are moving to India, and how much mustard is consumed in Idaho. Your family thinks you're an oddball, but you're on the right track. You're probably even starting to enjoy thinking about these issues. Watch out: You might be turning into a consultant.

This guide is designed to be a companion volume to *Ace Your Case!*, *Ace Your Case II*, *Ace Your Case III*, and *Ace Your Case IV*. It offers a brand new set of case questions and answers accompanied by new detailed explanations about the different case types. Many of our sample case questions are based on real, live case questions that people received in their interviews last year.

For those who haven't seen our other case-interviewing guides, *Ace Your Case!* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 4Cs and the 4Ps, not to mention the infamous Five Forces) that should help you attack your case questions. *Ace Your Case II*, *Ace Your Case III*, and *Ace Your Case IV* each contain 15 specific case questions and detailed recommended answers, as does this edition.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If

you find that our “good answer” differs from yours, see whether there’s something you can learn from our suggestions. But don’t panic—there are usually numerous ways to answer any case question. It’s far more important to note the approach, as well as the interviewer’s likely responses, which obviously won’t be included in your own answers. As you sharpen those skills, keep thinking to yourself, “I love these case questions!” Pretty soon you’ll find yourself talking like a consultant!



Insider Tip

Keep the firm’s reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give.

The Case Interview

Background

Many management consulting firms, especially the strategy firms (McKinsey, Boston Consulting Group, Bain, Mercer, et al.) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as “case questions,” are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four different categories of questions:

- Market-sizing questions
- Business operations questions
- Business strategy questions
- Resume questions

(Note that we are not covering the brainteaser category in this Insider Guide. Consulting firms rarely ask brainteaser questions; other types of cases give much more insight into the type of thinking that makes a good consultant.)

Each of these prototypes has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain “rules of the road” that should help you successfully navigate the different types of questions. Don’t worry—you’ll never be asked to spit out a category name and serial number for the questions you receive in the interview. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn't the true goal of the technique. According to insiders, case questions really do help interviewers evaluate a candidate's aptitude for consulting. What does that mean exactly? Whether you're an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Analytical ability
- Structured thinking
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving
- Business intuition
- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting fits you. In particular, you must have good answers to two questions:

- Why do you want to be a consultant?
- And why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates, MBAs, advanced-degree candidates, and experienced hires.

Undergraduates

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as are general business strategy problems. In the business strategy area, the companies and the topics may also seem a little friendlier; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular declining-profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences.

Interviewers say that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all of the standard business-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: Rank amateurs

are definitely not welcome. Thus, you must have a general understanding of basic business relationships (e.g., revenues – costs = profits), but don't get your knickers in a knot if you can't name even one of the Five Forces.

Here are a few real, live case questions fielded by our undergraduate customers:

- How many jelly beans would it take to fill a 747?
- Your client is the owner of a hip sushi restaurant and bar in New York. The place is always packed, but it isn't profitable. What's going on?
- Two prominent hospitals are planning a merger. What are some of the issues they should think about?

MBAs

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to peel the onion and a real familiarity with business concepts). We understand that at least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real, live case questions fielded by our MBA customers:

- How many diapers are sold in the United States in a year?
- An online brokerage is contemplating expansion into additional financial services categories. Should it go ahead with the expansion?
- A sunglasses manufacturer discovers that its costs are far above industry average. What should it do?

Other Advanced-Degree Candidates

Although consulting firms are attracting record numbers of MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced-degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their background.

If you enter a separate recruiting track, you will, according to our customers, still have to contend with interviews that are similar in format to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you queries. One slight difference is that, in addition to seeing whether you can handle the substance of the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don't require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (your resume is usually a font of material), or

they may resemble undergraduate case studies that check a person's intuition, common sense, analytical skills, and problem-solving abilities. Interviewers at various top firms say they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn't necessarily incorporate all of the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many taxicabs are there in New York City?
- A winery has hired you to tell it why it has been experiencing declining profits.
- Question for someone who studied physics: What has been the most important development in the field of physics in the last five years?

Experienced Hires

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described in this report. According to WetFeet customers, experienced-hire candidates may or may not face a battery of case questions. There is no hard-and-fast rule, but it seems as though people with more experience (10-plus years) and people who have already worked for a name-brand consulting firm are relatively unlikely to face a case as part of their review process. In contrast, people who have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e., expect lots of cases). In particular, if you are changing careers (e.g., moving from nonprofit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced-hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to their area of expertise.

Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences arise from the differences in the personalities and experiences of your interviewers. However, several firms have developed their own approach to the case interview. One variation involves giving a candidate a written case before the interview and asking him to prepare to discuss the case in detail during the interview. We understand that IBM Global Services (formerly PricewaterhouseCoopers) and Monitor Group have given preprinted cases to candidates before an interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem, while McKinsey has been experimenting with a process for undergraduates that includes both a written case test and a group interview.

One other thing to keep in mind: Recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a

“people issue” somewhere in the case. If you’re talking with Deloitte Consulting, keep “operations” in mind as you craft an answer—and don’t talk about how it’s important to work only with the company’s top management. And, if you’re interviewing with Bain, remember how much importance the company attaches to “measurable results” and “data-driven” analysis.

Case-by-Case Rules

- Market-Sizing Case
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward manner (e.g., “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g., “Do you think Fidelity should come out with a mutual fund targeted at high-net-worth individuals?”) that requires the respondent to peel away the extraneous detail to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing in order to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer dude or gal own? How often will he or she get a new one? Are there other big purchasers besides individual surfers? Is there a market for used

boards?) You would also need to make a few basic calculations (number of surfers \times number of new boards per year + total quantity purchased by other types of customers, etc.). As you work through these issues, the interviewer would also get a glimpse of your common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas like California and Hawaii?)

“ ”

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, both undergraduates and PhDs report receiving exactly the same market-sizing questions in their respective interviews. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (i.e., market size) for the drug.

Mastering Your Market-Sizing Questions

Market-sizing questions can intimidate. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer. In fact, your interviewer doesn’t even care what the real number is. But remember,

she does care about your ability to use logic, common sense, and creativity to get to a plausible answer. And she wants to make sure you don't turn tail when you've got a few numbers to run. Which brings us to the three rules for market-sizing questions.

Rule 1: Use Round Numbers

Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply, and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of New York City? Ten million, give or take. The length of a standard piece of paper? Round 11 inches up to a foot.

Rule 2: Show Your Work

Case questions are the ultimate "show your work" questions. In fact, your exact answer matters less than the path you took to get there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Use Paper and Calculator

If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from freaking out, then by all means do it. Your interviewer will be more impressed if you are calm, cool, and collected, so if using props helps you, then go for it.

Business Operations Cases

Overview

A fair number of case questions cover operations issues. Given the existing economic environment, the mix of consulting business has shifted more toward operations and process-focused cases, so be prepared for at least one of these types of questions. Broadly speaking, “operations” refers to everything that’s involved in running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company’s products and the systems used to track sales. Whereas strategy questions deal with the future direction of the firm (e.g., whether to enter a new line of business), operations deals with the day-to-day running of the business. It is particularly fertile ground for consulting work, and for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company’s sales or profits have declined.

The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running a business (e.g., the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company’s profitability). In addition, operations questions require the candidate to demonstrate a good

grasp of process and an ability to sort through a pile of information and identify the most important factors.

Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the declining profits questions are some of the most popular types of cases around, and almost all candidates can expect to get at least one of these. That said, MBAs are typically expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way, or, perhaps, the impact on the balance sheet of a certain type of financing.

Undergraduates and non-MBA candidates still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect the topic of the question to be more familiar. For example, an undergraduate might get lobbed a question about the implications of launching a new national chain of restaurants. An MBA might get a question about factors that would allow a manufacturing operation to increase throughput.

Optimizing Your Business Operations Answers

Operations case questions are more complex than market-sizing questions. Not only do they typically require basic business knowledge (or, at the very least, a good deal of common sense), but they also frequently require the candidate to think like a detective. For example, the interviewer might ask why an airline has

been losing money while its market share has increased. There could be many reasons for this: Revenues might be down (and that, in turn, might be caused by any number of things, including ticket price wars, lower ridership, growing accounts payable, and so on); costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, and other factors); or the airline could be operating more inefficiently (e.g., higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are some rules you'll want to keep in mind:

Rule 1: Isolate the Main Issue

Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you've zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

Rule 2: Apply a Framework

Frameworks were made for cracking operations questions. They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

Rule 3: Think Action!

Unlike your market-sizing question, operations questions never end with a nice, neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: Revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired to give advice.

As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

Business Strategy Cases

Overview

Business strategy cases are the granddaddies (and demons) of the case question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby allowing the interviewer to probe the candidate's abilities in a variety of areas. Again, strategy case questions can run the gamut from a complex, multi-industry, multinational, multi-issue behemoth to a localized question with a pinpoint focus.

The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the

most similar to the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation skills.

Location

Strategy case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward. For MBA candidates, they frequently have several layers of issues, and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

Simplifying the Strategy Stumpers

Because business strategy questions can involve many different elements, they may inspire fear in the weak of heart. Although it's true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can put all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multinational corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit-card company should go into the Italian market when your best friend who interviewed immediately prior to you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this book (and the other *WetFeet Ace Your Case* guides), you're already a step ahead of the game. However, here are the rules you'll want to keep in mind as you tackle your strategy case questions.

Rule 1: Think Frameworks

While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question and where you are going with your analysis. The best way to do this is to apply a framework to the problem. As with operations questions, this means setting out a plan of attack up front and following it through to conclusion. One other big benefit: Having a clear framework will help you organize your analysis.

Rule 2: Ask Questions

Successful consulting is as much about asking the right questions as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

Rule 3: Work from Big to Small

Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore it's essential that you start by looking at the most significant issues first. Besides, this is a great discipline for future consultants; the client may be paying for your time by the hour, so you'll want to make sure that you really are adding value.

Resume Cases

Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume. Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all of the different positions on a rugby team, and the play strategy for each." Frequently, the interviewer will ask the candidate to walk through a previous work project or experience and explain how he or she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how he or she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded if a local computer store had created a knock-off service and offered it at a lower price.

The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also adds a little variety to a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman's terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.

Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions; advanced-degree candidates can expect questions related to their previous research. PhD students tell us that they commonly receive resume cases. Not only do resume cases allow the candidate to avoid feeling like he or she has to master a whole new lexicon and body of frameworks, they test his or her communications skills.

Rocking Your Resume Cases

Because the resume case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

Rule 1: Know Your Story

Nothing will make you look worse—and help you find the door more quickly—than not knowing what you put on your own resume. Make sure you've reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

Rule 2: Keep the Parent Test in Mind

This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is can you

tell others about what you did without sending them into a coma? It may sound easy, but many people seem incapable of communicating what they know. Our suggestion? Practice talking about your work as if you were telling your parents all about it.

Rule 3: Let Your Excitement Shine

This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

The Practice Range

- Market-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions

Market-Sizing Questions

Remember the rules for market-sizing questions:

1. Use round numbers.
2. Show your work.
3. Use paper and calculator.



CASE 1

What is the total number of automobile tires sold in the United States each year?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 2

What is the average equivalent number of cocoa beans that Hershey's buys each year for its entire U.S. chocolate bar business?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 3

How many pages of paper would it take to completely encircle the earth at the equator?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 4

How many pay phones are there in Manhattan?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Business Operations Questions

Remember the rules for business operations questions:

1. Isolate the main issue.
2. Apply a framework.
3. Think action!



CASE 5

Your client is the head product manager in the sports division of a major online auction company. He has brought you in to help diagnose why his division's profitability is declining and to determine ways to improve the performance.

Key questions to ask:

What are the main issues?



CASE 5 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 6

The CEO of a small to medium-sized sock company has hired your consulting company to assess why profits have been falling from respectable levels 4 years ago to declining 1 year ago to a projected loss this year. You have been assigned to be the main business analyst on the engagement. How would you help analyze the situation and what would be your preliminary recommendations for how to address it?

Key questions to ask:

What are the main issues?



CASE 6 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 7

The COO of a business services company supplying technology consulting to Fortune 500 companies is concerned because she has noticed a downturn in corporate spending overall on consulting and other outsourced services during the trailing two quarters. Upon discussing her thoughts with some of her peers at other tech consulting companies, she has learned that other companies are predicting a reduction in demand for their services as well. She is thinking about how to address this issue within her own company, and has asked for your help in thinking about it as well. What would you like to know, and how would you advise this COO?

Key questions to ask:

What process would you use to investigate this question?

Where would you find the information you need?



CASE 8

Your client is the vice president of global sourcing for a U.S. footwear company. The company once owned seven manufacturing plants in the United States, but now only owns a single plant. The client has brought you in to determine whether to close the final plant. What types of questions would you ask to assist the client in making the right decision?

Key questions to ask:

What are the main issues?



CASE 8 ... continued

Key approaches/frameworks:

Possible courses of action:

Action recommendations:

Business Strategy Questions

Keep the rules for business strategy questions in mind:

1. Think framework.
2. Ask questions.
3. Work from small to big.



CASE 9

Your client is a large passenger cruise line company. It's considering whether to invest \$250 million in a new, 1,500-person passenger ship. The CEO of the company has recently declared publicly that he hopes to deliver 10 percent returns on all major investments. Help the client determine if this is a good investment.

Key questions to ask:

What are the main issues?



CASE 9 ... continued

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



CASE 10

Your client is a large regional grocery store player. Most of its stores are located in typical, suburban strip mall-type locations. But that market is almost completely saturated and competition in the grocery industry is fierce, especially with Wal-Mart aggressively expanding its supercenters. The client is looking for new growth options. One idea in front of the CEO is to expand into inner-city communities that have typically been underserved by retailers in general. How might you evaluate this strategic option?

Key questions to ask:

What are the main issues?



CASE 10 ... continued

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



CASE 11

You have just joined a sportswear clothing company with a long tradition of making polo-style short-sleeve shirts and casual button-down, long-sleeve shirts. Let's call this company Eli's. The division within Eli's that you've joined was formed 6 months before your arrival. This new division designs and manufactures shirts for hip, young, fashion-forward urbanites, made in a similar style to those of several other smaller shirt makers who've burst onto the fashion scene in recent years. Your division is losing a significant amount of money, and your manager has assigned you the project to determine what should be done. What do you need to know, and what would you do to assist your new division at Eli's?

Key questions to ask:



CASE 11 ... continued

What are the main issues?

Outline for my answer:

Action recommendations:



CASE 12

Your client is a major sports shoe manufacturer. It has been watching the growth in skateboarding-type shoes in recent years and is wondering whether to start producing these shoes and add them to the existing line. What would you recommend?

Key questions to ask:

What are the main issues?

Outline for my answer:

Resume Questions

Remember the rules for resume questions:

1. Know your story.
2. Keep the Parent Test in mind.
3. Let your excitement shine!



CASE 13

Most people who enter consulting don't make a career out of it. How does consulting fit into your long-range career plans?



CASE 14

I see that last summer you worked for a small printing press. Walk me through the decision process that led you to work for this company.



CASE 15

I see you used to work in marketing for retail company Z. Did your role and experience there meet your expectations? If so, in what ways was it a good match for your skills? If not, what was the gap and what did you learn from your time in that role?

Nailing the Case

- Market-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions



Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

Now it's time to walk through sample answers to each of the questions posed in "The Practice Range." Although we believe that our recommended answers are good, we know that there are many equally good and even better answers out there. Remember, the destination is often less important to your interviewer than the road you take to get

there. With that in mind, smooth sailing! A quick note on the layout: Each question is followed by bad answers (which are admittedly a bit far-fetched in some cases) and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.

Market-Sizing Questions

Case 1

What is the total number of automobile tires sold in the United States each year?

This is a straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.

Bad Answers

- I'd say about one million, give or take.
The purpose of this kind of case question is not to hear your final answer, but instead to give your interviewer an opportunity to hear how you think about problems with uncertain or unclear information. This answer neither demonstrates the candidate's thinking skills—the set of assumptions and analysis that he did to arrive at his number—nor gives the interviewer anywhere to go in terms of follow-up to assess the candidate's approach to problem solving. In general, never give the answer to a market-sizing question right out of the gate. A better strategy is to take a moment or two to think about what the interviewer is really asking you. In this case, the interviewer is really asking, “Let me see how you would think through developing an estimate for the number of automobile tires sold each year in the United States by telling me about the process and assumptions you'd use to arrive at your estimate.”
- Well, it's just four times the number of cars sold in the United States, plus maybe a few more.
While this offers a small amount of insight into the basic assumptions and thinking that the candidate would use to structure her response, it is not nearly deep or well thought-out enough to satisfy an interviewer—there isn't enough specificity to her answer. While you don't need to arrive at an exact number in your final answer, you do need to provide a decent estimate based on information you either have at hand or can deduce from other information you know.

- All right, this one's easy! My brother is an industry analyst for cars at Goldman and he told me there are 15 million cars sold each year, so my answer is 60 million. Next question.

Never say that a question you've been asked is easy. If it were easy, it wouldn't be asked of you in a case interview. This answer also implies that the candidate believes one data point or piece of information is all that's required to answer a related—but not perfectly correlated—question. You don't ever want to give the impression that you respond rashly or without measured consideration to a query; this implies immaturity and thoughtlessness, both of which would be very off-putting to an interviewer seeking humble, intelligent, and thoughtful candidates for a role that will often demand maturity and nuanced problem solving.

Good Answer

Candidate: That's an interesting question, considering the various sales channels and the different sources of demand for auto tires in the United States. Let me start by applying a “bottom up” approach towards estimating the total demand for tires.

Good start. The candidate has demonstrated interest in the question and communicated a road map for how he will begin to think out loud about the components of information required to develop a response. Furthermore, the candidate has shown an understanding of both business operations (buzzwords are generally ill advised, but in this case referring to “sales channels” gives the interviewer a sense that the candidate has a basic understanding of operations) and economics (by choosing the demand side of the total market to pursue the market size estimate, rather than the supply side, which is likely to be more challenging in making good assumptions given the relatively arcane nature of tire manufacturing).

Candidate: To begin, I will draw some parameters around the definition of the automobile tires market so that I can then define the sources of demand for tires. In this instance, I'll assume that our market concerns rubber tires for passenger cars and light trucks only. Therefore, I will exclude commercial vehicles, tractors, trailers, and things like RVs for the purposes of my estimate. Is that acceptable, or would you like me to define the market more broadly?

Well done in defining the nature and parameters of the problem before diving in. This demonstrates patience and a desire for precision in defining ambiguous problems before thinking about potential solutions. These are valued skills for consultants and general management strategists, who are hired as much for their maturity in managing complex problems as they are for their ability in solving them. Furthermore, the candidate demonstrates comfort, ease, and most important, respect for his interviewer by asking a question that engages and allows the interviewer to help the candidate define the problem more specifically.

Interviewer: Yes, that's fine. For the purposes of your estimate, just focus on cars and trucks like pickups and SUVs.

Candidate: Okay, sounds good. To start, I believe that one source of demand for automobile tires centers on new cars and trucks themselves. While I don't know offhand what the total number of passenger cars sold each year is, I'll develop a rough estimate that I can use to estimate the tire demand for this channel and then move on. I know that there are about 300 million people in the United States and that about three-quarters of them are above the driving age; this amounts to about 225 million people. I will further assume that about three-quarters of those who are of legal driving age actually own a car; this is based on personal experience with friends and family members in both rural and urban settings. That leaves about 160 million people in the United States who own cars today. Now I'll assume that people replace their cars on average of once every 10 years—just to keep it simple without knowing the exact numbers. That would give an annual estimated number of about 16 million new cars sold, resulting in 64 million new tires sold for those new cars and trucks alone.

The candidate has used a combination of personal knowledge about cars and some round-number estimates using population and demographics to whittle down the new cars element of this market-sizing problem to a manageable and reasonable number. While there may be some inaccurate assumptions in the logic chain the candidate

presents here, by speaking his way through the chain with the interviewer, the candidate shows his ability to extrapolate in a reasonable manner using known information to arrive at an estimate when little information was initially available. Using personal experience, like that involving how many friends and family own cars, is okay so long as the candidate doesn't take it too far—which he hasn't. Furthermore, the candidate has driven to a reasonable component of the estimate without taking forever to do so—enough time to think about the logic chain rationally and completely, but not too much time to be burdensome and unnecessary for this estimation exercise.

Candidate: Now that I've estimated the number of tires demanded for new cars and trucks, I'll move on to estimating the number demanded for used cars and trucks currently on the road. I just came up with an estimate of 160 million people who own cars. For the sake of consistency, I'll use this same figure for the estimated number of used cars on the road.

Good job. Realizing that another component of the estimate relies on a piece of information that had previously been estimated, the candidate acknowledges that he has already thought this out and takes a consistent number for the next demand estimate. In doing so, the candidate is being clear on his progress towards an answer and has demonstrated the ability to return to prior thinking to reassess and reuse relevant data when appropriate.

Candidate: Now I need to estimate the average number of years it takes for a driver to wear the tires out on his or her car. I believe I remember from commercials that tires are rated with an average of 60,000- to 80,000-mile warranties. If we assume that an average driver covers about 15,000 miles per year, then that means each car needs its tires replaced in order to stay on the road about once every 4 years. This means about 40 million cars require new tires to replace old worn-out ones each year—approximately 160 million additional new tires for used cars.

The candidate is doing well with one of the rules of market-sizing questions: using nice round numbers that are easy to divide and multiply into other round numbers. This will

not only ease and speed up his estimation efforts, but it will also allow him to focus on the assumptions he is making—and communicating those assumptions as he works his way through the answer—rather than on the actual mathematics. You are not being hired for your ability to do cube roots and multiply seven digit numbers in your head. You are being hired to think creatively and logically with uncertain information at hand. Therefore, using round numbers will help you focus on what's important in a market-sizing interview: your thinking, not your math. That said, there is no shame in pulling out a pencil and paper if your case question starts to involve so many numbers or assumptions for a particular estimate that you need to write a few down to keep your thinking straight. Interviewers do not deduct points for candidates who assist their thinking by writing—unless of course all you do is write and you fail to share your progress and thinking at every step with your interviewer. Communication skills are as much a part of the market-sizing interview as are the assumptions and answers you deliver.

Candidate: So, we have what I believe are the two major sources of demand for new auto tires estimated. These add up to 224 million new tires per year.

Interviewer: Have you thought of any other potential sources of demand for new tires? I can think of a few myself. Can you come up with a few more?

The interviewer is trying to put the candidate on the ropes. Her question suggests that the interviewer has a particular answer or idea that she wants the candidate to figure out. Do not get flustered if the interviewer takes this tack at the mid-point in a case interview you believe has been going well. Sometimes it's simply a tactic to assess how a candidate will react under stress. Take a moment, then calmly proceed calmly to develop a more detailed and refined answer. Your interviewer will let you know when you are approaching a sufficient estimate, just as she will let you know that a longer and more detailed estimate is expected.

Candidate: One additional source of demand I haven't addressed yet is flat tires and damaged single tires, both of which need to be replaced on a one-off

basis. Would it be helpful to develop an estimate for these tire sales to add to the estimate I've developed so far?

Good job. The candidate demonstrates here that he is able to think about special circumstances, which would add to the market sizing. Although these lesser-order sources of demand or supply in market-sizing questions sometimes do not add materially to the estimated number, it's useful to acknowledge that you consider them and ask the interviewer if she'd like you to augment your estimate with deeper thinking.

Interviewer: That's all right. I believe that you've covered the two largest sources of demand for new auto tires each year, so I think we can settle on 224 million as your estimated annual sales number. I trust you could get a more refined estimate by adding more, smaller sources of new tire demand if we kept pursuing it. We're close enough with what you've given me thus far, so let's move on. Well done.

By simply acknowledging the candidate's ability to go deeper, without actually asking him to do the additional estimating and thinking required, the interviewer demonstrates that she was indeed simply trying to gauge what the candidate's reaction would be to a little pressure or stress in the midst of problem solving. While a little unsettling to a candidate whose confidence may be growing as he moves smoothly through a case, this is by no means out of the ordinary. The candidate did a great job addressing the challenge—and the interviewer acknowledged this by concluding the case in order to use the remaining time in the interview for other problems and discussions. This is a sign that the candidate has done well and has satisfied the interviewer's desire to witness and understand the candidate's logical thinking skills. Well done.

Case 2

What is the average equivalent number of cocoa beans that Hershey's buys each year for its entire U.S. chocolate bar business?

This market-sizing case is one in which it's highly unlikely that you will get anywhere near the actual or real number. In fact, there may not even be a real answer. Instead, the interviewer is purely seeking insight into how you think about large, somewhat undefined problems. In such a case, your best bet is to make a quick decision about whether to drive "bottom up" or "top down" towards an answer and keep working forward as you share your assumptions and math to try to reach a logical end-point.

Bad Answers

- Man, that's a *hard* question! I was expecting some hard questions and I even read up on the companies that you work for, but whoa. . . . That's going to take me forever to figure out. How long are we going to spend on this one? Hold on, I need to get out a pen. . . .

Freaking out not only has the potential to set off your interviewer, but it's also a waste of time. Calm and tactful reactions to even potentially outlandish questions demonstrate poise. Even if you think a case question is overly hard or obscure, you're better off saying to yourself, "Let me think about how to attack this one," and then collecting your thoughts. Then, start at one end of the problem and begin working through it step by step.

- I don't think that Hershey's actually buys the cocoa beans. I read an article in *Fortune* in which it said that Hershey's buys processed cocoa powder and stores it in a series of ultra-low-humidity casks in its warehouses. In fact, I think I remember the exact tonnage of an average warehouse. Do you want to know it?

Don't make your interviewer look like an idiot under any circumstances. Even if you know more about a particular topic, demonstrate your thinking rather than your arcane knowledge and you'll make a better impression on the interviewer. As well, arrogance is generally unappealing, but never more so than when it's your only chance to shine in front of someone who has never met you before. Address the question first and foremost.

Good Answer

Candidate: That’s going to be quite a large number, given how large a player Hershey’s is in the chocolate bar business. That said, I’ll need to break this down into parts. Since I don’t know too much about the cocoa bean wholesale market, I’ll start working towards my answer “top down” by estimating the total market for Hershey’s chocolate bars. Once I’ve got that figured out, I can then multiply by an estimate for the number of cocoa beans it takes to produce the chocolate for one bar.

This is a strong start—and realistically one that would take a moment or two to develop. The candidate has presented a clear layout for how she will attack the problem.

Candidate: I’ll start with the annual market for Hershey’s chocolate bars. I’m not sure about the number of bars that every supermarket and deli in the United States orders each year. Therefore, I think the best way to come up with an estimate for this is to make an educated guess on how many chocolate bars each person eats in a year and extrapolate for the entire U.S. population.

The candidate is explaining that even though she must make some potentially risky guesses and use them as basic assumptions in order to begin the estimation process, at least she’s got a clear structure and line of reasoning to get her to where she needs to go.

Candidate: I know that some of my friends and family members love candy, and on average they will have two or three chocolate bars per week. I myself don’t enjoy candy too much and may have one chocolate bar every 2 weeks or so. I know everyone’s chocolate taste is a personal thing, but for the sake of simplicity I’ll average these out to three chocolate bars every 2 weeks . . . or about six bars per month. Does this seem reasonable?

Although you don’t want to pump your interviewer for too much information throughout the case, it’s okay to check in on wild leap-of-faith assumptions if you want a little reassurance early on with an assumption that will be the basis for the rest of your estimates.

Interviewer: While that might be a little high, even for someone who loves candy, it's reasonable, so let's assume that's correct for the purposes of this case. Continue . . .

Candidate: Okay. Now, I don't know exactly how much of the market Hershey's possesses for candy bars in the United States, but I know that the company is one of the major industry leaders. Given that M&M/Mars is also a very large chocolate company and that there may be a number of other smaller companies out there, and given that this is a big and very competitive market—which I know based on seeing the myriad candy choices in the checkout aisle each time I shop at the grocery store—I'll assume for simplicity's sake that Hershey's controls one-third of the market. Is there a better percentage I should use here?

Again, checking in on such a key data point is okay. Just don't go overboard with striving for precision in what is fundamentally a case that's full of assumptions and educated guesses. As long as you either communicate your thinking clearly, or check in and ask for data points on key pieces of information about which you have absolutely no idea, you can keep driving towards an answer.

Interviewer: I've never worked on a candy company project either, so I'm not sure. But one-third of the chocolate bar market sounds safe to me as an assumption, so go with it.

The interviewer is readily answering the candidate's questions, indicating that there's no problem with asking them. However, the invitation to keep moving means that the candidate should.

Candidate: Great. So that would mean that an average person in the United States buys two Hershey's chocolate bar products each month—assuming that one-third of their six monthly bars, on average, comprises Hershey's bars—for an annual total of 24 Hershey's chocolate bars. Now I need to multiply this number with the total number of people in the United States.

In a case that's drawn out and potentially confusing, briefly summing up where you are and where you're going—at a logical breaking point—may be a good idea.

Interviewer: Wait. Is it a good assumption that every person in the United States eats an average number of 24 Hershey's chocolate bars?

The interviewer is doing a tactful job of indicating that he wants to lightly challenge one of the assumptions the candidate has made. Don't be alarmed if this happens; it's a natural part of the give and take of an interactive interview. Generally, the correct answer to a question framed like this won't be a "yes" or "no," but rather something like, "Hmmm, let me think about that for a bit."

Candidate: Hmmm, let me think about that for a bit and see if I should revise my assumption.

Good job. The candidate takes the challenge calmly and in style. This is a mature reaction to the natural exchange of potentially conflicting ideas that often occurs in a collaborative business environment—even with colleagues.

Candidate: Now that I've reassessed, I suppose it's likely that the very young and very old portion of the population may not put down so much candy each year. I'm not positive about how age spreads across the U.S. population, but I'll make an aggressive estimate of the number of people in the under-8 and 70- or 75-plus age groups to try to balance out my average candy bar consumption estimate. I'll assume that about 25 percent of the population falls within these ranges, leaving about 75 percent of the population remaining as "active candy eaters."

The candidate maintains her poise, catches on to the gist of the interviewer's question, and delivers a solid answer.

Candidate: So if the United States comprises about 300 million people, 75 percent of that number would equal 225 million. If each of these people eats an average of 24 Hershey's bars every year, that would be . . .

Don't worry about needing to do heavy multiplication—or any other calculator-worthy math—instantly in your head. You don't need to be a savant to be good at business. If numbers get too big, it's okay to think for a moment and just round off to a reasonably close amount or make a few scribbles on a handy sheet of paper to help yourself out. People bring note pads to interviews all the time and barely use them. If the paper's handy and you need it, use it.

Candidate: Let's see . . . that makes 4.5 billion plus 900 million . . . which comes to 5.4 billion Hershey's chocolate bars per year eaten in the United States, according to all of the assumptions I've made so far. Okay, so now I need to estimate the number of cocoa beans that go into each Hershey bar to get the total number of beans. I'm not familiar with the ratio between cocoa beans and chocolate bars, but I do know that lower-grade chocolate is made mostly of sugar and other ingredients and has very little actual pure cocoa. I'll make a quick guess that there are five cocoa beans per bar. So with five beans per bar multiplied with 5.4 billion bars, this yields about 27 billion cocoa beans that Hershey's uses each year for its total U.S. chocolate bar business.

Interviewer: Sounds good. I'll admit I don't know the real answer, but it was interesting to hear how you approached the problem. Good job.

If the final number you arrive at doesn't pass your sanity test because it just seems to be way too high or too low, then don't hesitate to take a moment and think through all of the key assumptions that served as the basis for your final answer. If it does make sense and passes your final gut check, then you're good to go.

Case 3

How many pages of paper would it take to completely encircle the earth at the equator?

This is a reasonably straightforward market-sizing question that is perhaps deceptively simple—be forewarned that some wrinkles may emerge. This question would be appropriate for undergrads and advanced-degree candidates.

Bad Answers

- That’s a stupid question. Why are these case interviews always so random? I’m trying to get a consulting job. I didn’t go to a top school to do silly estimates about the size of the earth.

It’s never a smart move to insult the interviewer or the process. The case interview process is what it is and you’re not going to change it. Plus, although no system is perfect, it has actually proven to be a fairly good predictor of consulting success. In fact, if you don’t enjoy the mental gymnastics of doing these problems, you probably won’t enjoy consulting.

- I have no idea. I don’t know anything about the size of the earth. I was an English major. I thought these would be business cases.

While not as bad as opening by insulting the process, giving up or “punting” is clearly not the way to go either. You almost certainly will get a question whose topic is unfamiliar to you. That’s part of the game. Buck up, use any related knowledge you do have, create a structure, and start making some clear assumptions.

Good Answer

Candidate: Well, that’s certainly an interesting question. I must admit, I don’t know much at all about the size of the earth. Nevertheless, I’ll give it my best shot and try to use what I do know, and I’ll talk you through my thinking.

Good start. The candidate admits to a hole in his knowledge, so the interviewer might be willing to cut him some slack initially. But the candidate also indicates his willingness to attack the problem and bring to bear what he does know. This is an important trait that interviewers are looking for. Plus, the candidate is most likely a bit nervous since he’s not comfortable with the topic. A bit of initial reflection (remember to speak slowly and clearly) can calm you down as well as give you time to think!

Candidate: Well, let's start with the paper, since I do know a thing or two about that. You know, it strikes me that the easiest way to tackle the situation would be to consider the paper lengthwise. It's common knowledge that a standard sheet of paper is 8.5 inches by 11 inches. Since 11 inches is pretty close to one foot, I'll just consider a sheet of paper to be 1 foot long.

Interviewer: That's pretty clever. I must admit that I was originally thinking you'd consider the thickness of the sheet of paper, since that's obviously more complicated. But I like your style. You made a solid assumption and chose a path of less resistance. However, I reserve the right to ask you for a different version later in the interview.

Score one for the candidate. He's made a great assumption. Remember: round numbers, straightforward assumptions. Don't make things harder than they have to be.

Candidate: Okay, now for the hard part: the stuff I don't know as well. Let's see. I'll start with something I do know. I've taken a bunch of trips from New York to Los Angeles, and I'm pretty sure that the distance between them is roughly 3,000 miles. I'm going to assume this is right if that's okay with you.

Solid start. Anchor in something you know and go from there. Your interviewer will tell you if she has a problem with your assumption. Otherwise, forge ahead.

Candidate: I'd say there are a few ways to come at this. If I know that the USA is about 3,000 miles across and I then picture the handful of globes I've seen in libraries and such, it seems to me that you could fit about ten USA's around the center of the earth. That would imply 30,000 miles. I'll just assume a mile is around 5,000 feet and therefore that implies 150,000,000 feet. Given my 1-foot assumption for the length of the paper, this equates to 150,000,000 sheets of paper. I know there's some rounding there, but I've at least rounded up on the paper size and down on the mile size.

Excellent round one. Nice round numbers, solid assumptions, awareness of the assumptions, and a decent first answer. This would almost be good enough, but the candidate is a star, so he isn't done.

Candidate: But I want to double check this estimation if that's okay? The 30,000-mile figure feels about right, but let's look at it another way. I'm pretty comfortable with the 3,000 miles being the distance spanning the USA. And I know that it takes about 5 hours to fly from New York to Los Angeles. That feels about right, because I seem to recall reading that 747s fly at about 600 miles per hour. So let me use those numbers to gut check my figures. I think it's about 8 hours from Los Angeles to Tokyo, so let's call that 5,000 miles. So now I'm at 8,000 miles from New York to Tokyo.

This is a good approach: The candidate is using what he knows. When you've got a lot of data floating around, you've really got to make an effort to keep it all straight. Don't be afraid to write things down.

Next I'll go from Tokyo across Russia. I have no idea what that flying time is, but I know it's long. I know Russia is huge: the world's biggest country. I think it has something like ten time zones. So I bet it's about three times bigger than the USA. Therefore, I'm going to say it's 9,000 miles across. Now I'm at 17,000 miles from New York to the Ural Mountains. I've never flown across Europe, but folks are always saying the European Union is similar in size and population to the USA, so why don't I say it's the same 3,000 miles across? I think that's high, but it's close enough. That puts me at 20,000 miles so far. I've flown from London to New York and it takes about 5 hours. So, let's say that distance is 3,000 miles, the same as it is for New York to Los Angeles. That puts me at 23,000 miles total. Of course, I've been flying up in the northern hemisphere for the most part—the distance is greater at the equator. I'll tack on another couple thousand miles and call it an even 25,000. That's within shouting distance of my original 30,000, so I'm feeling more comfortable. In this case,

I'd multiply 25,000 by 5,000 to get 125,000,000 pages of paper. Therefore, if I wanted to take a final step, I could average the two estimates and come out with somewhere between 130,000,000 and 140,000,000 sheets of paper.

Interviewer: That's pretty impressive for someone who didn't know anything about the size of the earth. Just be glad I didn't ask you about the distance to the sun (it's 93 million miles, by the way). I warned you at the beginning, though, that I might ask for a different version, so now you'll have to humor me: Let's quickly suppose you have to consider the thickness of the paper, not the length or the width.

Candidate: Okay, that should be straightforward enough. Paper's pretty thin—too thin for me to think about it in terms of individual pieces. But I do have some experience loading laser printers (don't we all!). I know one of those packs of paper has 500 sheets, and I'd say it's about 3 inches thick. So that tells me there are 2,000 sheets of paper in a foot if you consider the thickness of the paper. Therefore, if we take my rough 130,000,000 feet estimate and multiply that by 2,000, we get 260,000,000,000 sheets of paper at the equator. Let me check my zeros. . . . Yep, that's my estimate.

Well done! The candidate has demonstrated a facility with numbers, a stick-to-it-ive-ness, enthusiasm, creativity, and an ability to apply past learning to current problems. The candidate has responded to interviewer prompts and come up with reasonable answers that he's tested. It's certainly likely that somebody with no idea of the circumference of the earth would also have very little knowledge of the distances from various cities. No matter. The point is that there are many ways to skin a cat. One quick point: Even in round number examples like this one, it's easy to get lost in the commas and zeros. Don't be afraid to use pen and paper to keep things straight.

Case 4

How many pay phones are there in Manhattan?

This is a fairly straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.

Bad Answers

- No one uses phone booths anymore. Everyone has a cell. There are hardly any booths anymore, except for the one in that Colin Farrell movie.
Not a smart angle. Despite showing a knowledge of pop culture, your interviewer will not be amused.
- I saw that annoying Verizon guy in the *New York Times* yesterday. The article he was in stated that there are 6,360 payphones in Manhattan. I have a photographic memory, so there's your answer.
Even if you know the answer, the more important thing is still the process. You may want to admit that you know the answer in case the interviewer wants to change the question. Either way, you still need to give a solid case interview answer to this question.
- How am I supposed to know anything about Manhattan? I've never been there. I'm from Paris/San Francisco/Des Moines . . .
This might be a fair point. It's tough when you get a question that pertains to a topic about which you know nothing. And to be fair, if your interviewer knows that you have absolutely no experience with Manhattan, he likely won't ask you this question. But then again, maybe he will. So be ready. If you are indeed from Paris, jump in and say something like, "Well, I'm sorry, I know next to nothing about Manhattan. But I know it's a big city and I come from Paris, another big city. So I'll just use what I know about Paris and try to extrapolate from there. . . ." Your interviewer should be fine with this tactic. If he's not, he'll probably provide some additional information to help get you started.

Good Answer

Candidate: There are a couple of ways to go about answering this question, so I'll try to break it down into parts. I figure I'm going to have to come up with some notion of the size of Manhattan and also the likely locations of pay phones. I'll start with the size of Manhattan.

Good start. The candidate has successfully laid out two key pieces of data needed and has created a logical structure to use in walking the interviewer towards the answer.

Candidate: While I don't know Manhattan intimately, I do know there's a grid system in much of the city, which should help us immeasurably. I know it doesn't cover the entire city and I know there are some non-numbered avenues in there like Park and Broadway, but I'll try to make some round assumptions. I know the streets go at least as high as 125th Street in Harlem. And I think they go even higher, at least to 175th Street if I correctly recall the time I drove down into Manhattan. Plus, I know the southern tip of the island, the older part, doesn't have the grid. For example, down by Wall Street, it's kind of haphazard, like downtown Boston. So when I put all that together, I'm going to say there are 200 streets running east to west in Manhattan. In terms of those running north to south, I know that there are somewhat more than ten avenues, plus the named, non-numbered streets. I will therefore say there are 15 streets running north to south. That leaves me with $200 \times 15 = 3,000$ intersections. I'm going to think in terms of intersections and blocks, since I think that's easiest. Here, I've been scratching this down in a rough map; this is how I'm looking at it. I know there are some exceptions to the rules I've laid out, but my assumptions seem solid and the variations will likely balance each other out. Does this seem okay with you?

Good job. The candidate is developing the structure and has quickly pulled together a number of solid assumptions. There were other bases for these assumptions, including land area or population, but the grid appears to be the easiest way to come up with them. The candidate has done well in making round-number assumptions. The interviewer is fine with his approach, so the candidate should keep on moving.

Candidate: Now let me think about locations of pay phones. I suppose to keep it simple we can think about pay phones that are outside and pay phones that are inside. Outside areas will include things like street corners and the sides

of buildings. Inside would be lobbies of buildings and such. I think there will be very few pay phones in residential buildings, so we are mostly talking office buildings, restaurants, and hotels.

Another good, quick summary that still has the candidate moving ahead confidently.

Candidate: I'll start with the outdoor phones. I know I have the aforementioned 3,000 intersections. And there are four corners to every intersection. Now, I know some corners have no phones and others have a bank of phones. And that's not even covering the banks of phones that sometimes appear mid-block on the sides of buildings. There are a lot of angles to consider, so I'll make the assumption that every other corner of every intersection has one phone, meaning two per intersection, meaning 6,000 outside phones in Manhattan. This number seems a little high to me, so why don't I make it 5,000.

This is a good piece of thinking. Clear, methodical assumptions with solid math. Stating your gut feel is okay, too. Those reactions can be valuable and often right. In a real-world situation, a gut feel might cause you to re-evaluate a position or try another angle. But for now, the interviewer is satisfied and so the candidate can move on.

Next, I have to come up with the number of pay phones inside buildings. This could potentially be pretty complicated, what with restaurants, office buildings, hotels, and so on. Would you like me to be very granular here or shall I make some broader assumptions?

This is a reasonable question. The candidate is not trying to get off easy, but rather stating the facts. If there's enough time, the interviewer may allow the candidate to slog through a bunch of specific assumptions about types of establishments. In this case, she tells the candidate to make some broader assumptions.

Candidate: Okay, I'll try to keep it broad. If I think about an intersection, there's probably an average of one restaurant, one office building, and a quarter

of a hotel. This is assuming that on average each block is mostly residential. Let's just say there is one pay phone in the lobby of each type of building. I realize that some will have many more, but some might have none. So if I use my 3,000 intersections, that means $3,000 \times 2.25$ Well, that's going to be more than 6,000, which added to the 5,000 equates to 11,000 pay phones. That number seems too high. I'm going to revise my estimate and say there's one inside pay phone per intersection, which means 3,000 inside pay phones, which means 8,000 total. Hmmm. That still feels a bit high to me, but the assumptions seemed reasonable along the way. What do you think? Should I start over?

Interviewer: That's fine. I actually don't know the exact answer anyway. What I wanted was your thought process and it's been good so far. Let's look at your little map sketch, though, and think through briefly what wrinkles or other assumptions you'd test if you had more time. Just run through them for me.

In some cases, your interviewer will not know the exact answer. Once again, that's because the exact answer doesn't matter. The process does, however, along with your performance and attitude. In this case, the candidate's gut reaction was effective and relevant and has led to this final chance to shine.

Candidate: There are a number of things I'd look at. First of all, you've got Central Park sitting in the middle of Manhattan. And it's big. So that would be a big hole in my grid assumptions. You'd have to knock out a lot of intersections. Next, you have the issue of the streets and the avenues on the edge of the island only having one or two accessible corners, not always four. Finally, when looking at the number of buildings in a block, I'd probably be better off thinking in square blocks, since buildings are large. Finally, because my gut tells me the results aren't quite right, I'd want to triangulate with some more methods. Probably a course of assumptions using phones per population would be reasonable.

A fine effort. This question was deceptively simple, but the candidate has done a good job. The lesson as always: You don't have to be right, but you do have to do the case right. Make good assumptions, nail the math, listen to your gut reactions, summarize, talk out loud, lay out a plan, and follow it. All these things are what count. This is a case in which jotting down thoughts or the map in this case will help you a great deal.

Business Operations Questions

Case 5

Your client is the head product manager in the sports division of a major online auction company. He has brought you in to help diagnose why his division's profitability is declining and to determine ways to improve the performance.

This is a very open-ended, but fairly straightforward, operations question. It will require the candidate to quickly assess the root causes of the problem and to identify solutions. For these types of questions, no preordained framework is required (although you will see that the candidate does throw a clever one in halfway through the case). For the most part, the interviewer is simply looking for a structured answer.

Bad Answer

I don't participate a lot in online auctions, so I don't know a lot about how they work. Can you ask me another question?

The interviewer is not asking for domain-relevant expertise. As a general rule, if you don't know, just ask.

Good Answer

Candidate: Okay. So there are two questions you're asking: (1) Why is profitability declining; and (2) How can we improve performance? Let's focus on the first question, because then I'll feel better equipped to answer the second.

The candidate has stated the obvious, but has given the interviewer a very simple road map for where he's going to go with the case.

Candidate: There are two possible answers to the first question: either revenues are going down relative to costs, or costs are going up relative to revenues. Because I'm not that familiar with online auction sites, and don't want to make any unrealistic assumptions in my diagnosis, can you tell me generally how the client's business model works?

The candidate realizes that it will serve him better to ask questions up front than to make faulty assumptions.

Interviewer: At the risk of oversimplifying, the client's online auction model is structured as follows: Sellers pay a fixed fee—50 cents—to the client to list their products. If their products are purchased, the sellers pay an additional fee, equal to a fixed percentage (5 percent) of the sale price of that item. So, for example, if the seller is listing a bowling ball that sells for \$100, the client's revenue would be \$5.50.

Candidate: So all of the revenue comes from the sellers. This is a free service to the buyers.

Interviewer: That's correct.

Candidate: And are there any other revenue streams?

Interviewer: Not at this point.

Candidate: So what about the cost side of the equation? How does that work?

Interviewer: Good question, and I'm going to try to help you answer that one. There's only one platform for the entire auction site. What do you think this means for the client?

The interviewer has answered enough questions and is ready for the candidate to stop using the Socratic method.

Candidate: If these platform-related costs—hardware and software, I would imagine—are centralized, this probably means that the client has little control over some of the costs of his business, for example site development and online merchandising. Does he have any dedicated costs to his business, for example people or a marketing budget?

Interviewer: The client has 12 people reporting to him and a small marketing budget.

Candidate: Have any of these direct costs changed significantly over time?

Interviewer: No.

Candidate: Okay. I'm going to make the assumption that these centralized costs are not the reason for the lagging profitability. Plus, it sounds like our client wouldn't have a lot of control over them even if they were. So let's ignore those for now. In addition, because the other costs have not changed significantly over time, I feel confident in concluding that the problem with the client's business is on the revenue side. Let's talk about what's going on there.

The candidate has made some broad assumptions, but they are grounded in reality. He has also showed an ability to use those assumptions to make a reasonable conclusion.

Candidate: There are two hypotheses that quickly come to mind. One is that there aren't enough buyers on the site—that is to say, there are a lot of sports items up for auction, but there aren't a lot of people bidding on them. The other is that the client is facing a supply problem, meaning there isn't enough merchandise up on the site to sustain the business. Let me test these two hypotheses in turn.

Again, a very simple road map for where the candidate is going to take the case. If the candidate is way off here (which he is not), the interviewer would be able to stop the candidate and steer him in the right direction.

Interviewer: Sounds like a decent structure to me. What are the types of analyses you would do to determine whether your hypotheses are true or not?

Proposing the right analyses to support or deny an assumption is one of the most critical skills in consulting. The interviewer is testing the candidate and will be looking for very specific analyses.

Candidate: I would do several analyses to determine whether there were enough buyers on the site. One would simply be to assess the total number of visits to the overall auction site over time. This would give me a sense of how popular the site is.

Interviewer: And how would you assess the results?

Candidate: One would hope that the number of visits to the site is increasing—or at least staying constant.

Interviewer: But if there are a lot of people visiting the site, but no one is purchasing anything, then those hits aren't very valuable, are they?

The interviewer is challenging the candidate's thinking, pushing him to be thoughtful in his analyses. The interviewer is also gauging how the candidate will react to this "bad cop" attitude.

Candidate: Good point. Let me revise my proposal: I would want to look not only at overall visits to the site, but also the number of products purchased.

Interviewer: Right. This is what's called the conversion rate. So let's say that overall hits and purchases have been increasing steadily, but in the sports category the conversion rate has dropped significantly over the past year. And the client is feeling pressure because his business is dragging down the otherwise stellar performance of the rest of the organization.

More useful information. Make sure that when the interviewer offers you data, you use it.

Candidate: What this says to me is that the attractiveness of the overall product offering has declined: On a relative basis, the number of purchases has lagged the number of visits, thus decreasing the conversion rate. Can you tell me whether the product mix or marketing has changed, or whether the site navigation—how you get to the site—has changed?

Note here how the candidate has used a simple marketing framework—the 4P framework—and adapted it to the case without making it blatant. He didn't introduce the framework as such, and substituted words such as "site navigation" for "placement" and "marketing" for "promotion." Also, since the interviewer already told the candidate that one of the P's—price—was standard across the entire site, and therefore not under the control of the client, the candidate astutely left it out of his response.

Interviewer: All good questions. In fact, only the product mix has really changed. Both marketing and site navigation have remained constant. The product mix, which at one point was more focused on outdoor recreational sporting activities—for example tents, water skis, and so on—has shifted more to sports clothing.

Candidate: Is there any data to explain why this took place?

Interviewer: Let me turn the question back to you. How might you get this data?

Candidate: Both buyers and sellers, I'm assuming, need to provide e-mail addresses. The client could do a survey, offering rewards in return for filling out a survey on why certain items did or did not sell.

Interviewer: Good idea. What type of rewards might these be?

The candidate is wandering a little off of his framework, but the interviewer is allowing him to do so. Because the candidate offered such a solid road map for where he was going with his 4P framework, he can easily move back on to his original path when the interviewer prompts him to do so.

Candidate: For the seller, this might be a series of free listings. For the buyer, it might be a certain credit to his or her account for the next purchase.

Interviewer: And this is exactly what happened. What the client found was that the value equation for outdoor equipment did not work online. Though the prices were good on the site—for example, a high-quality frame backpack for \$75—the shipping costs (borne by the buyer) made it too costly for the buyer, and the packing requirements to ship the good were too onerous for the seller.

Candidate: I see. So what likely happened is that the model quickly broke down: The buyers left because they didn't see the value, and the sellers left because there were no buyers. So, to answer my two hypotheses around whether this was a supply problem or a demand problem, the answer is yes to both because they are absolutely linked. Fewer buyers leads to fewer sellers, which leads to fewer buyers and so on.

The candidate has scored big points by answering his initial hypotheses and understanding that they are not mutually exclusive. If he had introduced the phrase “virtuous circle” here, he may have been offered the job on the spot—consultants live for the virtuous circle.

Candidate: So it probably follows that if the marketing programs are the same, the client is targeting the wrong consumer segment; instead of going after recreational sports buyers and sellers, the client should switch its focus to buyers who want sports clothing.

Interviewer: And how would you go about targeting this audience?

Candidate: I would want to know who the consumer is—what the demographics are, how and where the consumer is currently shopping, what types of clothing are most popular. And then I would want to locate sellers. The Internet is probably a new and potentially interesting channel for mom-and-pop stores that sell sports clothing. Perhaps signing up more of these sellers could entice more buyers to come—and buy—on the sports site.

The candidate has suggested some simple and basic ideas for how the client could proceed. More important, he has used a structured and straightforward way to answer the case question, and has gotten to the heart of the business problem—the infamous virtuous circle. Well done!

Case 6

The CEO of a small- to medium-sized sock company has hired your consulting company to assess why profits have been falling from respectable levels 4 years ago to declining 1 year ago to a projected loss this year. You have been assigned to be the main business analyst on the engagement. How would you help analyze the situation and what would be your preliminary recommendations for how to address it?

You will notice that this is a question about profitability that is similar to the last operations case, but the candidate (who gives the “good answer”) takes a very different approach.

Bad Answer

Candidate: I’d basically just find out what the problem is by talking to all of the employees and doing a bunch of market research, and then I’d talk about it with my consulting team and figure out what the best thing would be to do.

Wow, that’s really specific. Thanks for the high-level tutorial on how consulting works. Whenever possible, avoid extremely general answers. Although a standard approach to assessing problems and evaluating potential solutions is helpful, don’t stay up in the clouds—you need to focus on the business problem at hand.

Interviewer: Yes, that’s generally what consultants do. But what would you specifically want to focus on in this case?

The interviewer was tactful in delivering the message, “Get on with it. Let me see how you think.”

Candidate: Well, it seems to me that sandals, clogs, and Tevas are getting more popular all the time. I'd guess that the market for socks is shrinking these days since not as many people are wearing formal shoes; it must be that the market is just drying up. I'd recommend that the company look at other products it can produce that are more popular.

With this assessment and recommendation, the candidate will be in sandals often since he will be sitting at home—rather than in an office—looking through the want ads.

Guessing at the heart of the problem without gathering any background information is always a bad idea; it's the equivalent of shooting at a target in a dark room. You might hit the target, but it's more likely that you won't. Even if you do, it won't be a successful interview anyway. The interviewer wants to see how well you ask for help in finding the light switch, what you'd look for in the room once the lights are on in order to find your target, and how you'd aim before you fire at it (to take the analogy to its conclusion). In practical terms, profits may or may not be related to market expansion or contraction. And there are many ways—not just one—to deal with a shrinking market and still be profitable. More information is needed, and the candidate should have tempered the urge to skip ahead to a recommendation before investigating the situation.

Good Answer

Candidate: If profits are down, then either the sock company's costs are up, revenues are down, or both. I'd first want to understand the cost side of the equation at a high level to see whether there are any red flags on the operating side of things. Have costs increased for this company in recent years?

The candidate has successfully recognized this as a profit question. Furthermore, the candidate has chosen one of the key issues in profitability to investigate first: costs and operating efficiency.

Interviewer: Actually, no. I can tell you that costs have even declined a bit as a proportion of revenues as the client has improved sourcing in its materials and has automated one of its weaving plants. Margins were looking pretty good

after the plant investment until a couple of years ago, when things took a turn for the worse.

So it's not costs. Carry on with information gathering. The interviewer, role-playing as the client, has actually given a hint in the bit of extra information he shared after answering the candidate's core question.

Candidate: Okay, so if the problem is not fundamentally on the cost side, it must be on the revenue side. Since revenues are a function of product sales volume and the average price of its products, I'd want to understand a little more about what's going on with each one to dig further on where the problem may lie. Has the overall market for socks of the sort that this company produces been shrinking in the last few years?

The candidate has wisely decided to start by understanding the current dynamics of the industry. Doing so will allow her to determine whether she's dealing with a market share or a market-size problem. Furthermore, the candidate has identified price and volume as the component parts of revenue and has done a good job explicitly communicating this knowledge to the interviewer by saying it out loud. The candidate asked the question to understand if there are macro issues affecting the client's business—a contraction in demand for the client's products that is outside of the client's control.

Interviewer: The market is in relatively good shape, actually. Overall demand for socks like the ones the company produces has been steadily increasing in line with population growth. So, the problem isn't with the demand for these products.

The candidate is now getting close to the heart of the matter. Since it's not a market-size issue, then it must be a market-share issue.

Candidate: All right. What's happening with the company's sales volume and pricing, then? If the market is healthy but the client's profits are declining even though costs are in good shape, I would assume that the client is experiencing a

rapid decline in sales. How have sales volume and average prices been doing for the past couple of years?

The candidate is starting to test a theory—that a decline in sales is hurting profitability. This is a common source of profit loss in industries with high fixed production costs; basically, operating costs cannot be reduced as quickly as falling revenues to protect margins due to big fixed expenses like plants and warehouses, which have lower costs-per-unit as production volumes go up but higher costs-per-unit when production volumes fall. By not only asking about sales volumes, but also about pricing, the candidate is probing to find out if unit sales are falling as well as the potential reason why: competition (which often hurts not only sales volumes but also prices for former market leaders who experience price pressure and often must lower prices to remain competitive).

Interviewer: That's really two questions in one, but they are both relevant here. Yes, sales volumes are falling precipitously. And prices for this client's products have been falling too.

The candidate continues to make good progress through her framework and has identified the forces at work in creating the profit problem. Now she has enough to make a prediction about what's going on and formulate a few potential recommendations.

Candidate: Right. So not only is the client seeing lower revenues, which is probably hurting profitability if that automated plant is suddenly more costly on a per-unit basis than it was before volumes fell, but also the profit margin is getting squeezed by lower average price per unit sold. Given what I know now, I'm going to guess that a growing market for these kinds of socks has attracted a number of new competitors in recent years. I'd guess that these new competitors are stealing market share from the client with similar or better products, and by consequence the client is dropping prices in an effort to retain the share they are losing and boost sales volumes. Does that sound about right?

Interviewer: That's a pretty good guess. Your theory that falling sales and prices are due to the entry of numerous new competitors is correct. So what do you think the client should do about it?

This part of the case is where there is a transition from the analytical to the practical—time to step out of the land of theory and into the land of reality. If the candidate doesn't have a great deal of practical business experience to guide her thinking in how to address the problem once it's identified, that's not a show-stopper. The interviewer will already know that this is the case by having reviewed the candidate's resume. As such, he will likely cut her a little slack so long as the recommendations are framed as possibilities rather than conclusive solutions. Remember: If you have less confidence in your recommendation in a case interview, then consider several possible approaches to dealing with the problem and share them all in turn. This will show that you keep an open mind with challenging problems and don't settle on one solution too quickly—a valuable skill in the kind of team-oriented business practice that is common among leading companies and consulting firms alike.

Candidate: Well, I believe there are several different potential paths for the client to take to address the impact that competition is having on profits. Therefore, I'd want to make several different possible recommendations and then review each recommendation's potential with my colleagues—they are likely to have more experience dealing with this type of situation.

Good job. This could be perceived as stalling, but in fact it shows a balanced and collaborative approach on the part of the candidate.

Interviewer: I can see why you'd want to do that. It always makes sense to review ideas with colleagues before rushing in to give the client one answer only. That said, I'm interested in hearing a few of your ideas. What are a couple potential ideas you'd present to your team to consider as recommendations for the client in this case?

Though the interviewer values the candidate's response, he is not going to let her off the hook and close the case out before hearing at least a few of the candidate's specific ideas. No problem. Do a quick priority of what you consider to be the best ideas in your arsenal and share the top two to keep things moving forward.

Candidate: Well, one idea would be for the client to address the competitive threat head-on by assessing the qualities and value proposition of the products that are stealing market share. In this way, the client can learn if making improvements to the product will make it more competitive, thus earning back some of the lost share—and possibly justifying a higher price in the process.

Good. The candidate has proposed a logical potential solution to address the key source of the profitability problem: market share loss.

Interviewer: Hmmm, that's one interesting idea and it seems to make sense. But what if the client's product development time is too long for this to be viable? Or what if the client lacks the time, resources, and money to really investigate and respond to what's driving competitors' products to take away share?

The interviewer hasn't entirely discounted this potential solution, but he is trying to push the candidate to consider limitations on the client side that could reduce the viability of this recommendation. He wants the candidate to consider an even more real-world perspective—taking into account both how the market and the client's organization might react to a recommendation. The candidate should continue further and present her second recommendation and see if that one is perhaps more viable.

Candidate: If that's the case, I have another potential recommendation. If the client cannot assess and change its product offerings fast enough to combat the competitive threat in the marketplace, then the client might want to consider making a quick acquisition of one of its competitors in order to regain some share. If the client has enough cash on the books to make this viable, it could

be a way to “buy” rather than “make” new products that better compete in the market and thereby increase profits.

The candidate has risen to the interviewer’s challenge by calling on the classic “make vs. buy” strategy when evaluating a response to competitive threats. Would you be expected to come up with two such strong recommendations, both well grounded in practical business? Not necessarily. It’s clear that this candidate is obviously experienced enough to quickly formulate a short list of solid suggestions. When asked for potential practical solutions to a problem, be fact-based, rely on what you’ve learned in the case so far, and be creative but not outlandish.

Interviewer: Yes, that’s another potential way to go for this client, and you’re right that this may be more practical if the product development and launch times are long. There are undoubtedly other potential recommendations you could make, but for now that’s sufficient for me to see your line of reasoning on how you’d address the core issue. Good job. Let’s move on.

Well done. The candidate gets bonus points from the interviewer for understanding the “make vs. buy” decision that many companies face when under intense competitive pressure. Having done admirably on this case, the candidate should feel good about moving forward with the interview.

Case 7

The COO of a business services company supplying technology consulting to Fortune 500 companies is concerned because she has noticed a downturn in corporate spending overall on consulting and other outsourced services during the trailing two quarters. Upon discussing her thoughts with some of her peers at other tech consulting companies, she has learned that other companies are predicting a reduction in demand for their services as well. She is thinking about how to address this issue within her own company, and has asked for your help in thinking about it as well. What would you like to know, and how would you advise this COO?

Many business operations cases set up the situation you need to consider in this way: The candidate is asked to consider how changes in the marketplace will impact a company and what some of the operational responses could be to these changes. This case is indicative of the changing nature of business in the United States in that it focuses on a professional services company—not a traditional manufacturing or other packaged goods company. This means that the operational issues—and costs—the candidate will want to consider are different from those relevant to a manufacturing company.

Bad Answers

- I'm surprised she was able to talk to other companies. I thought that all of the consulting firms were really secretive and didn't share information because of client confidentiality rules and whatnot. My brother is a consultant, and he can't even tell me what clients he's working for—just the general terms like “telecommunications company” and that kind of thing. So maybe the COO is getting bad information or getting lied to—she should think about doing some research to see if her peers are giving her the straight scoop on what's happening with their businesses.

It's a waste of everyone's time to question the very information presented in the case itself. In general, whatever you are told by the interviewer towards setting up the case, you should trust. Focus on moving things forward throughout the case, rather than right off the bat questioning the very foundation of the case itself.

- I think she should start firing people and find a start-up to sublease some of her real estate. Sounds like the boom times are over, so she's going to need to cut the fat.

The candidate is moving much too quickly towards a recommendation. He hasn't investigated the issues at all. Until it's clear what the operational dynamics and concerns are for the COO in this case, the candidate should avoid jumping to potentially callous or impractical conclusions.

Good Answer

Candidate: This is an interesting case since it involves a services company, rather than a manufacturing company; this means the COO is going to be managing a different set of operations costs and processes as compared to those of manufacturing or other companies of that ilk. Since you've told me that marketplace demand is contracting for her and other companies' services, I'm going to assume that this is not going to change for some time and that the COO's main challenge is going to be cost containment as her revenues stagnate or fall in the short term.

This is a strong start. The candidate has inferred key information from the set-up of the case—namely that overall industry demand is contracting and that this is likely to negatively impact revenues. The candidate has further communicated that he understands the profit equation—and that costs, rather than revenues, are the relevant variable for the COO to focus on since revenues are assumed to be falling due to forces outside of the COO's control.

Interviewer: That's a safe assumption. When the overall industry is experiencing a downturn, it's important to focus on the cost side of the equation to defend profitability. What do you think is important to consider in this regard?

The interviewer is validating that cost management is at the heart of the matter. The candidate should move forward with an analysis of the operational costs that a company like this one would be working hardest at managing—in other words, he should work towards figuring out which operational costs are the most significant or require the most attention.

Candidate: In a general sense, I would want to think about how to manage operational expenses, which break down into fixed costs and variable costs. From what I know about consulting companies like this one, the main fixed costs tend to be things related to keeping the company running—like technology resources, real estate costs for the headquarters and branch offices, and administrative support for core functions like human resources, finance, and facilities.

The candidate is continuing to show good knowledge of both the theory of operating costs and the practical application to a services business—by listing the specific components of the typical fixed costs for a company like this one. Of course, a focus on fixed costs for a manufacturing company would include many of these items as well as key additional fixed costs like plants, machinery, and other fixed assets related to the production of goods.

Interviewer: Yes, that’s correct. Those are the main fixed costs that the COO manages for her company. Are there other costs she should think about?

Candidate: Yes, the client would also need to think about the variable costs she manages. In this case, I believe that the main variable costs are the salaries of the professional services staff that the company employs to actually do the billable work of technology consulting. It may be a bit harsh to call these people “variable costs,” but it’s my understanding that most companies think of their labor force as one of the variable resources that the management team must handle in terms of cost.

Interviewer: Yes, employee salaries are a big component of the variable costs that the COO needs to consider. Are there any others?

The candidate has correctly identified employee salaries as one of the main variable operating costs. However, he should try to take a comprehensive view of the landscape by identifying one or two other variable costs that might impact the cost side of the profitability equation.

Candidate: Yes, some other variable costs that the COO is managing would include travel and expenses related to her staff’s client service work, compensation

for contractors and other part-time workers, supplies and other nonfixed assets used to run the business, and selling and R&D expenses related to finding new clients and developing new service offerings.

Interviewer: Good job. That's a pretty solid list of the fixed and variable costs that the COO would want to consider in thinking about how to address the company's profitability with revenues declining. So what would you suggest she do to improve things?

The interviewer is getting into the heart of the matter now—he has acknowledged that the candidate has done a solid job in applying business theory to the case by communicating the profit equation, breaking down costs into fixed and variable, and listing the specific costs that fall under each category. The interviewer now wants to go deeper and really see what the candidate's practical business experience and instincts lead him to recommend.

Candidate: Well, let's consider each of the cost categories in turn. In regard to fixed costs, most of the ones I mentioned are very difficult to reduce or impact on a short-term basis. It's the very fact that they are hard to change that makes us think of them as fixed in the near term. If the COO needed to make drastic changes, perhaps she could consider reducing the real estate budget by tightening down the floor plans and using less real estate space for existing resources. While this may not be a popular decision, it might be possible to reduce the monthly real estate lease fees—or gain some subleasing rents if the company owns its headquarters buildings and can free enough space to take on new tenants. This is a challenging prospect though, if we assume that the company is managing its space fairly efficiently already. I believe it would be more fruitful to focus on reducing or containing variable costs instead.

Sometimes you've got to go with your instincts and make a judgment call about where to focus your thinking and recommendations. This is fine to do—the interview time is limited after all.

Interviewer: I can see why you'd want to do that. These are the costs that the COO is most likely to be able to impact in the short run. So what do you suggest she consider doing?

Candidate: In tight times, I know that one of the things that gets cut first is budgets for new resources like technology expenditures, office supplies, company perquisites, incentive trips, and so on. One suggestion would be to have the COO ask her department managers to revisit their operating cost budgets and identify areas where they can reduce nonvital expenditures for the next several quarters in an effort to help boost profitability. Investing in internal resources tends to stall or get scaled back when times are tough, and as long as she communicates why this needs to happen, then her division managers should understand and be able to deliver some cost savings. Marketing and branding budgets could also be reduced if her company is spending significant money in these areas. After all, these budgets go towards increasing market share—something that may not have the same return on investment in a contracting consulting services marketplace. The main advantages of these changes are that they can be made fairly quickly and won't impact company morale as significantly as reducing headcount would. That said, the underlying motivation for these changes still need to be well communicated to the whole company so people understand that these are not arbitrary or permanent changes.

Good suggestion. Although it may not be the largest source of cost containment, noncritical expenses not directly related to client service and new customer acquisition/sales are the kind of low-hanging fruit that a company can eliminate as a means of reducing operating expenses during difficult economic times.

Interviewer: Okay, I can see that this suggestion might be a good source of cost savings in the near term. Are there other things the COO could focus on doing?

Time to go further and explore some additional avenues.

Candidate: Yes, the other main source of expenses that I mentioned earlier had to do with the salaries and other expenses related to full-time employees. This is a much trickier issue, since letting employees go during tough times does save you money but also carries up-front incremental expenses in the form of severance payments. If, however, the COO believes that the downturn in revenues and demand for her company's services is going to be prolonged, reducing headcount makes sense so that the company can avoid having to bear the costs of under-utilized resources. This also assumes that the company's employees aren't unionized or employed under long-term contracts—both of which will prevent the ability to change the size of the labor force in the short term.

While firing employees does save money, it also brings with it new expenses. These new expenses must be considered on balance when evaluating the total impact of this kind of change on overall expenses.

Interviewer: Letting employees go could save the company significant money, assuming that the overall business is contracting. The COO has actually been considering this drastic step, as she is pretty bearish on the economy and on the overall demand for her company's services in the near as well as the longer term. If the COO accepted this recommendation, what else would you want to suggest she consider before directing her managers to reduce their headcounts?

Candidate: First, I would counsel her to conduct a solid analysis and business case for the need to reduce her staffing and be very focused about where and how she would carry it out. Since this is such a drastic and emotional step for the company, I would counsel her to avoid using an across-the-board reduction in headcount and instead in a targeted manner gauge where the reductions in headcount will be most appropriate—she would need to work with the different P&L or business division managers who know best what their employee needs will be to deliver on the company's existing client needs and service commitments.

Second, I would suggest she very clearly communicate the headcount reduction plan to the CFO and investor relations team so that they can manage Wall Street's understanding of why and when this step is happening. The last thing you want is to have the money managers who rate the company's stock price to overly penalize the company when the staff reductions become public knowledge. Third, I would advise her to be open about the task at hand to all of the internal stakeholders. In this way, the cost-containment activities will not seem like an arbitrary directive coming down from on high, but instead will be clearly connected to the reality of a downturn in the marketplace that necessitates such changes. Finally, I would counsel her to test the wisdom of making such drastic changes with other senior executives before carrying out the plan. I believe that the COO's internal reviews and communications on the decision will be vital in carrying this out in an effective manner.

Good job. Bonus points for showing a more savvy understanding around the challenges of reducing employee expenses through layoffs. Firing is a highly charged and difficult process for most companies—not only will it negatively impact morale, but it will also create new challenges for managers to have to handle. As well, it will potentially send very visible, public signals to the marketplace about the company's opinion of its business prospects in the long term.

Interviewer: Your suggestions make sense. Good job. Thanks for sharing your ideas.

Case 8

Your client is the vice president of global sourcing for a U.S. footwear company. The company once owned seven manufacturing plants in the United States but now only owns a single plant. The client has brought you in to determine whether to close the final plant. What types of questions would you ask to assist the client in making the right decision?

This is a relatively straightforward operations case that discusses the timely business subjects of offshore manufacturing and outsourcing. Most interviewers will expect the candidate to be reasonably well versed in the basic tradeoffs between domestic versus international sourcing and manufacturing.

Bad Answers

- The move towards global sourcing is always justified because the costs will be lower. If the client has closed seven plants, it probably makes sense to close this one as well to reduce costs, improve profits, and satisfy shareholders.
- I am getting sick of companies moving offshore and taking away jobs from American workers. It's companies like these that are responsible for the loss in manufacturing jobs.

It's stating the obvious, but we'll do it anyway: Make sure not to make your political views blatantly evident in your interviews. It can do nothing but harm your chances of getting hired. That said, keep your emotional opinions about critical issues in check and focus on the task at hand: tackling a case interview in a logical and structured manner. Your interviewer will be looking equally at the manner in which you address the case and at the methodology you use to crack it.

Good Answer

Candidate: Interesting question—and a timely one. I've read a lot about companies facing this same dilemma over the last year. Let me first ask a little more about the company: What types of shoes does it make? What customer segment, or segments, does it target? What are its price points? And what channels does it compete in?

The candidate has let the interviewer know that she is up to speed on one of the key current business issues—a point in her favor even though it's possible that the bar has been raised with this admission. The candidate proceeds to ask a series of very targeted questions that are all based on the 4C framework focusing on customers, cost/price, competitor, and channel. She chooses to leave competitors out of her line of questioning because she can glean the information she needs using the three other C's. This also allows her to be less obvious in her use of the framework.

Interviewer: The client targets women exclusively and provides a wide product offering, from work shoes to dressier, fashion-based shoes. Its price points vary—from \$50 all the way up to \$400. And it owns its own distribution channel, with small stores across the country. It does not have any international distribution.

Candidate: One or two more questions before I start testing some hypotheses: You mentioned that seven plants have been closed. What was the reason that the plants closed, and where did the production move to?

Interviewer: The plants were closed because the client determined that costs were too high. Most of the sourcing has since moved to Asia.

Candidate: Unfortunate, but not surprising. So the client makes a wide range of shoes, some basic, some more fashionable, but still targeted towards the same consumer, who appears to be a working woman. Digging a little deeper, I'm going to assume that the key purchase drivers for the target's work shoes are comfort, price, and a baseline level of fashion. That said, the target will splurge for her dressier, more fashion-based shoes. Is this correct?

Interviewer: It is, but why are you making these assumptions?

Though the candidate may (and in this case does) have very legitimate reasons for going down this path, she has not explained up front how and why she is taking this slant and has therefore lost the interviewer. Not a big deal, but she will need to quickly articulate the rationale for her line of assumptions.

Candidate: The reason I'm asking is because the client may need to employ a different service model for the fashion market than for the work market. For example, it may require different lead times, different manufacturing expertise, or different materials. And this may imply a different sourcing strategy.

Good recovery. A better tactic would have been to share this thought process before discussing the purchase drivers with the interviewer.

Interviewer: I see. Tell me more about what you mean by lead times and why the different markets might require varying lead times.

Candidate: I'm defining lead times as the time it takes the company to design a shoe until the time it is on the shelf. Lead times may be different based on the product segment precisely because of each shoe's varying shelf life. Fashion-based products only have a short window of time in which they are—for lack of a better word—in fashion, while the work shoes are likely to be more consistent year after year.

Interviewer: And what does this mean for our client?

The interviewer is pressing the candidate to turn her insight into implications for the client. Whenever possible, try to do this before the interviewer explicitly asks for them.

Candidate: For fashion products, the client needs to get the product on the shelf expeditiously, and may not be able to wait for the long lead times from Asia. Having a plant in the United States would allow the client to respond to market trends expediently and quickly stock its stores with fashionable shoes. And, given that the consumer is willing to pay a little more for her dressier shoes, the tradeoff between a higher priced shoe and the higher cost structure from a domestic plant might be worth it. In fact, if the client were the only plant to have an American plant, perhaps this could be a competitive advantage.

The candidate outlines the client implications succinctly, with an extra point about competitive advantage thrown in at the end. Some interviewers may not react kindly to this bonus information, because the competitive set has been mentioned; others may be impressed by the candidate's ability to push the analysis to the next level.

Interviewer: You've nailed one of the key issues. The client has kept the last plant in order to service the needs of its more fashion-conscious consumer, who demands a product that is "trend-right." All of the work shoe products have been moved overseas. Now let's see if we can quantify the tradeoff you talked about and make a recommendation. The client has recently put together some analysis saying that it can make the same fashion shoes in Asia for 20 percent less, but that this will add 6 weeks to the lead time. How would you analyze these results?

Candidate: So we're trading off a 20 percent reduction in costs versus 6 weeks of lead time. The answer will lie in how important those 6 weeks are. This brings us into the competitive nature of the market. Is the client now leading the market in getting its fashion product to market? And is its brand equity based on an avant-garde product line?

The candidate now formally introduces another C: competitors. She also asks more about the company, and where its equity with consumers lies.

Interviewer: Over the last couple of seasons, the client has introduced the "It" shoe for the women's fashion market; this has significantly driven up sales in this segment. Women have waited in lines that have stretched over city blocks in order to buy the shoes, which have retailed for \$400, up from \$250 in the years before.

This interviewer must have recently sold a big project, because this is a real giveaway.

Candidate: Well, in that case, it wouldn't seem to make a lot of sense to lose the brand equity, the price premium, and the sales for a 20 percent cost differential.

Interviewer: How would you calculate the break-even point?

The interviewer, realizing he was being too nice, now throws the candidate one last zinger.

Candidate: I would determine the average profitability under the two scenarios. The base case would involve producing the shoes in the United States with the higher cost structure. The other case would be producing the shoes in Asia but losing 6 weeks. I would assume that both the price point and the total sales would be lower under the second scenario, because the client is giving up its positioning as the maker of the "It" shoe. Then you would need to determine whether the lower cost structure would make up for it.

Interviewer: So if I told you that the average margin on the "It" shoe for the past two seasons was 25 percent, how far could the price fall before the lower cost structure would make sense?

Well, maybe one more zinger.

Candidate: If the shoes have sold for \$400, this means that the cost was \$300. Moving to Asia would mean production costs of \$240. To make the same dollar profitability per shoe, the price could be \$340. Ultimately, then, the question is whether waiting those 6 weeks will cut into the price by \$60 at retail.

Interviewer: That's the question. Thanks for talking this out with me.

Business Strategy Questions

Case 9

Your client is a large passenger cruise line company. It's considering whether to invest \$250 million in a new, 1,500-person passenger ship. The CEO of the company has recently declared publicly that he hopes to deliver 10 percent returns on all major investments. Help the client determine if this is a good investment.

The fact that this question is peppered with numbers implies that the interviewer is looking for a quantitative answer.

Bad Answer

Let's see . . . \$250 million investment, 10 percent return. This means that you need to make \$25 million on the investment. Let's say that the CEO needs 10 percent return over 10 years, that's \$2.5 million a year. That's about \$1,500 in profit per passenger. That sounds like a pretty hefty profit per passenger, so I don't think it's a good investment.

The candidate has certainly shown an ability to make assumptions, but he wildly oversimplifies the case and, in doing so, loses serious credibility.

Good Answer

Candidate: Interesting question. I can already tell there's going to be quite a bit of math involved here, so would you mind if I took a couple of minutes to write some things down?

Interviewer: No problem. Take your time.

There is no down side to taking a few minutes (though no longer) to gather your thoughts. Write down all of the factors to consider. In this case, the candidate will want to consider (among other things) the price per passenger, margins, cost structure, capacity utilization, and number of trips per year. Make sure you organize these types of things in a logical fashion so that your structure becomes apparent to the interviewer.

Candidate: Okay. Thanks for your patience. I have a clarifying question to start off with: When you say that the CEO needs a 10 percent return on investment, this means the total return needs to be \$250 million plus 10 percent, or \$275 million. Does the CEO have a timeframe for this payback?

A good start. The interviewer might be expecting the MBA student to calculate a return based on the time value of money (therefore the discounted return would be higher than \$275 million in today's dollars, factoring in the client's cost of capital).

Interviewer: The CEO is looking at a 5-year payback period.

Candidate: So \$275 million over 5 years is equivalent to \$55 million in profit per year from the vessel. For simplicity's sake, can we make it \$50 million a year?

Don't worry if you can't do this in your head. Do the math on a piece of paper. Also, it's completely acceptable to make the numbers you're working with very simple. The candidate has shown a facility with math, which is the most important skill to demonstrate on this case.

Interviewer: No problem. So what we've determined is that the ship has to generate \$50 million in income per year in order to break even.

Candidate: Let's start out with the revenue side of the equation, then move to costs. Revenue is going to be a function of price and volume. Volume is going to be equal to the number of passengers multiplied by the number of trips per year. So, for example, if the ship does ten trips per year, its total capacity is 15,000 passengers. How many trips does a ship like this typically take in a year?

The candidate has broken down the revenue portion of the income statement logically and asked a very targeted question that will allow her to continue her diagnosis.

Interviewer: A vessel like this does about 40 trips per year—40 week-long cruises with about 12 weeks for maintenance and repositioning (which means moving from one vacation spot, such as the Caribbean, to another vacation spot, such as Alaska).

Candidate: So this means that the total number of potential passengers is $40 \times 1,500$, or 60,000. However, the ship is not always going to be full, so the actual load is going to be less than 60,000. Let's assume that, on average, the boat is 75 percent full; this means the actual number of passengers is $60,000 \times 75$ percent.

This is not easy math to do in your head. Again, take your time and do the math on a piece of paper.

Candidate: $60,000 \times 75$ percent = 45,000.

Interviewer: Why did you choose 75 percent as your capacity figure?

Interviewers will often challenge you on your assumptions to make sure they are backed by sound business logic.

Candidate: My logic was this: At key times, for example during the holiday season and the summer, the boat is likely to be at full capacity with people taking their vacations. Let's say that this covers about one-third of the year. At other times—during the off-season—the boat is not going to be full; let's say it will be at about 60 percent capacity. The weighted average is about 75 percent.

Interviewer: Sounds like good logic to me. So now what do we do with this 45,000 figure?

Satisfied with the response, the interviewer wants to move on.

Candidate: We need to multiply it by a price per passenger figure to get total revenue. I haven't gone on a cruise lately, so let me ask what's included in the price in order to get a sense of what the fee might be.

Interviewer: The price includes all lodging, food and beverage (except for alcohol), and onboard entertainment activities such as movies, shows, and dancing.

Candidate: Got it. Since I imagine that different cruises target different consumer segments—and charge different prices—I'm going to need to know what type of cruise ship this is.

The candidate is seeking a key piece of information. Always remember to inquire about the customer.

Interviewer: This is a high-end cruise ship, targeting an upper-income bracket.

Candidate: To come up with an estimate, I'm going to use a benchmark, which is how much a consumer in this demographic might spend for a week's lodging and food on a noncruise vacation.

The candidate is now showing her logic before presenting a conclusion. This marks a shift in the approach she used earlier in the interview (when she used the 75 percent figure without giving any background). The interviewer will note this as a positive change made by the candidate.

Candidate: Let's say that this consumer, while on vacation, is accustomed to paying \$200 per night and spending \$50 per person per day on food, and \$50 per person on entertainment. So this means the consumer is paying \$300 per person per day, or \$2,100 per person per week. It's conceivable that the cruise could then charge in the \$2,000 per person range.

The candidate makes a subtle error in judgment. See if you can determine what it is before you proceed.

Interviewer: Actually, this isn't totally accurate. How would it change your math if I were to tell you that the typical consumer for a high-end cruise is an older couple who, of course, shares a room?

The interviewer is letting the candidate correct her own error. As a general rule, an interviewer will not ding a small mistake in a long—and quantitative—case, as long as the candidate recognizes the error, corrects it, and doesn't show signs of frustration.

Candidate: Oops, my mistake. I assumed the consumer was a single person traveling, not a couple. This means the hotel costs need to be divided by two in order to get to a per person number. So, the number would be more like \$200 per person per day, or \$1,400 per week.

Good recovery.

Interviewer: Do you think the \$1,400 per week is reasonable? What factors might increase or decrease the price relative to a “plan your own vacation”?

Candidate: I think you'd be able to charge a small premium on a cruise relative to a “plan your own vacation.” On a cruise, everything is very accessible, and all services are taken care of in advance. Convenience is likely of great value to the older consumer. So, to make the math easy, let's assume that a cruise can charge a \$100 premium, so the price per person per week would be \$1,500. If you multiply this by the 45,000, you get roughly \$70 million in annual revenue.

The candidate has wrapped up the revenue portion of the equation. Even if this number is wildly off—which it very well may be!—the interviewer is going to be far less concerned with the final answer than with the logic involved in getting there.

Interviewer: Okay. So, getting back to our initial analysis, you said that the ship would have to generate about \$50 million per year in order to break even. Given the revenue analysis you just did, do you think this is possible?

Candidate: This would imply that the cost of maintaining the vessel is only \$20 million per year. Stated another way, the margins in this business would need to be really favorable to generate \$50 million in income on only \$70 million in revenue. I don't know a lot about the specific economics, but this seems really high relative to most industries.

The candidate is using sound business judgment to assess the situation, speaking in terms of margin, and comparing the very high margin required to justify this investment against other industries.

Interviewer: You're right. The margins do seem too high. Do you have any ideas as to how the cruise could increase its revenue stream in order to justify the investment?

Candidate: One option, of course, would be to increase the price, but this might force many of the consumers to substitute other types of vacations for cruises. Other ways might include providing revenue-enhancing options on the boat, such as classes, a casino, skeet shooting, special restaurants where guests would be asked to pay additional fees. You also mentioned that the boat does quite a bit of repositioning. Perhaps the client could increase the number of overall paying passengers if it offered discounted fares during these times as well. But, still, I don't see how the client can justify this investment.

The candidate has come up with several creative solutions and has also taken the next step: assessing the impact of these possibilities on the economics.

Interviewer: Good job! I bet you never thought you'd be discussing skeet shooting during a case interview.

Case 10

Your client is a large regional grocery store player. Most of its stores are located in typical, suburban strip mall-type locations. But that market is almost completely saturated and competition in the grocery industry is fierce, especially with Wal-Mart aggressively expanding its supercenters. The client is looking for new growth options. One idea in front of the CEO is to expand into inner-city communities that have typically been underserved by retailers in general. How might you evaluate this strategic option?

This is a typical, broad-based, and meaty strategy question. It would be appropriate for undergrads or grad students. For an undergrad, this would be a very typical case question, since it deals with a subject—grocery stores—that should be familiar to virtually everyone.

Bad Answers

- I don't know anything about the inner city except for what I've seen in movies. I don't know any poor people. Can I have a different question please?

Wrong answer on a few levels! Not only does the candidate sound like a snob, he's also committed the cardinal sin of case interviews: punting on a question without making any discernible effort to come up with a solution. And he's made a snap judgment about the customer base—which, as you'll see, is not necessarily the right one.

- It would be dumb to go there. People in the inner city are poor and therefore can't buy enough of your stuff. And you don't want anything to do with that market. Poor people just need to work harder and get jobs. This would be like corporate welfare.

Whoa! It's generally a good idea to avoid aggressive political statements in case interviews. Not to mention the fact that the candidate has still ignored any relevant facts that might pertain to the case.

- Well, people do have to eat, so it might work. But there's too much crime, and it would be hard to get the trucks in there, so it just wouldn't be worth the hassle. I'd have to say, don't do it.

Slow down! There are some decent initial points here and they will certainly merit some additional exploration. But the candidate has jumped right to a conclusion, he's got no framework, and he hasn't even given himself a chance to shine.

Good Answer

Candidate: Wow. Interesting issue. That’s a lot to think about. Let me ask a question before I dive into a plan. How exactly are you defining inner city? Is there a specific location you have in mind?

Interviewer: Very good question. There are a number of ways to think about inner-city neighborhoods. This is actually an area we spent some time defining for the client. In practice, we are almost always considering a few specific locations, and you can probably picture a few inner city–type locations that are currently not served by a grocery store, but where you could imagine one. For the purposes of this exercise, however, let’s think generically about inner-city locations. We can say a few things about them: (1) They are areas in which the median income is significantly lower than that of the metropolitan area as a whole; (2) unemployment is generally higher than in the rest of the region; and (3) there is currently a relative lack of retail options, especially large grocery stores.

It’s okay to ask a clarifying question up front. In this case, it was a smart move as it provided the candidate with some valuable information and gave him some time to think. Just don’t let your early questions drag on too long or get you distracted from your framework and strategy for dealing with the case.

Candidate: Thanks. That’s helpful. There’s so much to think about here that I’ll try to come up with a clear plan to do so. I’ll think out loud while I jot down some notes. I’d like to think about a few things, including (1) the size of the market in terms of both people and income; (2) competition—current ones as well as future potential entrants; and (3) the challenge of doing business in this market, mostly in the area of store operations.

This is fine for a framework. The candidate could probably do a classic “4Cs” with this case if he so desired. Any clear framework will typically do, just so long as you have one.

Interviewer: That sounds good so far. Why don't you start with the size of the market?

Candidate: It's potentially big, right? I'd check out the actual data of course, but can I assume that many people live in these neighborhoods?

Interviewer: Yes, that's a safe assumption. The population in inner-city neighborhoods as we've defined them is quite large. More than 30 million people in the USA live in inner cities, in fact.

Candidate: That's what I thought. So we know the potential market is huge in terms of people. And you've told me that there are few stores serving them now. I'd want to hold off on getting more into the competition until later on, but let's just say that the lack of it initially will be a good thing for us. And it seems to me that everyone has to eat—meaning I'd prefer to place a bet on a grocery store rather than, say, a music store.

Interviewer: Good start. Let's throw a little wrinkle in here now. A consultant is often charged with figuring out good ways to test theories and do research. You said you want to check out the data. How might you go about testing the ideas you've just shared regarding market size?

This type of question occasionally comes up, especially in later rounds when it's already been determined that you can handle such a question. An interviewer will want to see how creative and practical you can be in thinking through how you'll actually do the work. Sometimes you'll even be asked to role play. It doesn't happen often, but keep it in mind.

Candidate: Hmm. Trial by fire for me, today, huh? Okay, here are some ideas. I'd look at census data to get populations and income levels. I'd want to get traffic patterns for cars and buses and see how much traffic other stores are getting in the area.

Interviewer: How would you specifically do that with the traffic patterns?

Candidate: Well, it seems there are specialist firms involved in almost all types of research these days, so we could probably buy that kind of data. But if push comes to shove, we could go out and observe in person for a day.

You can typically buy all kinds of customized research these days. But often “brute force” reconnaissance is the way to go, with junior consultants performing this type of work.

Interviewer: Sounds fine. Let’s move on. I’d like to dig more into this market-sizing piece and talk specifically about income levels and whether they matter.

The candidate is getting a direct hint here. He’d be wise to take it. If an interviewer is this specific, she wants you to follow the lead.

Candidate: Well, as I noted before, everyone has to eat, so I’d assume that there’d be some base level of sales you could count on. But we also know that the median income is much lower than those found in typical suburbs; this is a problem. I have to think, though, that there’s an advantage being in the city because you’ve got a lot more people living in a smaller area, what with the taller apartment buildings and such. This has to be positive for a grocery store. From what I know of suburbs, folks will drive 3, 4, 5, or more miles to get to a store. In the city, you’d probably have the same number of customers within a 1-mile radius.

Eureka! This is a key point in the case. In the trade they call it “income density” and you can think of it as dollars per square mile. If the candidate hadn’t thought of it himself, the interviewer would probably have prompted him somewhat, perhaps using data, especially since she has a follow-up question. If the candidate were very cagey, he might have mentioned early on that grocery stores have very big fixed costs since they are large and pay lots of rent. Therefore, they often think of their performance in terms of dollars per square foot. This is a good example of a piece of data that you’d know if you’d ever worked in the retail field, and one that you might come up with yourself. And yet you would not be expected to know the terminology.

Interviewer: Good point. Let's test it briefly. Suppose I showed you some limited data:

Store	Cost per Square Foot (\$)	Median Household Income (\$)	Total \$M per Square Mile
Suburb store A	455	75,000	2.7
Suburb store B	639	95,000	3.5
Inner-city store A	812	40,000	5.8
Inner-city store B	711	35,000	4.1

Candidate: Perfect! Just what we needed. So it looks like our theory is correct based on this data. While average income is lower, the *total* dollars to be spent in a given trade area is actually higher in the inner city. In the suburbs, the average dollar per square foot is . . . let's see, let's call it \$450 and \$650, so we're talking roughly \$550. In the city, it's right around \$760. That's a considerable difference in favor of the city. And it seems to be coming from the income density you mentioned. In the 'burbs, the density is about 3.1 million per mile while in the city it's more like 5.0 million. I'd want to run a regression against more data, but this feels right so far.

Occasionally you will get a little numbers test in the middle of a case. It will typically be relevant to the case and will often be a market sizing-type question. Sometimes the point is to get to some case insight; other times it can just be a quick test of your math facility and willingness to engage in, rather than shy away from, numbers. In this case, it was a mix of the two. The candidate used round number estimates and drew a quick conclusion. Good for him.

Interviewer: Good. Let's briefly talk about one more issue you think is important.

She's left it open for the candidate, so he can pick his favorite. She said "briefly" and "one more" so the candidate knows they're heading toward the end. Brevity, therefore, is the way to go.

Candidate: Then let's quickly touch on store operations. I'll bet some things would be harder in the city. You'd have to deal with the crime issue, both in terms of theft of goods and the security of the customers. And I think you might have some employee-training issues because the overall education level might be lower. I'd want to interview some successful inner-city store managers and see how they deal with these issues. And you might have differing demands for product mix because you could have different ethnic groups in the city. In my experience, big stores like to carry all of the same stuff. We'd have to learn more here—talk to some store managers. I might want to do a focus group with some inner-city residents to see what kind of products they like to see in their stores.

Interviewer: Good thoughts. And you read my mind on the follow-up tests that you'd do. I like that. This has been a good discussion so far. Let's bring it home to an initial conclusion. Can you summarize and give me a recommendation?

Sometimes an interviewer will request a summary. If that's the case, by all means give it. Other times she won't and the end of the discussion will just sort of hang there. In the latter case, briefly summarize your findings and make some sort of conclusion. Consulting is ultimately about making recommendations to clients—you will look your best if you process the information and turn it into something more real.

Candidate: Sure. Let me summarize some of the "pros":

- Fertile new ground: We need a place to grow and this market is wide open and big.
- An edge over Wal-Mart: It's hard to get its big stores in there.
- Population density: There are more dollars per mile, even if average incomes are lower.

- Rent: This could be lower, but we'd have to explore that more.
- Labor pool: Higher unemployment could mean a benefit for hard-to-fill retail jobs, but we must be aware of potentially higher training costs.

Good list. Nice summation of key points. Note that a couple of the points were not discussed much in the meat of the case. That's okay in a case like this. Be sure to touch on the ones you do discuss.

Candidate: Now on to the “cons”:

- Crime or perception of crime: Perception might be worse.
- Labor supply: In inner cities, the labor pool may have less training.
- Income level: Population density argument seems real, but we're still not sure how this will affect the product mix and margins of the store.
- Infrastructure: It could cost more to upgrade site facilities, access, and so on.
- Lack of space: It might be harder to build bigger, prototype stores.

Interviewer: Fine. So where do you come out?

Candidate: Well, there are strong arguments for both sides. But I'd say it feels like the pros outweigh the cons. Even though we're talking broadly about the inner-city market, the reality is that you'll be trying one or two stores at first, so the relative risk won't be as great. If it doesn't work, you can pull the plug. Plus, you won't learn some of the answers unless you try.

Good job. The candidate has made a decision and supported it well. It doesn't matter if it's right or wrong, and in this case, it's pretty much impossible to be right or wrong anyway. The candidate showed savvy by pulling back in on the general nature of the discussion and focusing on the specific reality of the decision.

Interviewer: Super. Good summary. And I'm glad you put a stake in the ground. When we did this project, that's very much what we told the client. They're still working on the first few stores, but early indications are very positive.

Well done. The candidate brought some structure to a wide-ranging case. These types of cases are not easy because there's much to cover and the tendency may be to jump around. The candidate handled the mini-numbers section. He drew on some personal experience, which is always good. (In a case like this, you might be tempted to draw too much on personal or anecdotal experience, since shopping is so common to all of us. Just be aware of this tendency.) The candidate followed prompts well—always a good thing. Remember that interviewers typically base their cases on work that's familiar to them, so they often have a few directions they want you to go. Take their prompts seriously. This was a fun case with real business and societal implications. If you liked this case, you might very well like consulting.

Case 11

You have just joined a sportswear clothing company with a long tradition of making polo-style, short-sleeve shirts and casual button-down, long-sleeve shirts. Let's call this company Eli's. The division within Eli's that you've joined was formed 6 months before your arrival. This new division designs and manufactures shirts for hip, young, fashion-forward urbanites, made in a similar style to those of several other smaller shirt makers who've burst onto the fashion scene in recent years. Your division is losing a significant amount of money, and your manager has assigned you the project to determine what should be done. What do you need to know, and what would you do to assist your new division at Eli's?

This is a case focused on a classic strategy problem—one similar to any number of business strategy problems you would likely face on a typical management consulting project or within many types of manufacturing and marketing organizations in a competitive marketplace. There are one or two pieces of important information that the candidate should be able to infer from the interviewer's description, or set-up, of the case problem. However, most of the information the candidate needs to properly analyze the strategy issues at play here require further probing on the part of the candidate. This case therefore tests the candidate on both her ability to acquire the proper information to identify the nature of the business strategy problem and her ability to develop one or more potential solutions and communicate them as options (rather than answers) for the interviewer to consider. Strive for simplicity with these types of strategy case questions by thinking of them as having two parts: one part information discovery and synthesis, and the other analysis and development of recommendations.

Bad Answers

- Well, I've already identified the main problem: Eli's must have bad shirt designers who just don't know what kids want these days. I would fire all of my designers and hire new ones. Problem solved, profits up and to the right on the graph for next quarter, baby!

This answer is facetious, as no candidate in her right mind would take such a curt and arrogant approach to answering such a potentially complex business problem. However, it's meant to illustrate one key point: In 99 of every 100 strategy case interview situations, you will not have enough information just in the case setup to be able to provide a recommendation. Instead, always consider the many areas you could or would investigate to gather more information before jumping to conclusions or answers to the case problem. Answers like this one demonstrate that the candidate thinks she knows enough to handle any business problem, no matter how foreign the subject matter. Hence, short and quickly considered responses that jump directly to the recommended course of action—without any probing or consideration of alternative strategies to address the problem—are among the worst things you can do in a strategy case interview.

- I'm not so interested in the fashion and retail industries. As my cover letter indicated, I'm really interested in working in finance, so I'm not sure I'd have very good ideas about how to help a company like Eli's—the kind of place I'm never going to work at anyway. Can we talk about an example of a problem that an investment bank might have? I know a lot about how to deal with problems in finance.

Even if you've indicated a preference for a specific type of functional role, industry affiliation, or the nature of work you'd like to do if hired by the company interviewing you, this is not the time to reinforce what you are and are not interested in doing. The interviewer is not seeking an answer on or insight into how much personal knowledge, research, or interest you have in the fashion industry. Indeed, the candidate's background, previous knowledge of a specific industry, and career interests are all almost entirely irrelevant to a successful performance in the strategy case interview. Instead, these cases allow the interviewer to gain insight into the candidate's general knowledge and application of generic business strategy principles. Do a good job in the interview, get the job offer, and only then talk details with the company about what you'd like to work on when you join them.

- It's probably just that people don't like the new shirts Eli's is designing, or they must be priced too high. Or maybe they're made in the wrong sizes or the color scheme isn't right for the season. Do you have pictures of Eli's shirts and some of the other more stylish shirts that I can look at?
- Interviewers will only rarely have visual aids, graphs, or numbers for what's going right and wrong in the situation with which you are presented. And when they do, they'll provide them to you. So, don't ask. The candidate makes another misstep by using definitive language such as "must" and "isn't right." Let the interviewer use this type of language in describing the problem—those are the facts. The candidate should instead use open, probing language that indicates her mind remains open to many possibilities until*

she has gained enough information to begin formulating possible recommendations for action; such words include “could,” “might be,” “perhaps,” and so on. Finally, the candidate is already pigeonholing the problem as being one focused on the consumer demand side of things. In so doing, she is closing herself off to the possibility that supply-side or operational problems might be the cause for higher costs and lower potential profits, rather than a drop in demand for Eli’s shirts. A strong candidate keeps her options open in the first half of the case, during information discovery and consideration.

Good Answer

Candidate: An interesting situation, and one in which I imagine many new hires are thrown into since companies often like to have fresh ideas and approaches applied in lower-performing divisions. Before I begin thinking about how I might respond to this issue, I need to find out more information. So that I can understand the nature of the marketplace and competition, can you tell me if Eli’s competitors in the hip, stylish shirt market are also struggling or losing money?

Good start. The candidate has acknowledged that she will need to learn and consider more information before she is ready to make a recommendation. This is the first key step in any strategy project: getting the data. The candidate has chosen a big picture inquiry to start the investigation and data gathering: an assessment of the health of the overall market demand, using the relative fortunes and performance of other shirt makers as a proxy and directional indicator to see if the market holds any promise for Eli’s at all.

Interviewer: Good question. Yes, Eli’s competitors in the market for hip, stylish shirts are all doing quite well. They are profitable, popular, and all growing fairly effectively. Only Eli’s seems to be having problems making money, despite all of the demand out there for these kinds of shirts.

Good information has been provided here, even more than the candidate was seeking. This is often the case with strategy case interviews; the interviewer will generally guide and provide information to the candidate when it is intelligently and respectfully requested.

Candidate: Okay. Based on the information you've just provided, it sounds like the problem is not on the consumer demand side. It sounds like there's interest and demand for these kinds of shirts and that the market is expanding. There are competitive threats to Eli's offerings, but that's natural in a profitable market. I'd like to know more about the reason Eli's believed it could compete against the smaller designers. Did Eli's hire away a particularly talented designer from a competitor?

Interviewer: Yes, in fact your division has hired several designers away from competitors in the last 6 months, but that hasn't helped. You might want to try something else.

Hmmm. The candidate had a theory, and tested it, but was quickly rebuffed by the interviewer, who basically tells her to avoid wasting any time on the "design and aesthetics" aspect of the case.

Candidate: I just know from my sister, who works at Nordstrom's, that certain styles take off in a particular season and then everyone wants them. Maybe Eli's just hasn't hit the right style of shirt yet and needs to try more designs until one turns into a hit?

Interviewer: That's not it at all. You'll need to think about other things if you want to make any progress.

Yikes. The interviewer remains pretty tough and is communicating very clearly that he thinks the candidate is off-track and should switch course. Remember, there's obviously an element of role play at work here, so don't freak out if you meet a tough interviewer or find yourself hitting on a false assumption or down a blind alley. Clients can be tough too, and the interviewer is likely testing your reaction to difficult situations. Just gracefully accept the redirection and take a different tack.

Candidate: Okay, I'd like to learn more about other potential strengths and weaknesses of Eli's that may be impacting its performance in the marketplace. Does Eli's have efficient production and operations capabilities? Are its existing distribution partners all on board to distribute its new as well as traditional designs? Has this division in Eli's had access to a marketing budget to let the marketplace know that these new shirt designs are being sold?

Interviewer: Good questions. As I mentioned before, Eli's is an established and large, well-known shirt maker. Eli's has a strong and fast production set-up, and all of its distribution partners are stocking the new shirt designs in the right areas of their stores. They are just not selling so far. And yes, Eli's has been marketing its new shirts in a splashy ad campaign running on television and in print.

Good. The interviewer seems to have mellowed out a bit and is sharing a bit of useful information.

Candidate: Okay, that's helpful. So it sounds like the problems are not on the fulfillment and operations side of things, since Eli's is such a mature organization and has some great assets in the form of its distribution partners and marketplace reputation for high quality. I wonder if the problem could be with Eli's marketing campaign—was it too costly or confusing? How are Eli's competitors advertising their products to the marketplace?

Well done. The candidate has implicitly demonstrated a knowledge of the most important framework for evaluating strategic business problems: the SWAT analysis. SWAT stands for strengths, weaknesses, advantages, and threats. The candidate has already learned enough about Eli's threats, has probed somewhat on its weaknesses, and has acknowledged that the interviewer has confirmed numerous strengths and advantages for Eli's. However, the interviewer has not explicitly identified any key weaknesses that could explain Eli's profitability problems in this new division. So, the candidate should probe further to try to discover one or more key additional pieces of information. This is what the candidate has done with her line of questioning about Eli's marketing campaign.

Interviewer: It's interesting you should ask that. In fact, Eli's marketing campaign was very expensive, even compared with several of Eli's more successful competitors. Unfortunately, it hasn't worked to stimulate demand. The target audience just doesn't want to buy Eli's new shirt styles. Why do you ask?

The interviewer didn't divulge much here, except for setting up the conundrum of lots of marketing focus but little demand generation. This usually indicates either off-target marketing or ineffective marketing messaging. The "Why do you ask" from the interviewer may indicate that the candidate is getting warmer.

Candidate: The reason I'm asking is that I'm wondering whether Eli's might have made some tactical errors in marketing the new shirts—for instance, marketing to the wrong target audience using the wrong channels or perhaps using more traditional messaging for the new shirts' benefits that doesn't match up with their real benefits and attributes?

The candidate continues to push on an area that seems promising to her, but without seeming too insistent. This is an effective way to test the waters on a new theory and acquire incremental information and direction from the interviewer, if he's willing to supply it.

Interviewer: It's prudent of you to ask for greater detail about how Eli's is marketing its new line. I can tell you that Eli's used very broad-based television and print ad channels, so you can be sure that its target audience is being reached. And while Eli's did try to spice up its messaging and the images used to promote the new line, it decided to stick with its original brand name for these new shirts—the same brand name it's used to sell its more traditional sport shirts and button-down casual shirt lines.

The interviewer continues to dish out subtle but helpful hints. It seems the candidate is finally getting somewhere.

Candidate: That’s interesting and helpful to know. Let me just ask one or two more questions, and then I think I’ll have enough to pull together a complete picture of what Eli’s new shirt division is facing. Then I can start thinking about potential recommendations to address it. Are Eli’s shirts significantly more expensive than those of its competitors? Or are they significantly less expensive?

The candidate is starting to become comfortable with where things are heading. However, just to be sure that she’s covered all of the bases, she is probing on one last issue—the issue of price—to determine if simple economics is impacting demand. The candidate was right to preface this additional question by indicating that she’s close to being ready to move on to the second part of the interview: the development of potential recommendations to address the problem. If she hadn’t, the interviewer might tire of the situation. Collecting some information shows a balanced approach to evaluating many sources of the problem. But endlessly pursuing all manner of information in ever-increasing detail can be overkill and may indicate “analysis paralysis”—that is, the inability to leave the pursuit of new information in order to move on to the more valuable, and ultimately more important, part of a strategy case scenario: synthesis of available information into a plan of action to resolve the problem. In this case, the candidate has shown both the desire to move forward soon as well as the inclination to leave no obvious stones unturned. This is a positive thing, a sign of patience coupled with action on the candidate’s part—the right balance of thinking skills for a successful business strategist.

Interviewer: No, price isn’t an issue here. Eli’s new shirts are somewhat more expensive than its more traditional offerings, but so are those of its competitors. The pricing is appropriate to the more hip, status-conscious consumers of these new shirts. That said, you might be on to something with the marketing approach. What are your thoughts on what the problem might be based on what I’ve told you so far?

Okay, the interviewer has clearly indicated to the candidate that it's time to synthesize available information and begin developing a solution. The candidate should respond by moving forward quickly.

Candidate: Well, given what you've told me, I have two theories about what the source of the problem might be. My first theory is that Eli's has made a mistake in using the same brand name with these new shirts; this may be putting off its target customer. You implied that buyers of these shirts are paying a premium for a luxury item. Maybe there isn't enough luxury and hipness attached to Eli's brand to justify the higher price. My second theory has to do with the marketing images and messaging: Perhaps Eli's target customer isn't interested in wearing shirts that everyone knows about. It may be that the broad-reach marketing campaigns have backfired by giving the impression that these new shirts are just as common and widely available as its other, more traditional styles. In other words, perhaps these shirts need to appear less widely available and well known and instead appear more exclusive or harder to get in order to appeal to the target audience.

The candidate has put somewhat of a stake in the ground, suggesting two potential theories as to why these new products aren't selling as well as competitors' offerings. If one or both of these theories is correct, then the candidate should be thinking about how to address it.

Interviewer: Good thinking. In fact, most candidates I talk to about this case guess a variation on either one or the other of these problems and go straight to a recommendation from there. But you were right on both counts: Eli's problems are both with its brand choice and with its choice of an overly broad marketing campaign. What would you suggest this division do to address these issues and get Eli's new shirt division on the road to success?

Candidate: I have a few ideas. I'll present them separately so that they match up to the different problems Eli's is facing. With regard to the Eli's brand, I don't

believe it would be in the company's best interest to try to shift its core brand identity to match up more closely with the hip, stylish, fashion-forward identity desired by the target audience for these new shirts. I'm assuming that Eli's traditional shirts are still the cash cow of its business. As such, Eli's wouldn't want to do anything to potentially threaten or erode this revenue stream. Therefore, I'd recommend that Eli's consider using a new brand to sell its new shirts—a brand that's sufficiently different from the core brand. Eli's can create a new, more appropriate brand identity from the ground up, one that's more appealing to the hipper, status-conscious target audience.

Interviewer: Interesting idea. However, starting a new brand for this new division is a costly endeavor. Do you have any other ideas on how Eli's might accomplish this goal?

The interviewer is probing the candidate now, trying to determine if she has enough breadth of business strategy knowledge to consider multiple potential recommendations or solutions to the same strategy problem. A successful candidate will present at least one or two alternative approaches to address the problem. However, if the candidate cannot think of any additional potential solutions, then she should indicate that she needs a little more time to consider other options and move on to addressing problem number two (rather than ignoring the request or suggesting in any way that there are no alternatives to the recommendation she has already supplied—a move that would be very bad and close-minded indeed).

Candidate: Well, now that I think about it, I might recommend one other way to address the brand problem Eli's is having with its new shirts: It could acquire one of its successful competitors in the fashion-forward shirt industry and continue marketing shirts under this established, and hip, brand.

Interviewer: An interesting alternative. You're right. Eli's is facing a classic "make vs. buy" decision; it has to decide whether a new brand for its new shirt line is the way to go. Well done. Those are enough ways to address the problem.

How about your recommendation about the marketing campaign failing in its first incarnation?

The interviewer is indicating that he's just about satisfied with the course this case interview has run and just wants to hear a little more out of the candidate before concluding. When you hear these kinds of leading indicators—that the interviewer is short on time and about ready to wrap up—you should respect these clues and move to closure. Even if you're excited with new ideas and have lots of potential additional recommendations, you should wrap it up. Again, the case interview is as much about how the candidate handles the situation and reacts to the direction provided by the interviewer as it is about what the candidate says and thinks—just as the successful practice of business involves a combination of good thinking and tact when it involves executives or clients.

Candidate: I'll be mindful of our time, since we've spoken at length today about this particular case, and I'll wrap up quickly with one recommendation for how Eli's could address its marketing missteps—though I could develop a few alternatives if I had more time. My initial recommendation would be for Eli's to learn from the successes of its competitors and in some respects mimic the marketing approaches they're using to convince the same target audience of its value. If Eli's can adapt its marketing images, messages, techniques, and channels to more closely map to those being used by its competitors, Eli's would most likely see a better response from its target audience. As well, Eli's would get a better return on its marketing investment by being more tactical and focused in its marketing expenditures.

Well done. The candidate closed quickly while still indicating that she has the flexibility and skills to be able to consider other options if time permitted. This is a successful navigation and effective closing to the case, acknowledging the nuances and complexity of the problems that Eli's faces. Complex business problems rarely have singular or simple solutions.

Case 12

Your client is a major sports shoe manufacturer. It has been watching the growth in skateboarding-type shoes in recent years and is wondering whether to start producing these shoes and add them to the existing line. What would you recommend?

This is a common new markets/expansion strategy question. In such a scenario, the candidate's task is tiered—first, he must evaluate if the new market has enough potential and longevity for the client to enter it; and second, the candidate must determine whether the correct strategy is to “make” or “buy.”

Bad Answer

Candidate: Those things are such a fad. Skateboarding is kind of a pop-culture thing that happens to be hot right now, but I'm sure it will cool off as soon as the alternative types catch on to something new. I'd advise against making a new shoe that's going to be “out” pretty soon.

How does the candidate know where the market for skateboarding shoes is headed without investigating it first?

Interviewer: Do you have any personal information or experience that tells you that the skateboarding shoe market is going to cool off soon?

The candidate is getting a small opening to try to salvage the chance to enter the case and move it forward.

Candidate: Well, I have a younger brother who was really into skateboarding, but lately he seems to be a lot more interested in listening to music. Also, one of the guys he used to skateboard with doesn't board anymore either. So I can just see the trend starting to wear off.

Won. That's a great recovery. (Note dripping sarcasm, please.) A sample set of two to determine the direction of a global market that a Fortune 500 company is interested in pursuing. This candidate is going to have plenty more time to study the youth market when he goes to work for one of the stores at the mall after graduation.

Good Answer

Candidate: This is an interesting one. I can't say I'm too familiar with skateboarding personally, but I'm sure I can ask some questions along the way to sort through the issues. Before I start thinking about how the client would consider entering this market with one or more new products, I'd like to ask a few questions to determine if the market is worth entering. Can you tell me whether the client has done a market analysis and made a definite decision yet about whether it wants to enter?

Good start. The candidate has clearly spelled out his approach to the case and has started with the big picture. If the interviewer wants to, she can push the candidate by saying no—thus, forcing the candidate to do the work of evaluating the market.

Interviewer: Good question. Some candidates just assume that the client is ready to act; this isn't always the case. In this case, you can assume that the client has done extensive research and determined that this market has legs.

Great. The candidate got what he needed.

Candidate: Thank you. That's helpful. So I'll assume that the client is really trying to determine how to enter the market for skateboard shoes. The first thing I'd like to know is how quickly the client is interested in entering?

The data hunt continues.

Interviewer: Obviously faster is better, as is the case with any new market that's expanding. But the company is willing to wait if necessary, to enter in the right way.

No information is offered here. If the interviewer had indicated that the client was ready to enter quickly, then that might point the direction in favor of buying an incumbent player already in the market. However, the candidate will have to drive forward without much direction—not an uncommon occurrence in these types of case interviews.

Candidate: Let me clarify. I was trying to learn if the client was interested in moving very quickly, in which case buying an existing market player might be a preferable entry strategy; sometimes it's more favorable to buy an existing product, brand, and manufacturing operation to get into a market quickly than to try to build from scratch. However, I'll take a look at a few more relevant issues before making my recommendation.

The candidate does a good job of explaining his thinking so that at least the interviewer can get some insight into why he asked the question.

Interviewer: Okay. . . . Continue.

Candidate: First, I'd like to know whether the client is confident in its designers and their ability to design a shoe that will compete well against existing competitors' skateboarding shoes. The look of a shoe is such an important factor in sneaker shoe marketing these days. Also, I'd like to know whether the client has excess capacity in its production and operations as this would allow it to introduce one or more new shoes into its lines.

The candidate identifies two key steps in the production process: research and design, and production. By exploring these two areas, he can get a sense for whether “make” is a strong option for the shoe company.

Interviewer: In fact, while the client has strong internal design resources for its existing shoe lines, it doesn't have in-house design resources that are knowledgeable about the skateboarding market. However, the client's production capacity is very flexible and could accommodate ramping up several new lines.

Candidate: Interesting. Can you tell me a little about the existing products in the marketplace? Is it the design and brand or the features and details that have led to market leadership so far?

Interviewer: It's a combination of brand and "coolness" plus features that the top brands in the market for skateboard shoes share. But based on the client's research, it appears that the brand association of the shoes is the most important driver for success. Endorsement by leading skateboarders—their association with the brand—is a key element required to create this cachet.

Good information. The candidate will want to analyze this new information to figure out what's actionable and what's not.

Candidate: Interesting. I wonder if there are any skateboarders who aren't currently endorsing shoes, or who are unhappy with the brand they're backing?

Interviewer: There aren't any popular skateboarders who don't already have a shoe associated with them. In fact, three or four of the top skateboarders are all affiliated with one skateboard shoe brand called Snaps. Another leading brand, LaTerry, sponsors two of the top skateboarders. Another much smaller brand called Lucky's is starting to gain some traction and has garnered attention with the recent airing of a popular rock band's video, which copied some of the ads it ran in a skating magazine.

The interviewer appears to be validating much of the candidate's approach, and offering some helpful hints.

Candidate: Interesting. Are any other major shoe manufacturers already in this market? And if so, have any of them purchased either Snaps or LaTerry and kept them as a separate brand?

The candidate has tipped his hand about the possibility of buying an incumbent as a means of entering the market.

Interviewer: Reebok approached Snaps last year about an acquisition but the client heard through the grapevine that Snaps didn't want to sell. Why do you ask?

Candidate: From what I've heard so far, I'm leaning towards a recommendation that the client consider buying a smaller but growing brand in the skateboard shoe market. This offers the advantage of acquiring a brand with existing sponsors and brand presence, and the potential to quickly expand the line by utilizing the client's excess production capacity. The designers they acquire would be able to experiment and come up with interesting new designs more quickly than the client's in-house designers—those whom you say aren't in touch with this particular market. In this case, I'd recommend that the client first consider talking with LaTerry or another smaller brand that hasn't had a negative experience with a potential corporate acquirer like Snaps has had with Reebok.

The candidate has developed what appears to be a workable recommendation. But the candidate should be ready for the interviewer to press further just in case a few more details require further attention as well as to validate the recommendation's practicality.

Interviewer: That seems reasonable. But before making your final recommendation, would you have the client take into account any potential roadblocks or difficult issues?

Candidate: Good question. Yes, I would. First, I would want to do the research to understand brands three, four, and five—ranked behind Snaps and LaTerry—as well as other brands in the market to see if there are any obvious candidates for acquisition. I would primarily want to look at brands that are on an upward trend but are limited by production and distribution—so that my client could grow the new brand quickly. Second, I'd recommend that the client retain the existing brand following acquisition. In fact, I'd recommend that the client consider keeping the acquisition as quiet as possible. In some cases, a clothing brand's appeal to younger and more fashion-conscious consumers is aided by

an association with smaller, more experimental companies. The client probably wouldn't want to dilute the brand association built up by the smaller company in this rather niche market by rebranding it. Rather, it would want to retain the existing brand and just expand in a quiet way the available product offerings to reach more price points and styles. Finally, I would recommend that the client use contracts or financial incentives to ensure that the smaller company's marketing and design managers are motivated to stay on board after the acquisition. Since the brand development and design are key assets needed to successfully sell these types of sneakers, and the client presently lacks these assets, it would be a waste of money and time if they were to depart right away. If we could find an acquisition candidate whose key employees were happy to be acquired, then it would ensure that the assets of the smaller company could be married to the production and distribution assets of the larger company for a winning entry into this market.

The candidate makes a knowledgeable defense of his proposed market-entry strategy by listing the key supporting actions or considerations that the client would also need to address in order for the recommendation to work. Undoubtedly, other key considerations need to be taken care of before the client would take action, but a specific and direct list such as the one that the candidate provides here is sufficient proof that the recommendation is well-reasoned and defensible. If all of the pieces of the strategy puzzle—the strengths, weaknesses, assets, and threats in the client's strategic situation—have been addressed, then the candidate is on solid ground.

Interviewer: That sounds like a good list of initial considerations were the client to accept your recommendation to acquire a small existing company as a strategy for entering this growing market. Thanks for sharing your thoughts with me.

Good job. Consider this case successfully navigated.

Resume Questions

Case 13

Most people who enter consulting don't make a career out of it. How does consulting fit into your long-range career plans?

This is a different slant on the "Why do you want to get into consulting?" question.

Bad Answer

At this point, I think that consulting is the career for me. It combines interesting questions with constant access to senior-level executives and will allow me to travel to very exotic places.

The interviewer is going write you off as a phony or he'll interpret your response as sarcastic and write you off as a jerk. The Donald would fire you for this answer.

Good Answer

Candidate: The thing I really like about consulting is that it gives me a skill set that's broadly applicable to whatever I want to do next should I choose not to make a long-term career out of consulting. In particular, there are three skills I'd like to develop further in consulting: problem structuring, analytics, and client relations. These skills will serve me well in whatever career path I pursue in the future.

The candidate does a nice job of structuring his response from the outset, demonstrating that a good structure works well for resume questions as well.

Candidate: I've been impressed by consultants' abilities to take a difficult problem and break it down into more manageable pieces. My business-school friends, who came from consulting, can go up to a white board and quickly break down a problem: They will draw a decision tree or write down a list of ten questions that need to be answered in order to address the larger problem.

Interviewer: How do you think these classmates of yours were able to develop these skills?

Candidate: I'm not completely sure, but I'd imagine one of two ways. First, I think there's probably a bit of the osmosis effect going on—being in an environment where people think in a very logical, structured manner would force me to think in that same way. The second reason has more to do with time constraints. Teams work under tight timelines, so there can't be a lot of wasted effort. Therefore it makes sense to spend some time up front structuring the problem to ensure that the team is focusing its effort on the most critical issues.

The candidate shows a solid understanding of the consulting process.

Interviewer: Sounds right to me. You also mentioned analytics. What analytics do you think are most important? And in which areas do you think you have the most to learn?

The interviewer is changing his question slightly to test the candidate's ability to think on her feet.

Candidate: The most important analytics probably revolve around financial statements: understanding the source of the company's profitability and assessing the key performance drivers over the last years. The answers from this analysis will allow you to go deeper. For example, if revenues are falling, I would need to determine the reasons why: Is the reason lower prices or fewer units sold? Or is the category down? Has the client lost market share? An understanding of

the financial statements provides a jumping point for all sorts of subsequent analyses.

Notice how the candidate shows some business acumen in her answer. This will score big points.

Interviewer: And how much experience do you have reading and interpreting financial statements?

Candidate: Truth be told, I have a lot more experience with income statements than I do with cash flow or balance sheets. When I was a product manager, I was responsible for my own P&L. As such, I became very familiar with interpreting results because that's how my performance was measured. At my former company, the balance sheet and cash flow statements were managed at the corporate level.

The candidate is very frank with her answer, but shows that she does have deep experience with one type of financial statement. As a general rule, consultants primarily deal with issues related to the income statement.

Interviewer: The final skill you mentioned had to do with client relations. What do you mean by that?

Candidate: What I mean by client relations is the ability to be poised and articulate in front of senior client audiences. They are paying a lot of money for answers to very difficult questions, and want the answers delivered in a professional way.

Interviewer: Just to manage your expectations, oftentimes only the senior partner at our firm will present to the most senior client. The rest of the team will interact with the client on a lower level. As you know, some cases require a lot of time at the client site. How does this change your answer?

Another opportunity for some quick thinking.

Candidate: I view this as a growth opportunity as well. I've been told that consultants have the chance to lead dedicated client teams and therefore hone their management skills. I think I'm ready for such a challenge. When I was a project manager, I managed a team of three. So I guess, in summary, I look forward to interacting with clients at all levels of the organization.

Nice job. The candidate has successfully avoided giving the interviewer the impression that she only wants senior client interaction and has also conveyed that she has some experience managing others.

Interviewer: Thank you for your time.

Case 14

I see that last summer you worked for a small printing press. Walk me through the decision process that led you to work for this company.

This question is mostly geared to test the candidate's thought process and, similar to most cases, to test for clear, structured thinking.

Bad Answer

The company was small and not really like a consulting firm at all. I'm an English major, and I did it because I was really interested in learning about an industry closely related to my field. I didn't really like it, so that's why I'm interested in consulting.

There is the kernel of a really good answer in here, but the candidate is overly apologetic and denigrates his experience. Most people who go into consulting have never had experience in an industry like consulting. In addition, whatever your prior experiences, do not complain about them: It will just make you come off sounding like a whiner.

Good Answer

Candidate: I'm glad you asked this question, because it actually goes to the heart of why I'm interested in consulting. As an English major, I've struggled with whether to go into the business world or pursue an alternate career, perhaps as a lawyer or a teacher. Last summer, I wanted to test the business waters, but wanted to do something in an industry that was somewhat familiar to me. I looked at a couple of opportunities: working at a major book distributor, with a children's book publisher, and at the small printing press. I finally decided on the small printing press.

The candidate, not surprisingly given his major, is telling a compelling story that helps paint a picture for the interviewer as to why he chose his summer job. He has also cleverly weaved

in the fact that he had other options—indicating that he must have had some success during the interview process.

Interviewer: So why did you go with the printing press specifically?

Candidate: Two reasons, really. One, it was a small company, with only 25 employees and \$5 million in revenue. Its size allowed me to gain access to all aspects of the business—from sales and marketing to finance and operations. Second, I connected very well with the owner. We share similar backgrounds, got along very well from the outset, and I felt that he would be a good mentor to me over the summer.

The candidate has articulated two compelling reasons for selecting the printing press opportunity. The personal connection bit in particular will resonate with the interviewer. The importance of teamwork in consulting, and of genuinely liking the people you spend most of your waking hours with, cannot be overestimated.

Interviewer: So what types of projects did you work on?

Candidate: I had two main projects. One was to look into opportunities to increase sales by expanding our customer base. Historically, the business's customer base consisted of first-time authors who couldn't get their books published by larger publishing houses and who wanted to distribute them on their own. What I uncovered was an opportunity to partner with large publishing houses to do overruns. Basically these houses would use us as excess capacity.

The interviewer will be impressed by the concise explanation of the project as well as the candidate's fluency with business vocabulary.

Interviewer: Sounds interesting. Is anything happening on this front?

Candidate: Actually, yes. As a result of my work, the company is in talks with a couple of big publishing houses, although I can't tell you which ones.

Confidential work. . . .Exciting!

Interviewer: And what was your second project?

Candidate: The second project was a little more mundane, but equally important. I designed a planning process for the company. Annual strategic and financial planning was very haphazard. For example, no one really had budgets. So I organized a timeline and process for these things to happen in a more structured manner.

Interviewer: Don't think that it's only small printing presses that have backwards or nonexistent planning processes. We do a lot of strategic planning process work with our clients as well. You mentioned that this experience made you more interested in consulting. Why?

Candidate: Basically because it taught me that I like business but I still have a lot to learn. Maybe some day I'll go back and work for this small company. I still talk to the owner every week. But I think that I'll be much more effective if I can develop the broad skill set that consulting offers.

This is kind of a stock answer, but appropriate given the context. The structure and content of this answer will move the candidate on to the next round.

Case 15

I see you used to work in marketing for retail company Z. Did your role and experience there meet your expectations? If so, in what ways was it a good match for your skills? If not, what was the gap and what did you learn from your time in that role?

These types of resume cases, in which an interviewer essentially designs a case around a specific part of your background, are quite common. Your goal should be to convey with clarity and confidence that you have a strong command of the issues facing the company as well as the company's relative success or failure in utilizing your skills. Your primary objective with this kind of question is to demonstrate that you are a thinking employee—in other words, you evaluate your role in the larger organization in which you work and you care about the degree to which you are well suited to your particular job. Your secondary objective is to give the interviewer a sense for what you did, and did not, like about a past work experience so that she can better understand what motivates you. While you shouldn't share company secrets or the like, you can share deeper insights or professional development lessons you learned from your time in a past job experience if appropriate. This shows that you care about and take a thoughtful approach to your career development—a perspective valued by any potential employer.

Bad Answer

To be honest, I was really frustrated and angry while I was working at company Z. I really felt that the management team had its priorities out of whack and it was a hard place to work. I managed to stay 2 years, but it wasn't a great place for growth.

Even if you hold a negative opinion of your former company (you did leave, after all), your interviewer will expect you to have a professional approach to handling the question and subject matter. Confessing that you were extremely frustrated demonstrates professional

immaturity and a lack of understanding of the broader context in which you were working. It may also lead the interviewer to believe that you are either overly demanding in your expectations of what a potential employer can deliver or quick-tempered.

Good Answer

Candidate: When I started working at company Z, I was excited about my role on the marketing team. At the time, customer marketing was very important to the senior management team and the internal commitment to the marketing team was apparent. As someone who is passionate about marketing, I was excited about joining an organization where I felt that I could really drive great results in the marketplace in terms of our product and brand awareness. By the end of my first year, we had made a name for our company in the minds of our consumers; our brand was becoming ubiquitous. However, as our customer base grew, senior executives began to examine the company's marketing strategy. What resulted was a gradual shift away from external marketing investments and towards operational improvement and customer price incentives. I found myself in a difficult situation as did other experienced members of the marketing team: As company strategy shifted away from my personal area of expertise, I had to determine how to preserve my passion, interest, and contribution to a company that I had joined primarily based on my marketing and public relations skills.

There's an old saying that everyone's favorite topic of conversation is himself. Resume or past experience questions tee the candidate up perfectly to expound on his assets and skills. This is a valuable opportunity to impress the interviewer. Don't undermine these chances by being bombastic about how great you are, or by going on for too long without involving the interviewer and remembering that this is a conversation—not a speech.

Candidate: In the end, members of the marketing team as well senior managers at the company decided that resources—both people and finances—should be shifted away from direct marketing towards these operational investments. I'm

sure you've been in a similar situation at one point in your career, when you could feel the tide shifting and had to be flexible enough to shift the focus of your role.

The candidate has made a savvy move by engaging the interviewer with a positive, rhetorical question. It gives the candidate a chance to take a moment, even as it reaffirms something positive that the interviewer has done in his own career (we all like to have others assume we're smart and flexible). At the same time, it reinforces the fact that the candidate also did something positive in a challenging situation.

Interviewer: I have. No large company is ever static in its strategy or its organization, that's for sure. Tell me what you did to address the strategic changes impacting your role.

Candidate: For some people on the team, in particular those who had been with the company for several years, the apparent shift away from their area of interest and expertise was devastating and frustrating. While I admit that at first I was disappointed in having to pivot away from a role that appeared to be such a perfect fit for me, I also found this to be a great learning experience. I knew the shift away from direct marketing and heavy brand investments was an indication that we'd done our jobs in building broad customer awareness faster and more effectively than anyone thought we could. It was educational to witness—and be a part of—the way strategy and internal departments can shift around as certain business objectives are met. Of course, this shift required that I start exploring other departments to see if I could fill another role in which my skills would be valued even if my job focus changed.

The candidate is demonstrating professional maturity—acknowledging that as company strategy and objectives shift, so do resource requirements. While many people may have difficulty accepting this situation, especially those who care about and work in the impacted departments, rapid change is an inevitable part of the practice of business today. Even

though the candidate was personally affected by this change, he recognizes that it was a necessary measure and isn't emotional about what happened. The candidate displays an attitude that is appealing to most interviewers, one that shows he is both proactive in his professional development and flexible enough to understand the reality of an ever-changing business organization.

Candidate: Additionally, even though it impacted me personally, I was proud to be working for a company that really kept the customers' needs front-of-mind—so much so that it shifted internal investments in the best interests of the customer in order to continue to grow loyalty and in turn revenues.

This candidate obviously knows customer retention and understands the future of company Z's business. He also shows his broader understanding of the overall company situation and reasons for this decision. Having effectively communicated the broad perspective, it's time for the candidate to close by focusing on how he handled the situation.

Interviewer: Did you find a new job as your marketing team was dismantled? And how did it go switching roles so abruptly within this company?

Candidate: It was a challenging time. About two-thirds of the marketing team were laid off and asked to leave the company. I realized how hard it is for company morale to bounce back after layoffs. I think what saved me from getting laid off was that I had been proactive about going out into the rest of the company, conducting informational interviews with several other business division managers once I began to see the writing on the wall. Through this process, I was able to find a new role as a product manager on one of the smaller product lines within the company. Switching roles so quickly was a challenge, to be sure, since this new role was more heavily weighted towards strategy than outbound marketing—I was faced with a steep learning curve in the first month or two of shifting roles. However, even though the role was quite different from what I'd expected to be doing when I joined the company, I found that I was learning new and exciting

skills related to market research, product development, and pricing strategy. After several more months, I began to realize that a sudden shift in roles is sometimes the fastest—and best—way to learn a valuable new set of business skills. Of course, I've still got more to learn about product management; it's one of the main reasons why I'm interested in a consulting role with your company.

Well done. The candidate gets extra bonus points for connecting the dots between a key learning from a previous job experience and interest in the particular company and role for which he is interviewing today. It helps make the case for why the candidate is an even better fit for the role, and helps convince the interviewer that such a move will advance the candidate's larger career aspirations and professional development objectives.

Interviewer: Thanks for giving me insight into that particular work experience and how you handled the situation. I appreciate your candor about what you managed to learn from what was probably a pretty difficult time. Let's move on to talk about another part of your career.

The candidate shows the ability to handle change and the threat of losing a job with maturity and proactive ingenuity. Dwelling on what he hated or found frustrating about the experience wouldn't have helped anyone. It wouldn't have helped the interviewer learn more about the candidate's qualifications, and it wouldn't have helped the candidate make his case for being a good fit for the job. By focusing primarily on the growth and development aspects of this difficult experience, the candidate shows that even in situations that aren't perfect he can succeed. Many situations in business are less than perfect, but talented candidates find the opportunities inherent in them. Good job!

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Who We Are

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WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

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Insider Guide

Ace Your Case[®]! Consulting Interviews

2004 Edition



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Ace Your Case at a Glance

Why Case Interviews?

- To test a candidate's analytical and communication abilities
- To see how resourceful and creative you can be
- To test how you perform under pressure

Major Categories of Case Questions

- Market Sizing
- Business Operations
- Business Strategy
- Brainteasers
- Other (International, Government)

Key Case Question Frameworks and Tools

Basics: Internal/External, Supply/Demand, Cost/Benefit, Marginal Cost Analysis, Fixed Cost/Variable Cost

Add-Ons: 3Cs, 4Ps, EVC

Luxury Class: Porter's Five Forces, Firm Analysis, Financial Analysis

Consultants' Favorite Tools: 2 x 2 Matrix, Graphs, Visual Representations of Data

The Interview Unplugged

- Consulting Case Interview
- The Bottom Line
- What to Expect
- Seven Steps to Surviving the Case Interview
- Do Firms Approach the Case Interview Differently?

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Consulting Case Overview

You're pacing nervously back and forth in the career center, waiting for the interviewer to come out and call your name. You're all dressed up in your interview suit, you've got your resume in hand, you've practiced saying why you want to be a consultant a thousand times, and yet you're still nervous. Although you'd do anything short of shining your interviewer's shoes just to get a consulting job, you're deeply worried because you know that, in a matter of moments, you're going to hit that most dreaded of all interview challenges: the case question. Suddenly, you panic. Vivid memories of your last tragic interview/train wreck come flooding back. . . .

Whoa! Slow down! Take a deep breath and relax. You may not ever learn to love the case interview question, but, with a little bit of thinking—and some practice—you actually will be able to sail through this part of the interview just as easily as the resume review. WetFeet is here to tell you how.

Let's start with a simple definition. The case interview is essentially a word problem based on a real-life (or simulated) consulting situation. Thus, the interviewer might say, "Okay, Terry, suppose a client comes to you and says, 'We're thinking about going into the lightbulb business, and we want you to tell us what to do.' What should you tell her?"

Cases come in all shapes and sizes, from the simple, straightforward question designed to see how you think about a problem, to the highly complex business strategy issue that takes 20 minutes to explain and involves charts, graphs, and buzzwords up the wazoo. However, they all have one thing in common: They test a candidate's analytical abilities. They show his or her resourcefulness, how he or she thinks about problems, and ultimately, his or her aptitude for consulting.

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How does the interviewer evaluate you? By watching for several things: how you analyze the problem, how you ask for additional details, how you slice through extraneous information to get to the key issues, how you pursue a particular line of thinking and stay with it, how you propose to identify the information that will allow you to solve the problem, and, most importantly, whether or not you can develop (and present) a particular framework for organizing your thoughts and answers to the case question.

Although this may seem like a daunting assignment at the start, the good news is that there are many ways to prepare yourself for this task. Armed with these strategies, and bolstered by a little practice, you ought to be able to do every bit as well as anybody who has gone before you. Surprising as it may seem, you may also come to view the case question as the part of the interview where you can really shine!

The Bottom Line

Like it or not, if you're planning to get a job in consulting, you will have to learn how to handle the case interview. Although different firms and different interviewers have different approaches to the case question, all of them use it as an important tool in selecting and screening out job candidates. Indeed, you may have to clobber ten or more cases on the way to landing a job with a major management consulting organization. Fortunately, by studying up on the case process and honing your case interview skills through practice, you'll soon be

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able to amaze friends and family alike with your frameworks and graph-drawing skills. Even better, when that dreaded moment in the interview arrives—and the interviewer pops the question—you’ll be more than equal to it.

What to Expect

The typical management consulting interview generally consists of several parts. At a minimum, these include an introductory “get to know you” conversation, a resume review/prove-to-me-that-you’re-qualified-for-a-consulting-job Q&A, a case interview question, and a follow-up “what do you want to know about us” discussion. Although the case question portion of the interview inspires the most terror, the other portions of the meeting are every bit as important. You’ve heard it in other contexts: don’t ignore the foreplay. Insiders tell us that many candidates, even at the very best schools, have already bombed the interview long before the case question slices them into tiny little pieces. Fortunately, WetFeet is here to help. Before we dive into the rocky, shark-infested waters of the case question itself, let’s spend a little time warming up. The next few sections should help you navigate the path through the minefield to the point where the fireworks begin.

Part 1: Getting to Know You

“Hey! How are you doing? What a great day for a consulting interview!” It may sound like meaningless banter (and it probably is), but the interviewer is still checking you out. First question in the recruiter’s mind: Is this candidate alive? If not, the interview is likely to drag. If you are alive—and seem interested, perky, and excited about the opportunity to interview with company XYZ—then this is your chance to develop a rapport with your interviewer. Typical questions here may involve the weather, why you decided to attend Kellogg (or Stanford or Columbia or CMU or wherever), how classes are going, how the job search is progressing, what’s up with the 49ers, and so on. Your key goal here should be to show the interviewer that you have an engaging personality, are fun to be around, and would be a valuable addition to the team.

Remedial Interviewing for Would-Be Consultants

Here are a few tips from consulting insiders about points at which previous candidates have fallen off a cliff. Take note—you don’t want to be the next statistic!

- Show enthusiasm for the company. How psyched will your Booz recruiter be if he suspects you’re thinking, “Well, I’d really rather get an offer from McKinsey, but they already dinged me.” Yeah, make that two—ding!
- Practice saying, “I reeeally want to be a consultant—and here are the three reasons why!” Say it at night, rather than counting sheep. If you don’t, the other candidates are lined up about 300 deep right behind you, and there’s an excellent chance that many of them really do want a spot in the consulting leagues.
- Don’t talk about yourself in a negative manner. Self-deprecation won’t get you anywhere in consulting. If you don’t think you can tell a 30-year veteran at Goodyear a thing or two about tires, well, maybe you should sign up for an interview when Goodyear comes to campus.
- Demonstrate that you’re a fun person. How about it? Would you want to go out for beers with a cold fish (even a smart cold fish), much less spend months working together in Indianapolis?

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- Be high-energy! Smile! Be excited! Sixty hours per week may not sound so bad right now, but when you've been at the client site from 8 am until 9 pm every day this week and last week, and the week before . . . Anyway, the interviewer is going to be looking for people that have the stamina and the desire to put in long, tough hours—and still come up shouting, “Please, sir. Give me another spreadsheet!”

Part 2: Prove Yourself to Me

You've had a clever little chat about the weather to demonstrate that you really are alive; you've told a good story about why you love your alma mater more than your own mother; and now it's time for the recruiter to pull out your resume. “So, tell me about the work you did for . . .” What's going through the recruiter's mind? Something along the lines of “What has this schmoe done that shows he or she is smart enough to handle the consulting workload?” To keep sailing straight toward that case question, you'll need to demonstrate that you have had significant work experience (or a reasonable facsimile thereof), can work well with others, have the aspiration to lead, and have the intellectual horsepower to do the heavy lifting required of consultants.

How To Impress a Consulting Recruiter

Just exactly what impresses the hard-nosed consulting recruiter who has not only seen it all before, but likely has done it all before (or at least advised a client on how to do it)? Here are several tips gleaned from WetFeet's conversations with management consulting insiders. One word of caution (especially to our friends at HBS)—you'll want to walk that fine line between providing evidence of your capabilities and seeming like an overbearing braggart.

- Talk about situations in which you have assumed a significant leadership role. You might mention the challenges you faced and how you overcame them, or what you learned about yourself as a result of your experience.
- Your goal should be to demonstrate, with well-articulated examples, that you have the qualities of a Churchill, Martin Luther King, Jr., or Mother Teresa.

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- Think of several examples of projects at school, at work, or in an extracurricular setting in which you were challenged and survived with flying colors. Remember, dating stories don't count!
- Prepare for the questions that you know are coming. In particular, have a good, concise explanation of why you want to be a consultant and why you specifically want to work for firm XYZ. (Hint: Don't know the real difference between McKinsey and Bain and Booz Allen and . . .? Check out the latest version of the WetFeet Insider Guide on the firm. You'll learn everything you need to know to ace your interviews!)
- Be prepared to be asked about anything on your resume. Consultants have a nose for obscure facts that can turn up pungent information. One of their favorite tricks is to take an item on the resume and turn it against you as the basis for a case question ("So, I see you've worked in software. Do you think Apple has any sustainable competitive advantages?"). Our advice: think ahead about how each bullet point on that resume can be turned into a compelling (short) story that demonstrates your aptitude for consulting.
- Think of examples of work in which you had to use consulting-type skills. No, that doesn't necessarily mean situations in which you charged exorbitant fees for your advice. Rather, look for situations in which you had to be highly analytical or in which you had to be very resourceful about identifying hard-to-find information.

Part 3: Here Comes the Case . . .

Let's say that so far you're so well prepared that you have slam-dunked the get-to-know-you and prove-yourself-to-me portions of the interview. Admit it—you're feeling pretty good, as well you should. Now it's time for the infamous case interview. Sometimes, you'll get this question from the same interviewer who has been bouncing around all the high points of your resume. On other occasions you'll transfer to another interview room and an entirely different interviewer who will serve up "The Question." Typically, it will begin with something like, "Okay, let's say you are meeting with the CEO of a large pharmaceutical company. He says to you . . ." Now it's time for you to show just how bright and analytical you really are.

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	The WetFeet Interview Coach
<p>What is an example of an experience in which you took on a leadership role?</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	
<p>How have you demonstrated initiative?</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	



The WetFeet Interview Coach . . . continued

How would you define your leadership style?

What are some key lessons you have learned about motivating people?

Ten Things NOT to Do in a Case Interview

1. Don't burst into tears.
2. Don't say, "I think that question really blows."
3. Don't ask if you can "plead the Fifth."
4. Don't look at notes you have scribbled on the back of your hand.
5. Don't ever say, "I don't have a clue."
6. Don't say, "Wait, what were we talking about?"
7. Don't say, "The answer is 10,000."
8. Don't say that the questions you got in your (other consulting firm's name) interview were really much more challenging.
9. Don't jump from topic to topic without explaining how it fits into a framework.
10. Don't reveal that you've been coached by the experts at WetFeet!



The WetFeet Interview Coach

Create several case questions for yourself based on your resume. (Not only will this help you prepare for possible questions, it will give you a better sense of what makes a good case question. Think about strategic or operations implications related to your previous industry or field. If you worked in a homeless shelter, for instance, a good case question might be: "Let's say your organization has had stable funding and client usage, but a new neighborhood shelter has grown dramatically. What's going on?")

Seven Steps to Surviving the Case Interview

So how exactly does one ace the case? Although the specifics of each case question will be different, we've devised an approach that, if used correctly, will take you a long way toward giving the consulting interviewer what he or she wants. Ours is a mnemonic device for acing your case. Simply think of the words "WetFeet." Those seven letters will help you ace your case!

When the interviewer asks the question, listen carefully. Take notes if necessary. Make sure you know what the interviewer is seeking. It's particularly important to keep this objective in mind as you work your way through the dense forest of detail that may be coming your way.

Everything there? Determine whether you've been given the whole picture. If the question is unclear, it's probably unclear for a reason. Ask your interviewer for clarification. In particular, if there seems to be a gaping hole, ask about it. The interviewer may be testing whether or not you realize that there are missing pieces to the puzzle. Or he may be holding back a key piece of information to see if you ask for it.

Think before you speak. It's acceptable to spend a minute or two jotting down notes for yourself to follow, just as you would before writing out an essay for your final history exam. So take a minute and think about your answer rather than starting too quickly and digging yourself into a ditch.

Frameworks! Identify a framework, or a combination of frameworks, to help you structure your answer. Be sure to inform your interviewer how you plan to

proceed. Remember, choosing a framework isn't the goal of the exercise—it's supposed to help you structure an answer to the question. It will also help your listener (the interviewer) follow your presentation and show her how you think.

Explain your thinking methodically. Start with the most important issue first. Remember, if you run out of time part way through, you want to have already delivered your most important insights. A structure or framework will help you plan how to cover all the major points during the time allowed.

Every hint helps. Interviewers often give hints, extra data, or suggestions. Listen for them. When you hear a hint, a suggestion, or additional information, use it. Even though he may not smile and his collar may be starched as stiff as cardboard, your interviewer is likely to be a very nice person who was just as nervous as you are when he was trying to ace his case. Many interviewers will try to gently prod you in the direction they want you to explore. Listen for their clues! Use their help! They know what they are looking for and will usually try to steer you in the right direction.

Talk action. Wrap up your case by briefly summarizing how you have approached the problem and noting where you would go if you had more time. The goal of consulting is almost never just analysis. Usually, a consultant is looking for good, solid, data-driven recommendations for the client.

Do Firms Approach the Case Interview Differently?

We've heard rumors from the interview cubicle that different consulting firms prefer different types of case questions—and different types of answers. If you think you have an angle on that front, go ahead and use it, and good luck. However, after talking to dozens of company insiders at a large number of consulting firms, we've determined that the similarities in case interviewing style from consulting firm to consulting firm are far more striking than the differences. Indeed, the primary differences in style seem to come from the personalities of the individual recruiters.

Let's face it, consulting interviewers come in all shapes, sizes, and temperaments. Since consulting firms take recruiting so seriously, as a rule you are more likely to end up with a great interviewer than you are with a guy who never calls his mom on Mother's Day. On that count, well, cross your fingers and hope that you don't land a particularly obnoxious interviewer. If you do, keep your cool, do your best, and remember as you leave the confines of the interviewing cubicle that your social life is going to be a lot more exciting over the next few months than his is.

Keep in mind that interviewers usually approach undergrads differently than they do MBAs or other advanced-degree candidates. As you might expect, undergraduate case questions are usually less complex, less focused on specific business issues, and more focused on the skills that will be required of research analysts (or whatever the firm calls its undergraduate hires). In partic-

ular, the interviewer will often push the candidate to demonstrate resourcefulness, creativity in thinking about a problem, and ability to stick with a problem and get to the bottom of it. So if you're an undergrad, don't pass out when you read through the frameworks section of this report; your interviewer won't expect you to have mastered MBA-level concepts. If you're an MBA, however, start studying and be prepared for anything!

Field Guide to Case Types

- Five Categories of Consulting Cases
- Buzzword Bingo

Five Categories of Consulting Cases

You will have an easier time successfully dissecting a case problem if you know that they come in several different forms. For the purposes of our discussion, we have grouped cases into five general types. They include:

1. **Market Sizing:** determine how big a particular problem is, or how many of x products are used
2. **Business Operations:** problems relating to running the day-to-day operations of a business
3. **Business Strategy:** questions focusing on future business strategy, usually at a top level
4. **Brainteasers:** puzzles or questions that challenge a candidate's ability to think creatively
5. **Other:** a grab bag of questions such as those drawn from a candidate's resume, macroeconomic questions, and others

The next several pages present, in greater detail, examples from each category of consulting case. We also provide tips on what the interviewer is really trying to find out. As you read through these sample questions, think carefully and creatively about how you would respond. And since our job is to help you ace your interviews, WetFeet will provide possible lines of response for a number of the classic questions in the sections that follow.

Market Sizing

What the Interviewer Wants to Know

Are you allergic to numbers?

Can you identify key drivers, make assumptions, and work out a reasonable answer?

How resourceful and clever are you?

Classic Questions

How many paint stores are there in the United States?

How many manhole covers are there in Manhattan?

What is the market for personal computers likely to be in 15 years?

Business Operations

What the Interviewer Wants to Know

Do you understand basic business issues/internal relationships?

Do you have a nose for the key issues?

Can you come up with and present a compelling solution?

Classic Questions

A trucking company operates its fleet at only 85 percent capacity. What's going on?

A bank discovers that its customer turnover is 15 percent higher than the industry average. Why?

Business Operations Variation 1: Profits Down

What the Interviewer Wants to Know

Do you understand the basic profit equations and concepts (Sales – COGS – Other = Profits; fixed/variable costs; product mix; etc.)?

Can you identify and use an appropriate framework?

Can you interpret the analysis and offer logical recommendations?

Classic Questions

A garment company has noticed a decline in profits in its women's apparel unit. What's going on?

A disk drive producer has a long-term contract to provide OEM disks at a fixed price. How can it increase profitability over the remaining term of the contract?

Business Operations Variation 2: Marketing Problems

What the Interviewer Wants to Know

Do you understand basic marketing concepts (4 Ps, channels, push vs. pull strategies)?

Can you identify and use an appropriate framework?

Classic Questions

The company has sponsored a professional tennis event for a number of years and is considering canceling its sponsorship. Should it?

A petroleum company has a new environmentally friendly gasoline. How should it price and market the product?

Business Strategy

What the Interviewer Wants to Know

Can you identify key strategic issues for a business and relate them to core competencies and mission?

How are you at industry analysis?

Can you handle the complexity of a full-blown strategy-type case?

Can you develop recommendations for action based on your analysis?

Classic Questions

A bank is thinking about going into the brokerage business. Should it?

A large, diversified petrochemical company wants to fend off a hostile acquisition bid. What should it do?

Business Strategy Variation 1: New Product Introduction

What the Interviewer Wants to Know

How do you sort through product strategy issues and market-cannibalization questions?

Classic Question

A cereal company is thinking about introducing a new natural cereal. How should it go about making its decision?

Business Strategy Variation 2: New Markets

What the Interviewer Wants to Know

How well do you understand core competencies, fit with current business portfolio, and opportunities for leverage and adding value?

What are the key tools you look at to evaluate an opportunity?

Classic Questions

Your client says it wants to begin exporting to France. Should it?

A Bell operating company is looking at opportunities in wireless data transmission. Should it invest there?

Business Strategy Variation 3: Merger or Acquisition

What the Interviewer Wants to Know

Can you identify core competencies of a company?

Can you understand dynamic forces in an industry and analyze opportunities?

Can you quantify a new opportunity?

Classic Questions

Client says it wants to buy company XYZ. Should it go ahead?

Client just purchased a venture in industry X and wants to restore the company to profitability. What should it do?

Business Strategy Variation 4: Competitive Response

What the Interviewer Wants to Know

Can you combine market data with internal resources to provide a convincing recommendation?

Classic Question

A department store chain has been losing market share to discounters. How should it respond?

Business Strategy Variation 5: Response to Change in External Environment

What the Interviewer Wants to Know

Are you creative?

Can you demonstrate an understanding of the dynamic forces within an industry?

Can you identify and evaluate various strategic options?

Classic Questions

An automaker wants to know how a new trade agreement will affect its sourcing options.

A defense contractor that has been focusing on civilian applications asks you which to abandon as it swings back to security projects.

Brainteasers

What the Interviewer Wants to Know

Can you think “out of the box”?

How creative are you when confronted with an unusual problem?

Do you like intellectual exercises?

Classic Questions

Why are all computers putty gray?

Why are manhole covers round?

Tell me all the different ways in which you could determine whether the light inside a refrigerator is still on after the door is closed.

Other Case Types

Resume Cases; International; Government; Reengineering; Totally Random Cases

What the Interviewer Wants to Know

Did you really do what you said on your resume?

How much did you learn from your previous work experiences?

How’s your macroeconomics training?

How do you handle unexpected territory and nonbusiness constraints?

Can you analyze and apply frameworks to other problems?

Classic Questions

Your resume says that you opened a distribution network in Mexico. How would you apply what you learned there to opening a similar network in Thailand?

The government of Peru wants to develop an industrial policy. What do you advise?

A nonprofit, pro bono client asks for your help in determining why its membership revenues are declining and how to respond.

Buzzword Bingo

Here are a few terms you may hear during your interview. To help you understand exactly what each term really means, WetFeet offers the following translation notes.

Barriers to entry

Translation: the case interview question, for example. (Actually, see the discussion of Porter's Five Forces for more information.)

Declining profits

Translation: "Help! We need some consultants!" Case interviewers love these problems.

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The best and the brightest

Translation: your interviewer and everyone else who works with him or her at the firm.

Airplane test

Translation: a common postinterview discussion point in the recruiter lounge. Alternatively known as the Pittsburgh airport test. That is, the recruiter is thinking to himself, “Would I be able to stand it if I had to spend an eight-hour layover with this person in the Pittsburgh airport due to a snowstorm?”

Blinding insight

Translation: the unexpected “Aha!” point the recruiter is waiting to see the candidate discover as he or she plows through the details of the case question.

Poet

Translation: a person who breaks out in a rash when he sees anything quantitative. Warning: Never admit to being a poet during the case interview process. Even if the person doing the interviewing was a poet before he joined the firm, he’ll have too deep a sense of shame to admit it.

Actionable

Translation: advice or recommendations that the client can really use. Even an exceptionally astute analysis will benefit from a couple of actionable recommendations thrown in at the end. (After all, you want to impress on your interviewer that you really are going after a business job instead of an academic position!)

Sanity check

Translation: one last consideration of your final answer or recommendation. You will be enveloped in detail as you solve a case. Always go back and ask yourself the simple questions of, “Does this make sense?”

80/20

Translation: an efficient approach to solving a case. Careful not to get bogged down in tons of detail, but rather focus on the 20 percent of an analysis that drives 80 percent of the answer. Efficient problem solving!

Case Interview Prep

- Consulting Framework Toolbox
- Consulting Frameworks 101: The First Stage
- Ten Tips for Secretly Impressing Your Interviewer
- Consulting Frameworks 102: A Touch of B-School
- What to Do When You Realize You're in Trouble
- Consulting Frameworks 103: The Whole Shebang!
- Your Own Flavor
- Extra Credit
- Guide to Case Interview Language

Consulting Framework Toolbox

By this point you understand what the case interview is, you think you have an idea what the consulting firms will be looking for, and you are starting to think that, yes, possibly, you might be able to survive at least the first-round interview. But you're still a little unsure about how to attack these case questions. In particular, you're not clear on how to apply a framework to answer the question. Well, don't worry! WetFeet has prepared a toolbox filled with many of the most famous, and infamous, consulting frameworks around. We call it the Consulting Framework Toolbox, but you can just call it the WetFeet mini-MBA program. (All right, maybe that's a little grandiose, but hey, this report doesn't cost \$60,000 either.)

What Is a Framework?

Hold on—you say that you're sick and tired of hearing about frameworks—that you're not even sure what they are? It's actually quite easy. A framework is simply a structure that you use to organize your thoughts and help you analyze the critical issues of a sample case. Think of the framework as your road map through the case. At the simplest, most basic level, your framework can be something as obvious as saying, "There are three key questions that need to be answered here: A, B, and C." At its most complex, your framework can be something as gnarly as the notorious Porter's Five Forces. (If you don't know about Porter's Five Forces: (a) don't worry if you're an undergrad—we'll explain later; (b) worry a lot if you're an MBA.)

Deciding which framework/structure/road map to use may indeed be one of the most difficult parts of the case interview. Once you choose, your path lies

in front of you. But just as you wouldn't use a map of the western United States to navigate your way through New England, you don't want to use an operations framework if the case question is really about marketing. There are as many different frameworks to work with as there are different consulting firms. We'll provide a thorough overview of framework types in the section below.

Choose your framework wisely, and once you choose, tie it to the case example at hand. For example, if you are using costs and revenues as your framework (a simple but rigorous framework and one of our favorites for evaluating a new investment opportunity), you might say something like, "Your question asks whether the company should build a new plant, and I think to approach that question we'd have to evaluate the costs and the benefits. As I see it, the costs for a venture like this will include those from the following three areas . . . while benefits would potentially be realized in the areas of X, Y, and Z. Let's explore each of these areas a little more in depth." The point, then, is not to try to impress your interviewer with the most complex, diamond-studded, and difficult-to-follow framework—you are both likely to get lost in the glitz. Choose a framework with which you are comfortable and which addresses the interviewer's question, identify it upfront, and walk your interviewer through it step by step.

Consulting Frameworks 101: The First Stage

Some of the most flexible, useful, and durable frameworks are also some of the easiest to remember. These include the following: internal/external, costs/revenues, cost/benefit, and supply/demand. The advantage of these basic frameworks is that they are easy to remember and easy to apply to a variety of case problems. The negatives? Well, they're a little simplistic and they may not help you to remember all the points you need to hit in your analysis—particularly in more complex case questions. Nevertheless, the basics are always a good place to start, and these frameworks can often be used in combination with other approaches.

Internal/External

Application: The Firm vs. the Market/The Firm vs. the Competitive Environment Questions

The internal/external framework is a good starting point for case questions that ask you to look at a firm and its environment or market. For example, if you were asked to explain why a transportation client's capacity utilization was down, you might start off with something like, "I'd want to look at both internal factors affecting the company's performance and the external environment in which it found itself. On the internal side, I'd analyze the company's operations, including its scheduling and routing systems, its sales efforts, and its capacity-management processes. On the external side, I'd want to analyze what

was going on in the marketplace. Perhaps the industry is suffering from chronic overcapacity, or perhaps competitors have adopted a new pricing structure that is affecting demand for the client's services. . . ." In general, try to present a balanced equation—three external factors and three internal factors.

Cost/Benefit

Application: Evaluating New Business Opportunities, Business Strategy Questions

A cost/benefit framework can be used to evaluate many different business questions. In particular, if you are asked to make a strategic recommendation for a hypothetical client, you won't go too far wrong by beginning with a list of the costs and benefits for a given action. This is often a good way to start if you aren't sure right upfront what the best approach would be to answering the question. For example, let's say the case interviewer says that you are working for a brokerage house and they are considering installation of an automated order-processing system. "A brokerage house," you think to yourself, ". . . I don't know anything about the securities industry!" Don't fear—the old, trusty cost/benefit framework will set you on your way. You might start by saying something like, "To assess this opportunity, we'd have to look carefully at the costs and benefits of the proposal and try to quantify them wherever possible. For example, some of the key costs of a new automated order processing system would probably involve the hardware and software development, the marketing to support the new program, and customer service. . . . On the benefit side, we'd want to look not only at the new-client business that could be generated, but also at the incremental business that could be drawn from existing customers. We'd also want to examine the potential to achieve savings in operating costs. . . ." Go, go, go, you consulting-interviewing machine!

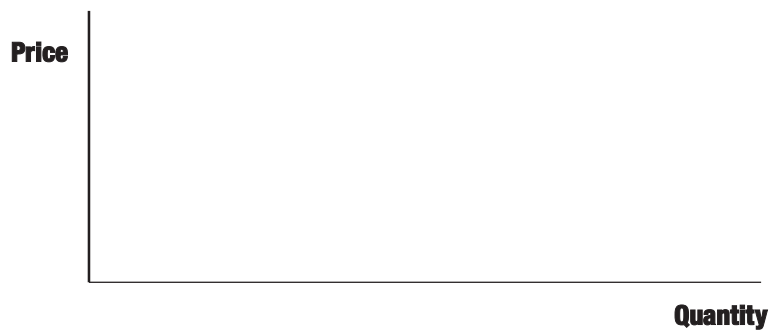
Supply/Demand

Application: Market Analysis, Business Strategy, Product-Pricing Questions

The supply/demand framework is the granddaddy of economics frameworks. Keep this baby handy for many of your market-analysis and business-strategy-type questions. It will also work well in combination with a number of other frameworks. It will help you explain how actions that affect price or supply might have an impact on market equilibrium (and vice versa).

Since supply and demand are such basic tenets of microeconomic theory, don't be surprised if your interviewer pulls out a pad of paper and says, "Here's what the supply-and-demand situation in the defense industry looked like in 1983. Show me how it has changed through the present." If this happens to you, don't look at your interviewer open-jawed and wide-eyed because you've never seen supply and demand curves before. If necessary, pull out your micro text right now and do a quick review.

Try sketching this case question below. Remember, demand curves are downward sloping!



(Don't peek! The correct answer shows a big backward shift in demand as government defense purchases were scaled back and a resulting shift down in supply as the market responded to a decline in price levels.)

Marginal Cost Analysis

Application: Questions Asking about Profits or Operations

Marginal cost analysis is one of those nice specialized mini-frameworks that makes an ideal add-on to a larger, more general framework such as cost/benefit analysis. Since microeconomics is really economics of the firm, there is a good chance that you will be able to apply some of your favorite micro-charts or insights to a particular business problem you get from the interviewer. In particular, a tool such as marginal cost analysis may come in handy when you are asked about profits and operations issues. For example, you might be asked about a situation in which sales have gone up as profits have gone down. Now, there are many possible explanations for such a scenario. However, one possibility is that the increased volume has caused the production to exceed the point where it is at its most efficient. In other words, the marginal cost (the cost of producing each additional unit of output) is going up. This could result from the need to purchase raw materials at a premium to get quick delivery. It could result from having to pay workers overtime to fill orders. It could result from any one of a number of things. Although you will probably score extra points by incorporating academic concepts in your answer, keep in mind that the real world is never as clean as the textbooks. You'll undoubtedly want to embellish your answer with messy things like stakeholder interests and organizational dysfunction.

Fixed Cost/Variable Cost

Application: Questions Asking about Profits or Operations and New Business Opportunities

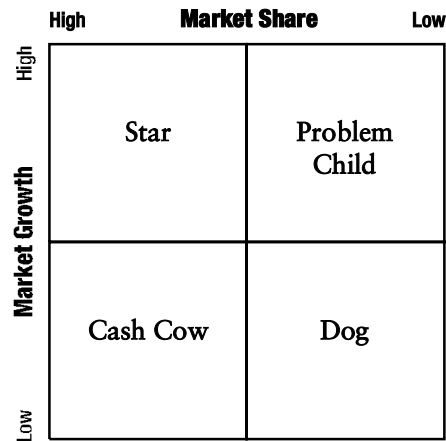
Cost accountants rejoice! Many a case question has been clarified (if not solved) by juggling a few numbers. One thing you'll almost always want to watch out for in profitability-type questions and operations questions is the fixed cost/variable cost dynamic. Fixed costs are those things such as rent, administrative division salaries, interest on debt, and overhead expenses that can't really be adjusted right away. In contrast, variable costs are those costs, such as those of raw materials, that vary directly with production. These factors can also be important in assessing opportunities in new industries. If there are high fixed costs associated with a new venture, that means that capacity utilization will be key to making the venture work. You might hear a case question along the lines of, "The largest paper manufacturer has announced plans to build a new plant. Should our client, the number three paper manufacturer, follow step?" When you do, think about incorporating a discussion of fixed and variable costs into your response.

The Good Old 2 x 2 (That's Two by Two)

Application: To a Consultant, Everything in Life Can Be Explained with a 2 x 2

Take it from us—your consulting friends can explain everything they see in terms of a 2 x 2 matrix. A good matrix can communicate a difficult-to-understand concept in a clear and compelling manner. However, even if it doesn't communicate a particularly exciting message, a good matrix always has the power to wow an unsuspecting client—and consultants just love to do that.

One of the most famous consulting matrices is BCG's Cash Cow 2 x 2, which is used as an analytical tool in product portfolio analysis. It is designed to position a group of products into one of four distinct quadrants:



The beauty of this matrix is its simplicity. By selecting two measures of product performance (market share and market growth rate) that can run in parallel or in opposite directions, suddenly we have a visual tool for evaluating all sorts of things, like the attractiveness of going into a new market or acquiring a target company. CEOs aim to establish product portfolios chock full of Stars (high market share and high growth) and Cash Cows (high market share, low growth) while divesting themselves of the low-share, low-growth Dogs. Now, no matrix is perfect, and the BCG matrix has been criticized by some theorists as leading in certain circumstances to the wrong conclusions (e.g., some high-growth markets are not attractive for certain businesses). Nevertheless, as a quick-and-dirty tool to analyze market opportunities and product portfolios, it serves its role with flying colors.

The 2 x 2 matrix is especially useful when analyzing a marketplace, assessing competitors, evaluating product portfolios, or trying to sort out a complex pile of data. And the good news is that not every matrix needs to be as sophisticated as the BCG matrix . . . even if you're interviewing with BCG!

Try Your Hand at 2 x 2s. Now that you know how a 2 x 2 can be used, give it a try! For example, let's say you are looking at a new product-introduction case. Should we launch a new cereal, and if we do, will it eat up our existing brand? "Well," you might say, "Let's look at the industry as it stands today. We have sweetened and unsweetened cereals, and we have cereals that get soggy in milk and those that stay crispy. If we draw a 2 x 2 of the marketplace, we have a whole bunch of brands occupying this upper right-hand Cap'n Crunch quadrant that represent sweetened, stay-crisp cereals. . . ." Hey! You're on your way.



The WetFeet Interview Coach

Draw a matrix representing the breakfast-cereal market.

Ten Tips for Secretly Impressing Your Interviewer

1. Draw a graph for anything. Make sure you draw it horizontally, as all bona fide consulting slides require a 90-degree shift in the orientation of the paper. If you use quadrille paper, your interviewer will really be impressed!
2. Imply, but don't say directly, that you did most of the heavy lifting in your study groups.
3. Use the term "capacity utilization" somewhere in your analysis.
4. Imply, but never say, that you really are impressed by the perks you'll get as a consultant.
5. Talk about how you love intellectual challenges.
6. Ask your interviewer to tell you about the people at his or her firm.
7. Throw in a couple of 2 x 2s or other graphical representations of the data you are presenting.
8. Ask (with a hint of excitement in your voice) how many cities your interviewer has been to in the last year.
9. Ask your interviewer what he or she hopes to learn from work over the next year.
10. Come up with several reasons why you really do think the interviewer's firm is better than the others. Do your company research!

Consulting Frameworks 102: A Touch of B-School

Slightly more sophisticated than the simple frameworks is a grab bag full of favorite business-school tricks. In contrast to the simple tools mentioned so far, these frameworks and tools may provide a more comprehensive and robust structure for addressing a specific case question. It's important that you know these frameworks—they'll demonstrate to your recruiter your aptitude for approaching business-strategy questions. However, be careful in how you use them—if you're just trying to get fancy without a solid understanding of the underlying concepts, we advise you to stick to the basics.

The 3Cs

Application: Business Strategy and New Market Opportunity Questions

The famous 3Cs stand for customer, company, and competition. These will often be three of the most critical factors to consider when you look at a strategic, marketing, or performance question. Thus, if you're asked to figure out how an auto maker should assess its opportunities in a foreign market, you might start by analyzing what kinds of customers it will find in the new market. You'd probably want to analyze both the individual characteristics of the customers as well as the marketplace's characteristics and trends. A look at the competition would include both an analysis of the competitors in the new market as well as the competitors in the client's existing markets and how all competitors would respond to your client's expansion plans. Finally, the company

analysis would likely include a look at the client's strengths and weaknesses, its internal resources, its longer-term strategy, and how well situated it is to handle the different issues you identified in the customer and competition pieces of your answer.

The 4Ps

Application: Marketing and New Product Development Questions

Here's a favorite one from the Marketing Hall of Fame. The 4Ps are product, price, promotion, and place (distribution). The idea here is that these 4Ps are the four major knobs you can turn when trying to market a new or existing product. Product incorporates everything about the design of the product; its features; how it is different from competing products and substitute goods; its packaging; reputation, service, and warranties; and what the strategy for the product is in the future. Price deals with both retail price and discounts, as well as economic incentives to the different channels (commissions and margins) and the strategic elements of the pricing decision. Promotion has to do with everything from marketing and advertising to customer education, public relations, and franchise or reputation development. The fourth P, place, is really a "D" in disguise. It stands for distribution, and covers such things as choice of channels, cost and duration of distribution, and positioning strategy. An example of a case question for which a 4Ps framework would come in handy is, "Our client plans to introduce a new gourmet low-fat frozen dessert. What are some of the issues we should examine?"

What to Do When You Realize You're in Trouble

Despite your best efforts to avoid getting in trouble during your consulting interview, you will occasionally find yourself far along a dead-end road. The quickest way out of this situation would be to stand up and leave the room. But before you shoot yourself in the head, you just may be able to recover some of your lost ground by taking a few simple steps. We asked our consulting industry insiders for suggestions about what to do when a candidate suddenly realizes she has become mired in the La Brea Tar Pits of consulting-interview oblivion. Here are some of their tips:

1. When you get a question about which you are really uncertain, try to find an answer (or at least get partial credit) through the process of elimination. For example, you might say something like, "Possible approaches to a problem like this would be to look at X, Y, and Z. However, for the following reasons, I don't think those lines of inquiry will produce the ultimate solution."
2. When you run out of ideas halfway through your answer, pause, take a breath, and say, "I'd like to take a minute to think this through." It's okay to not say anything for a minute or two. Collect your thoughts, and write down a few notes if necessary before starting back into the case.
3. If you feel your wheels starting to spin, say, "As I'm working through this, I know I'm starting to get into too much detail. I think the major issue for the client on this front is X. In addition, I know that we still need to talk

about costs and revenues, and I'd like to discuss those areas before time runs out.”

4. Tell the interviewer that you believe you misinterpreted the information and explain why you now think your response has missed the mark. Say that you think another approach would be a more productive path to the solution. State what that approach would be.
5. Say, “I’m sorry. Is this a consulting interview? I must have gotten here by mistake. I’m actually supposed to be meeting with Goldman right now.”

Consulting Frameworks 103: The Whole Shebang!

The final category of consulting frameworks incorporates several of the concepts presented above. These powerful, but complex, frameworks are very useful in providing a comprehensive analysis of a specific industry or opportunity.

Porter's Five Forces

Application: Firm Strategy and New Business Opportunity Questions

Although eager-beaver MBAs may be a little bit too anxious to bring Michael Porter into every case question that comes their way, Porter's Five Forces theory is probably the best-known and most powerful industry analysis framework. It can be applied to virtually any industry—from disposable diapers to educational software to automobiles to chocolate. This framework is particularly useful when you want to answer a case question that asks about firm strategy, especially with regard to opportunities to enter a new field. In case you can't already recite Porter's Five Forces in your sleep, here's a little review.

May Porter's Five Forces Be with You

The five forces that purportedly define the nature of a given industry are as follows:

1. **Barriers to Entry** (the ease with which new firms can enter the industry)

2. **Bargaining Power of Buyers** (the relative power of customers and other buyers)
3. **Bargaining Power of Suppliers** (the relative value of vendors and other suppliers)
4. **The Availability of Substitute Products** (the “uniqueness” of the firm’s products)
5. **The Nature of the Rivalry Among Firms** (the rationality of competition in the industry)

Analysis of each of these categories and their relevant subcategories should give you a good idea about whether the opportunity looks positive or negative. It will also potentially fill up the entire interview hour, which is not necessarily a good thing for your career interests. We have included a more detailed example of how this framework might be applied to a specific case below. However, the key insights that this analysis will often provide include the idea that an industry is more attractive if there are significant barriers to entry, neither buyers nor suppliers have great power over the players in the industry, there are few adequate substitute products, and the firms are not engaged in an insane competitive rivalry that depresses profits.

Firm Analysis

Application: Business Strategy Questions

Although it doesn’t have the brand-name appeal of the Five Forces, Firm Analysis is a robust consulting framework that will often prove helpful in answering case questions. The foundation of the Firm Analysis framework is the identification of the internal (company) and external (market) factors which both come together to influence a company’s competitive strategy.

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Internal factors influencing a corporate strategy include the following:

1. Company strengths (or, if you prefer, core competencies) and weaknesses
2. Company objectives, values, and mission
3. Company systems and resources

External factors influencing a corporate strategy include the following:

1. Industry trends
2. Outside constraints (governmental, societal, legal)
3. Competitor activities


The business strategies that will likely prove most successful for the firm are those that find a close fit between the internal (company) and external (market) factors. This framework can be applied to many types of strategy questions, especially those involving a new opportunity, a new market, or changing circumstances in the industry. For example, if you're looking at the opportunity for a medical device manufacturer to set up a new production facility in France, you might start by looking at internal factors related to the company's strategic objectives and resources and then move on to the various external factors it will face as it explores the market opportunities in Europe.

Financial Analysis Framework

Application: Product-Profitability Questions


Do your eyes glaze over when the cocktail party discussion turns to costs of goods sold and accounts receivable? Join the club. You'll be glad to know that financial statement analysis doesn't usually warrant the "framework" label.

However, a very basic understanding of how balance sheets, income statements, and cash flow statements work and what messages they can communicate can be a quite important part of your consulting case interview. WetFeet strongly recommends a quick review; our crash course begins below. Financial statements, like frameworks, are roadmaps. If you can navigate the income statement, balance sheet, and cash flow statement, you'll be able to cut through the fluff and identify the core issues of many case questions. In particular, financial statement analysis will be helpful if you find yourself facing a question about product profitability. For example, if you were asked why a steel company was unable to offer a competitive price for its galvanized products, you could struc-

 Basics of the Income Statement	
	Gross Revenues (= units X price)
<i>subtract</i>	Returns and Allowances
<i>equals</i>	Net Sales
<i>subtract</i>	Cost of Goods Sold, comprising the following four items:
	Direct Labor
	Direct Materials Costs
	Overhead (watch out for allocation!)
	Delivery Costs
<i>equals</i>	Gross Margin
<i>subtract</i>	Selling, General, and Administrative Expenses
<i>subtract</i>	Depreciation
<i>equals</i>	Operating Profit
<i>subtract</i>	Interest Expense
<i>equals</i>	Profit Before Taxes

Case Interview

ture an answer around an analysis of the various components of product cost: direct materials, direct labor, and overhead. You would probably also want to take your analysis a step further by looking at how overhead was being allocated or how sales were being handled.

 Basics of the Balance Sheet	
ASSETS	
Current Assets	
Cash	A
Short-term investments	B
Accounts receivable	C
Inventories	D
Prepayments	E
Total Current Assets	A + B + C + D + E = F
Property, plant and equipment	G
Less allowance for depreciation	H
Investments	I
Other Assets	J
Total Assets	F + G + H + I + J



Basics of the Balance Sheet ... continued

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	K
Loans payable	L
Income taxes payable	M
Dividends payable	N
Total current liabilities	$K + L + M + N = O$
Long-term debt	P
Deferred income taxes and noncurrent liabilities	Q
Total Liabilities	$O + P + Q = R$
Shareholder equity	S
Common stock	T
Retained earnings	U
Total Stockholders' Equity	$S + T + U = V$
Total Liabilities and Stockholders' Equity	$R + V$



Basics of the Cash Flow Statement

CASH FLOWS AND OPERATING ACTIVITIES

Net income	A
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation expense	B
Amortization of intangibles	C
Gain on sale of plant assets	(D)
Increase in accounts receivables (net)	(E)
Decrease in inventory	F
Decrease in accounts payable	(G)
Total	B + C + (D) + (E) + F + (G) = H
Net cash provided by operating activities	A + H = I
Cash flows from investing activities	
Sale of plant assets	J
Purchase of equipment	(K)
Purchase of land	(L)
Net cash provided by investing activities	J + (K) + (L) = M
Cash flows from financing activities	
Payment of cash dividend	(N)
Issuance of common stock	O
Redemption of bonds	(P)
Net cash provided by financing activities	(N) + O + (P) = Q
Net increase (or decrease) in cash	I + M + Q = R
Cash at beginning of year	S
Cash at end of year	R + S

Your Own Flavor

Tired of all those boring B-school frameworks? Well, you can always create one of your own. One consultant to whom we spoke successfully created a list of key issues that were likely to come up in various types of case interviews (competition questions, new-product questions, business-unit strategy questions, etc.) and used it to sail through the interviews with flying colors. Be warned, however! If you choose to fly solo, you may get high points for creativity, and you'll certainly stand out from other candidates, but you'll also run the risk of missing key issues. WetFeet recommends that you road test all new frameworks before you whip one out of your bag of tricks during your interview.

Extra Credit

A typical consulting case, and most consulting case interviews, will have a few tricky twists and turns—sharp corners where most people go shooting off the highway, or, at best, onto a side road that most people wouldn't even notice. You don't need to nail these to pass the case, but a “blinding insight” may give you a few extra-credit points and help you stand out from the crowd.

Identifying and analyzing most of these unusual situations will require you to draw on your own resources and insight. However, to level the playing field just a little bit between the former consultants and those who are new to the field, we have included references to a few of the favorite twists and turns. You might want to keep these in the back of your mind, just in case you get through the case and want to pick up a couple of extra-credit points. Remember, though, that the key to a successful case interview is to answer the core portion of the case question correctly.

Damn those unions! Unions, noncompete agreements, government regulations, and parent/sister company relationships may present unexpected constraints to a traditional company that wants to enter a new industry. For example, if a newspaper company wanted to compete in the fast-moving online services area, it would potentially face a severe cost disadvantage because most of its workers are unionized.

Capacity constraints. Costs may jump significantly if new capacity can only be added in large chunks. For example, an auto company might be able to increase production up to full capacity, but, if it wanted to increase production after that, it might have to build a new facility, thus raising per-unit cost significantly if all the capacity weren't completely used.

Economies of scale? Not necessarily! Just because a company has larger volume production it doesn't necessarily have a lower cost structure. Think about the airline business. Profitable regional carriers have often had trouble expanding their business to a national market. Although some systems costs go down as scale increases, other costs may actually rise. Workers may unionize and negotiate higher wages, equipment costs may go up, advertising costs may increase, and the costs of establishing new facilities in different cities may be quite high.

Competitor actions don't always make sense. The dynamic of competitor interactions may make nonsense out of your precise industry analysis. For example, in a declining industry, firm rivalry may be intense, causing firms to drive profits out of what might otherwise be a lucrative industry. Also, long-standing feuds between different players may cause them to act in ways that have no economic justification.


Culture clash. Strong-culture organizations and weak-culture organizations have very different attributes—and neither is necessarily a sustainable competitive advantage. Organizational culture may have a significant impact on how effectively a firm can pursue a new strategy. Think about a strong-culture company such as IBM. For years Big Blue defined itself as a mainframe computer company. As a result, when the market began to shift in the 1980s from mainframes to PCs, IBM went through a period of denial, continuing to invest hundreds of millions of dollars in big computers that the market wasn't buying. This left the door wide open to a band of wily new competitors in the PC industry, such as Compaq, Dell, and Apple. Interestingly, another strong-culture company in the computer industry, Hewlett-Packard, was relatively successful in identifying new market opportunities and continuously reinventing itself to pursue such opportunities (in fact, it entered the PC market itself in 1995 and quickly rose to the top ranks of the industry). Ironically, after merging with Compaq in 2002, HP has been faced with the difficult challenge of combining two strong cultures

(not to mention building shareholder value in the face of a commoditizing industry where Dell is winning).

Is there an accountant in the house? Cost allocation problems can truly distort management's perceptions of product-line profitability. Let's say your client has two products: one is in production 80 percent of the time and is highly profitable; the other only runs 20 percent of the time and is only marginally profitable. If you require each product to carry half the overhead costs, you may announce that it doesn't make sense to produce the second product, even though you can sell it at a price above its variable cost. Wrong!

Guide to Interview Language

In addition to knowing the buzzwords you'll hear during the interview, you should also be prepared to toss a few buzzwords of your own in the direction of your interviewer. To help you draw that ever-so-important picture of you-as-consultant, WetFeet has included a short vocabulary list for your use. Feel free to add to this list as your creativity allows.

 During a Consulting Interview . . .	
How to Describe Yourself	How NOT to Describe Yourself
Self-starter	Vacation-oriented
Analytical	Inflexible
Out-of-the-box thinker	Silicon
Goal-oriented	Bodacious
Leader	Unprincipled
Resourceful	Touchy-feely
High-energy	Combative
Inquisitive	Weak-kneed
Hard worker	Indecisive
Team-oriented	Follower
Successful	Status-oriented
Numbers-oriented	Whiny
Eager to learn	Ill-mannered
Positive	Short-tempered
Experienced	Vengeful
Recently married	Previously dinged

The Recruiter's Perspective

- From the Recruiter's Side of the Table
- The Judge's Scorecard

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From the Recruiter's Side of the Table

Wow! You're probably thinking that there's an awful lot to keep straight and an awful lot you'll have to do to impress your consulting interviewer. In one sense you're right; case questions can be quite complex. After all, they're often drawn straight from the consultant's work experience. Clients may have paid millions of dollars for the person sitting in front of you and a bunch of her colleagues to spend months studying the very problem the interviewer expects you to analyze in eight and a half minutes. In another sense, however, almost all cases can be boiled down to a few common themes. Remember, the case is ultimately a way of testing to see whether you might be cut out for a career in consulting. And on that front, all of the firms are looking for a few standard things.

Fortunately, your interviewer generally will not be looking for the one right answer to the problem. There probably isn't one right answer; business problems are rarely that simple. And, even though they do want you to hit on a few key issues, most interviewers will be looking for other things from you. In addition to all of the general points she will have been assessing since the start of the interview (e.g., your composure, your communication skills, your experience, and your energy level), your interviewer's mental scorecard during the case question will look something like the following:

- Do you have a logical, clear, and effective way of tackling a simulated business problem? Can you pick out and use a relevant structure or framework to understand and answer the question?
- Are you analytical? Do you think in boxes, tables, and bullet points? Can you pick out key issues of the problem and move through them in an organized and logical way?

- Are you likely to be happy as a consultant? Do you seem to relish the challenge of the mental wrestling matches required to solve difficult problems? Do you ask probing, insightful questions?
- Do you have good business intuition? Do you understand some of the basic business issues? Most importantly, do you push toward action?
- Do you have a consulting “presence”? Are you calm and poised? Can the interviewer see you standing up in front of a middle-aged client and having enough credibility to leave that client thinking that he has gotten the best analysis that money could buy?

The Judge’s Scorecard

To give you a better sense of exactly what that consulting firm interviewer is thinking about as he pushes and prods you through the case question, WetFeet has developed the Judge’s Scorecard (aka the Consulting Interview Evaluation Form). Think of the scorecard as the tool your interviewer is using to evaluate you. Just in case you’re wondering, this is a generic form developed by WetFeet, based on material used by several different firms. Naturally, each firm will have its own approach.



Consulting Interview Evaluation Form

Candidate: _____ Round: _____

Date: _____ Interviewer: _____

School: _____ Case Used: _____

Ratings: Please assign a rating for each category and an overall rating at the bottom.

1 = Excellent/Good 2 = Average/Neutral 3 = Poor/Unsatisfactory

Rating	Skill Category	Comments
	Analytical Skills	
	Comfortable with numbers?	
	Identifies key issues?	
	Identifies appropriate frameworks?	
	Follows a logical approach?	
	Problem-Solving Skills	
	Intellectual curiosity?	
	Breaks problem into parts?	
	Draws on previous experience?	
	Out-of-the-box thinking? Results Orientation	
	Starts with issues that provide leverage?	
	Uses realistic, doable approaches?	
	Focuses on actionable items?	
	Listening Skills	
	Listens carefully to problem?	
	Asks questions when necessary?	

Recruiter's Perspective



Consulting Interview Evaluation Form ... continued

Rating	Skill Category	Comments
	Presentation/Communication Skills	
	Clear and to the point?	
	Credible?	
	Responds well to questions/challenges?	
	Uses analogies and examples effectively?	
	Personal Attributes	
	Intelligence	
	Maturity	
	Integrity	
	Common sense	
	Team player	
	High energy	
	Fit with Culture	
Office/practice preference: _____		
Overall candidate rating: _____		
(1 = Recommend against passing to next round; 2 = Neutral; 3 = Recommend for next round)		
Interviewer's signature: _____		

Recruiter's Perspective

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Case Examples

- Good Cases for Good Consultants-to-Be
- Suggested Answers

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Good Cases for Good Consultants-to-Be

At long last, here they are! Real, live sample case questions and suggested answers. To help you prepare for the case interview, we have first listed the questions for which we will provide sample answers. If you wish to simulate the case interview process, you might start by jotting down your own notes about the question before you look at the sample answer. If that sounds about as exciting as doing division longhand just for the sake of keeping your arithmetic skills sharp, then go ahead and look at the answers. They begin immediately after the questions.

Case Question 1

List several ideas for improving the customer service level of an airline's ticketing call center.

Case Question 2

A U.K. banking client asks, "Should we acquire a stock brokerage firm on the Continent?"

Case Question 3

The manager of the on-campus coffee shop comes to you for advice. Last quarter a food service workers' strike shut down the campus cafeteria for nearly three weeks. He thought this would be great news for the business—the coffee shop was packed. Now that the numbers are in, however, he finds that even though the coffee shop had record revenues, it made a loss for the quarter. What happened?

Case Question 4

How many golf balls would be used in the United States in a given year?

Case Question 5

You are assisting a regional Bell operating company (RBOC) that has been attempting to diversify its business lines outside of the traditional telephone business. Unfortunately, it has been unsuccessful in a number of previous new ventures, including real estate, financial services, and software. This time, the client is considering an opportunity to get into electronic home security. The attractive features of this industry include:

- Relates well to phone company's core business (phone lines, operator services, installation services)
- No big players in the industry (five largest firms have combined total of less than four percent market share)
- Large potential demand (only ten percent of residences have security systems)
- Long-term customer value is high (equipment is low-margin business, supervision services high-margin)

Question: Is this a good opportunity? What do we need to know to assess the opportunity?

Case Question 6

A leading manufacturer of instant cameras and one-hour photo finishing machines is facing a dramatic downturn in business due to the rapid increase in digital photography and sharing photos over the Internet. What should it do?

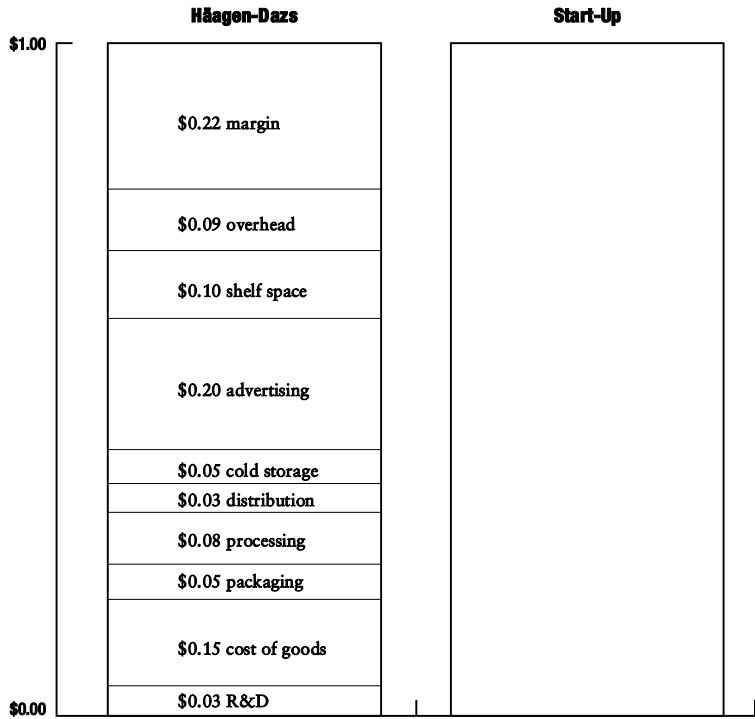
Case Question 7


Rather than go into consulting, you've decided that you want to start a natural-flavor frozen-sherbet business. You've done some research and discovered that Häagen-Dazs has the following value chain. Draw a similar value chain for your start-up business and explain how and why it would be different.


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Value Chain Comparison: Ice Cream



	The WetFeet Case Analysis Worksheet
<p>Use this form to sketch out your answers for the sample cases provided in this WetFeet Insider Guide.</p>	
<p>Type of Question: _____</p>	
<p>Frameworks that Might Prove Useful:</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Questions to Ask/Additional Information Required:</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>Most Important Issues:</p> <p>_____</p> <p>_____</p> <p>_____</p>	

	The WetFeet Case Analysis Worksheet ... continued
<p>Outline of My Answer:</p> <hr/> <hr/> <hr/> <hr/>	
<p>Action/Implementation Implications:</p> <hr/> <hr/> <hr/> <hr/>	
<p>Twists and Turns:</p> <hr/> <hr/> <hr/>	

Suggested Answers to Case Questions

The following are suggested answers to several different types of questions. To give you more insight into what would be expected of you, we have included key tips and notes in addition to the suggested answers.

Case Question 1

Question

List several ideas for improving the customer service level of an airline's ticketing call center.

Background

Consultants will often ask you to *list* several potential solutions to a particular problem in rapid fire sequence *upfront*. In an interview, this approach may be experienced as a discrete “case” question or as part of a larger, more structured and complex case. It will sometimes be used to assess out-of-the-box thinking quickly when interview time is short. This question type aims to assess your creative ability to generate several possible solutions or hypotheses from the start in order to guide a deeper, structured analysis later on. This is a very effective approach in consulting, because it drives creative brainstorming upfront—before getting enveloped in extreme levels of detail—generating a hypothesis-driven start to a client case.

In general, no list is right or wrong. The interviewer is most interested in seeing you propose some clever, original thoughts about a problem, even if they seem far-fetched. Therefore, the key to a successful answer here is to have fun with the challenge. Since your interviewer will be looking for a combination of creativity and analytics, don't hold back! If this were a team meeting and you were trying to identify solutions to a client problem, the goal would be to get as many ideas as possible out on the table and to select the most important ideas for further analysis. This question could be given to undergrads, MBAs, or advanced-degree candidates.

Suggested Response

There is no single right answer to this question—especially given that the interviewer wants you to provide a laundry list of ideas—but there are lots of good answers. Even when the interviewer wants a quick list of thoughts, it is not a bad idea to put a quick structure around it. For example, you might point out that you can improve customer service in two overall ways, by perception and by reality.

To improve perception, you may suggest adding music to the wait time to make it seem shorter. Also, the initial recorded message could have a “hook” to keep people listening longer (i.e., rather than just pushing “0” immediately), such as an announcement like, “please listen to the entire message, as our menu has changed.” The airline could also offer exciting promotions that customers are interested in hearing more about before moving on to the customer service person. Some creative thinking could also be applied to the automated message itself, like making the recorded voice more friendly or allowing the customer to select options by speaking, as opposed to by dialing.

Next would be examples of the second type of service improvement, actually improving response times, information accuracy, and overall efficiency. If

adding customer service representatives is not an option due to costs, the airline could ensure that the reps are well trained on using their systems so they are able to navigate information and transactions quickly. Periodic surveys could also be conducted with customers to identify and prioritize key areas of needed improvement. Phone systems could be configured so that if a rep needs to forward a customer to another rep, there is a personal handoff with all three people on the line, as opposed to simply forwarding a customer to another automated response and wait cue. The airline may also be strategic in setting their customer cues by prioritizing customers who are frequent fliers or those who are calling to actually purchase a ticket. Further, the airline could keep a log of each customer so that the rep immediately knows his or her preferences for seating, flight times, and so on. Finally, the airline could incentivize its reps by the number of happy customers, as identified through random surveys.

Case Question 2

A U.K. banking client asks, “Should we acquire a stock brokerage firm on the Continent?”

Suggested Response

In this sample response, we provide a dialogue with notes on what’s being said (in italics). Remember, however, there really isn’t any one right answer for a case question. This response is meant only to suggest the types of issues you might want to talk about with your interviewer. That said, aren’t you psyched that we’re walking you through a real, live case . . . and that you didn’t get stuck with this question in your case interview! This question would probably be given to MBA candidates.

Interviewer: You’re working for a bank in England. The chairman comes to you and says, “I think we ought to acquire a brokerage firm on the Continent, but I’d like your opinion on that.” What should you say?

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Beware of the overly general question! The interviewer will often start off with something so broad and general that it is impossible to answer. The interviewer is really trying to see if you will take the bait, or if you will keep your wits about you and ask for more information.

Candidate: Well, I'd probably start by asking, "What do you mean? Are you thinking about acquiring a specific firm? Are you interested in entering a specific country or market? Are you thinking about getting into the stock brokerage business in general?" Alternately, I might ask the chairman about the fundamental objectives he is trying to accomplish. Is he seeking an entree into the brokerage business? Is he trying to boost revenues? Does he want to expand in Europe?

It is usually okay to ask for more information, especially if you have just received the case question. Often, the interviewer's response will give you a hint as to what angle to pursue. However, don't just ask questions for the sake of taking up time. They should be designed to give you enough information to proceed with the case.

Interviewer: The chairman says that he wants to explore opportunities generally and that he doesn't have a particular firm or target country in mind. He is interested in increasing the bank's base of operations on the Continent and the brokerage industry seems to have a lot of smaller, profitable players that may be ripe for acquisition.

The interviewer is directing the candidate towards a general strategy response. Therefore, the key issues will center on the firm (its strategic objectives, its strengths and) and the opportunity (macroeconomic issues as well as the identification and evaluation of specific acquisition candidates).

Candidate: It sounds like a general strategy/acquisition study might be in order. Since the client doesn't have any specific markets or acquisition targets

in mind, I'd want to start by analyzing both internal and external issues for the client.

By starting with a general statement, you can check in with your interviewer to see if you are on the right track. If you have missed the boat, some interviewers will gently push you in another direction (but beware, others may let you drown!).

Interviewer: Why don't you start by telling me some of the key internal issues you'd look at?

The interviewer likes the candidate's top-level internal/external framework, but is a little wary of the use of acquisition study. She wants to make sure the candidate really understands what information he needs to identify.

Candidate: On the internal side, I'd want to look at four or five key things: the client's strategic objectives for the acquisition, its core strengths and weaknesses, its existing business operations and systems and how those might fit with a potential acquisition, and the resources it has available for the acquisition.

The candidate has set up a sub-framework to focus his response about the internal issues the client will face. Although these points don't follow any standard framework, they do include a mix of strategic and operational issues.

Candidate: Of these issues, I'd start with a look at the client's strategic objectives for the acquisition. Frankly, the first question I would ask is whether or not the client ought to be acquiring a new business in a different market. Is this part of a broader diversification or internationalization strategy? Is the client just trying to use up some excess cash?

A key challenge in many real-life consulting cases is to accurately define the right question to ask. In this response, the candidate questions the initial assumption that an acquisition is called for. An alternative approach would be to assume that the decision to acquire has been made and the consultant has been called in to implement. In this case, the candidate would probably want to state the assumption and move on to analyze the various internal factors he has outlined.

Candidate: After determining its strategic objectives, I'd like to analyze any strengths and weaknesses that would be relevant to the acquisition. Does the client have a particular set of resources that make an acquisition of one type or another fit better with its existing organization? Perhaps it already has banking affiliates in several other European countries. Perhaps it has relationships with a number of banking customers that are active in certain areas on the continent. Are there particular service or product offerings that it is seeking to add to its portfolio? By looking at these issues, I would be attempting to establish some parameters by which to evaluate different investment options. In particular, I would be looking for areas in which the client may be able to achieve synergies or significant cost savings.

The candidate works his way through his framework, focusing first on the issues that will yield the greatest insight. He also offers some examples, in the form of questions, that indicate the types of issues he will be looking for. Finally, he mentions how he will use this analysis to produce a recommendation for the client.

Interviewer: What other things would you need to know to give the client your recommendation?

Here the interviewer poses a question that could be approached in different ways. The candidate could continue to explore internal issues, or he could move over to some of the more important external issues.

Candidate: There are still several issues on the internal side that I haven't yet explored, such as the internal systems issues and the budget for the acquisition and so on. However, for the purposes of making a recommendation to the client, some of the external issues are even more important, and I'd like to talk about some of those now.



Insider Tip

It is a good idea to briefly point out instances in which you stray from your initial framework. That way the interviewer won't assume that you just lost your way.

Here the candidate interprets the question fairly literally and moves on to issues of primary importance to making a recommendation to the client.

Candidate: On the external side, I'd want to break this into three basic pieces. The first involves taking a macro look at the marketplace for brokerage services across Europe. For the second piece I would identify potential acquisition candidates and assess their attractiveness based on the parameters we had identified. After a broad-based look at a number of candidates, the third piece would involve a detailed evaluation of three or four of the most promising firms.

Although the candidate hasn't called on a Porter Five Forces/3Cs gourmet flavor of consulting framework, he has identified a logical approach to getting at the answer. In addition, he has helped his presentation by saying that there will be three pieces to the analysis and clearly stating what those pieces will be.

Interviewer: Let's use your approach and start with a look at the market for brokerage services in Europe. What would you look at?

Candidate: Well, Europe consists of a lot of different countries and, I expect, a lot of different rules and regulations on brokerage services. I think the best

way to start would be to analyze the various markets we were thinking about entering and determine which would offer the most opportunity for an investment by a British bank.

To do this, I would want to look at two sets of factors for each country. [*Geez, can you believe how good this guy is?*] First, I'd start with a survey of the overall market situation. How big is the country's GDP, what is the structure of its economy, how fast is it growing? I'd also want to analyze its stock market. Some countries may not even have stock markets, others may have really small capitalization. There may be regulations about foreign ownership.

Simultaneously, I'd want to look at the brokerage business in each market. How is the stock market set up? How many firms compete in the brokerage business? Who owns them? How profitable are they? What are the key resources that give one an advantage over others?

Again, the candidate gives a structure to his response. "First . . . Second . . ." This helps the listener follow the presentation. Also, he identifies a number of areas of potential concern: underlying economics, regulatory issues, and competitive rivalry.

Interviewer: How would you go about getting that information?

Consultants are data hounds. A key concern in many interviewers' minds (especially for undergraduate candidates) is how resourceful the candidate will be in gathering information.

Candidate: Well, I'd probably start by seeing if there were any internal resources that might contain some of that information. It's possible that somebody within the organization might have researched the same topic for another study or might be familiar with certain aspects of brokerage markets in Europe. Beyond that, I'd probably identify resources within each market

that provided the kind of information we needed. These might include the equivalent to the SEC or the authorities in charge of the various stock markets. They might include other banks or competitors in the industry, or they might include printed resources or databases. At some point, when it came time to evaluate the various acquisition candidates on the shortlist, I'd think we'd need to utilize some secondary means of evaluating their performance, such as utilizing customer surveys or speaking with experts in the field.



Insider Tip

If there are particular pieces of analysis with which you feel more comfortable than others, you can often jump directly to those by saying something along the lines of what this candidate just said.

The candidate starts by looking as close to home as possible. He also seems to be aware of many of the favorite resources for consulting studies. Importantly, he hasn't suggested any ideas that would be completely unfeasible, such as interviewing the heads of the SEC equivalents in each country.

Interviewer: Okay. You've gone out, collected a pile of information about three or four different potential candidates. How would you finally choose among them?

The interviewer is testing to see whether the candidate will be able to do something with all of the analysis he has offered.

Candidate: Well, I'd want to go back to the initial parameters I developed after looking at the internal factors. In particular, I'd want to see which acquisition opportunity seemed to offer the best fit with the client's long-term business strategy and organization. In particular, I'd want to see evidence that the acquisition would bring some source of competitive strength to the client,

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whether it be in terms of market access, or in terms of a set of synergies between the acquisition target and the client that would allow the client to operate the company more efficiently. I think I'd also want to assess the various types of risk with the proposed acquisition.

The candidate goes back to the start of his analysis and incorporates the internal factors identified and analyzed early in the case problem as the relevant considerations in developing a recommendation. In addition, he focuses on several issues that are critical to any successful acquisition.

Interviewer: Oh? What types of risk would you look at?

The interviewer chooses to examine one small piece of the candidate's answer and see if he really has thought this through carefully. The interviewer is also testing to see if the candidate can identify a key issue about deregulation. The interviewer is also being incredibly anal. Give this guy a break! Pass him on to the next round!

Candidate: Well, a key risk in Europe would be to think about the impact of European deregulation. Any profits that we had anticipated earning as a result of the acquisition would have to be considered in light of future stock market deregulation. In addition, we'd also want to look at other risk categories such as management risk, technology risk, and other market risks.

The candidate does a good job of listing several risks and offers the information the interviewer is seeking about the effects of deregulation.

Interviewer: Good. Well, it looks like we've covered most of the issues I wanted to go through with this case. Now let me ask you about another situation.

Candidate: Ahhhhh . . .

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General Summary Comments

This was clearly a question about business strategy. In his answer to the question, the candidate identified a few simple frameworks and structures that helped him touch on a number of issues associated with the problem. He also did a relatively good job of letting the interviewer know where he was and what was coming next.

Case Question 3

The manager of the on-campus coffee shop comes to you for advice. Last quarter a food service workers' strike shut down the campus cafeteria for nearly three weeks. He thought this would be great news for the business—the coffee shop was packed. Now that the numbers are in, however, he finds that even though the coffee shop had record revenues, it made a loss for the quarter. What happened?

Background

This is a business operations problem of the declining-profits variety. In this one, the interviewer is looking for your business intuition and for your ability to apply this intuition in chasing down the answer to the problem. This question would be appropriate for undergrads as well as MBAs and advanced-degree candidates.

Suggested Response

Candidate: There are a variety of things that could cause revenues to go up while profits went down. I'm not sure which is the most likely—maybe the manager was skimming some money off the top? Just kidding! The first thing I'd like to know is whether there were any other unusual expenses during the quarter. Did costs go up? Was there a write-off of some sort? Was the coffee

shop dealing with expenses carried over from a previous period? Did it have to hire on additional labor at a premium or pay overtime to serve all those additional customers?

It's often a good idea to make sure that you have the whole picture. Case interviewers will often leave out critical details to get you to start off in the wrong direction. In addition, they may be trying to see if you will actually step back and take a critical look at the situation before you dive in. In a case such as this one, where there could be a number of possible explanations, it's good to see if you can get some more hints from your interviewer. At the same time, the candidate has already provided some structure to her answer by focusing on the cost/expense side first.

Interviewer: I'm a little bit curious as to why you would immediately assume there was something illegal going on. However, in answer to your question, no. There weren't any extraordinary expenses in the quarter. No lawsuits for bad food, no acquisitions of new equipment. What else could have happened?

Candidate: Hmm. Well, if there weren't any unusual expenses, I'd want to look at the other pieces of the costs and revenue equation. On the revenue side, we assume that sales volume went up significantly as a result of the cafeteria closure. Since total equals price times quantity, I wonder if the prices the coffee shop charged for its products went down. Did it change its pricing structure?

Since her first approach didn't yield any results, the candidate is taking a step back and becoming a little more systematic in her approach. Although she might have been better off labeling it as such, she seems to be backing into a framework based on the "profits = revenues - costs" equation. One good thing is her mention of the revenue equation.

Interviewer: No, the prices remained the same.

Candidate: Then we need to continue looking at the other pieces of the cost and revenue equation. You said there weren't any extra-ordinary expenses, but what about changes in the normal expenses of the operation? Did raw material prices go up? Did rent, utilities, or trash-removal costs go up as a result of increased volume? How about spoilage?

The candidate still hasn't figured out exactly why the profits went down, but she is doing a good job of systematically exploring various reasons why this might have occurred. Also, she is doing a good job of explaining how she is thinking through the problem. Thus, the interviewer knows that she isn't just bopping around from scattered thought to scattered thought.

Interviewer: No, these all remained relatively stable on a per-unit basis.

Candidate: Something clearly changed from the previous quarter. Since we have ruled out changes in prices and significant changes in expenses, then there was something else going on. We know that sales went up. We also know that customer flow went up and that people who usually eat at the cafeteria were coming to the coffee shop. Therefore, it's possible that this new customer group was different from traditional customers. One strong possibility is that they were ordering different items from traditional customers. Specifically, since they were using the coffee shop as a substitute for their usual cafeteria dining, it's possible that they were ordering more food than the traditional customer.

The candidate has systematically worked her way toward a possible explanation. By thinking out loud, she reveals that she didn't immediately know the answer. However, she has demonstrated a relatively logical approach to problem solving and hypothesis testing that will be useful as a consultant.

Interviewer: That's correct. There was a new type of customer with a new purchasing pattern. But what does that tell you about profits?

Candidate: I would assume that many of the new customers came in to get food. Therefore, the product mix sold during the quarter probably changed. Since we know that there weren't any extra-ordinary expenses, and since we know that profits went down, we have to assume that the coffee shop was sucking wind on the food business.

Interviewer: Bingo!

The candidate has come up with the correct answer by systematically going through the example and focusing on the various components of the key equation. In addition, she has demonstrated to the interviewer that she can think logically and use a framework effectively.

General Summary Comments

Many case interviews will ask about a situation in which profits are declining. Although many of these questions may be more complex than this one, it is a good idea to keep the profit and revenue equations foremost in mind as you work your way through them. In this case, a change in product mix was the key. Another typical problem may deal with fixed and variable costs.

Case Question 4

How many new golf balls would be used in the United States in a given year?

Background

No consultant wannabe can expect to cruise through the case gauntlet without skirmishing a time or two with the old market-sizing question. Typically, these questions take the form of "How many telephone poles are there in the United

States?” or “How would you go about figuring out the market for interactive TV?” Short, sweet, and relatively easily dispatched, these questions will often serve as a warm-up question for a more lengthy case. Alternatively, they might be hidden within the context of a larger strategy-type question, during which the interviewer will ask the candidate to discuss how he or she would go about estimating the market size for a particular product. Market-sizing questions like this one could be used for undergrads, MBAs, and advanced-degree candidates.

In any case, when the interviewer throws you a market-sizing question, she is trying to check you out on a couple of things. First, she’s trying to see if you have an allergic reaction to numbers. It’s not necessary that you be the next math-jock superstar, but, if you can’t think through a few simple BOE (that’s “back of the envelope”) addition/subtraction/division types of operations, or at least recognize the need for them, you may face some tough sailing in the consulting world. Even more importantly, the interviewer wants to see if you can identify what you need to know, make a set of realistic assumptions, and come up with a solution.

Suggested Response

You might start by saying that the basic drivers (no pun intended!) in the golf ball market are the number of golfers in the United States, the number of balls they use per round, and the number of rounds they play per year. To figure out what that actually means, you’d need to make some assumptions. Assuming there are 300 million people in the United States and that 20 percent of the population plays golf, you’d guess that there are 60 million golfers in the United States. If you figure that golfers play an average of ten rounds per year, and that they use two to three balls per round, you’d come up with a number around 1.5 billion golf balls.

After that rough calculation, you might want to go back and talk about other factors influencing the golf ball market and how they might affect your estimate. Things that might increase the number of balls used in the United States include nongolfer purchases. For example, you might hypothesize that driving ranges and pro shops could account for significant purchases, thereby increasing the number of golf balls sold. In addition, you might mention that there is probably a small niche market of tourist purchases of golf balls—especially Japanese tourist purchases. Finally, a certain percentage of golf balls never actually sees any use. Most golfers have a few extra balls hanging around inside their bags or garages. All of these factors would increase the market size for golf balls.

In addition, you ought to also discuss factors that would decrease the market size for U.S. golf balls. For example, you could mention that there is a substantial market for used golf balls, which would decrease the numbers of new balls purchased. Also, golfers often find lost balls when they are looking around in the weeds, further decreasing their purchases of new ones.

General Summary Comments

Once again, the goal here really isn't to come up with the right answer. The goal is to come up with a realistic answer based on reasonable assumptions and a methodology that shows you understand some key drivers behind the problem. In this example, you probably want to attach a few more numbers to some of your adjustments to the basic market size you derived. In addition, the interviewer might push you to explain some of your insights further.

Case Question 5

You are assisting a regional Bell operating company (RBOC) that has been attempting to diversify its business lines outside of the traditional telephone business. Unfortunately, it has been unsuccessful in a number of previous new

ventures, including real estate, financial services, and software. This time, the client is considering an opportunity to get into electronic home security. The attractive features of this industry include:

- Relates well to phone company's core business (phone lines, operator services, installation services)
- No big players in the industry (largest five firms have combined total of less than four percent market share)
- Large potential demand (only ten percent of residences have security systems)
- Long-term customer value is high (equipment is low-margin business, supervision services high-margin)

The Question: Is this a good opportunity? What do we need to know to assess the opportunity?

Background

Hey! It's an industry strategy question of the new-opportunity variety. The interviewer here has given the candidate more complex information about a particular case and wants the candidate to go through an analysis of the opportunity. Since this involves a new business opportunity, there will be relevant issues both on the company side and on the market or opportunity side. The key is to choose a good framework and start sorting through the issues. MBAs would probably be the most likely to receive this question. However, undergrad and advanced-degree candidates might receive a pared-down version.

Suggested Response

Identify a few top-level issues and ask which to pursue. The interviewer's question has a good bit of detail in it, but to decide which angle to pursue, you probably want to ask a few general questions first. Therefore, you might start by pointing out a few of the key areas you see as most relevant to responding

to the question. First reaction: There are a couple of top-level questions that jump out from this case. First, is the electronic security business really a good business to get into? What are the underlying economics? Second, is this a good business for the client to pursue? Does it fit with company strategy? Does the client bring anything to the business? Third, given the company's failure at other ventures, there is a larger question about whether or not the client is organizationally set up to handle any kind of new business venture, let alone this one.

At this point, the interviewer will likely offer some indication about which angle to pursue. Lacking a suggestion, pick the angle that you think will be the most productive to pursue, both for the value it will yield for the client and for your level of insight into the issue. In this case, you might start with an assessment of the industry.

Choose a framework: How about supply/demand? If you want to explore the industry, there are several logical frameworks that would provide a useful structure for the answer. One easy approach would be to look at demand and supply in the industry. Only ten percent of the population have alarm systems, but this may be a mature market. Is demand stable? Are unit sales and customers growing? Are prices going up? At what rate? What is happening over the longer term? Is the market saturated? Who are the customers, what makes up demand? How have fears of terrorism altered the landscape? How do customers make purchase decisions? What about the supply side? What drives supply? How many firms are competing? What type of firms are competing? How are they competing? What are the margins in this industry? Is there an opportunity to come in with a differentiated product? Is there an opportunity to decrease the cost structure through economies of scale? What would be the reaction to entry by the client?

Or maybe the 3Cs? Another slightly more complex approach would be to look at the famous 3Cs: Customer, Company, and Competition. Here you'd want to think about what kinds of people are actually buying home security systems and how that would affect the opportunity for the RBOC. You'd also analyze the skills and weaknesses of the client as they relate to the electronic security business. Finally, you'd need to look at the competition. Who are the other players? Why are they or aren't they successful? Is there any consolidation going on?

Let's try the Five Forces. Finally, you might be tempted to whip out the BMW of consulting case frameworks, the Porter Five Forces industry-analysis framework, to analyze this opportunity. As you know from your recent strategic management course and this WetFeet Insider Guide, the five forces include: supplier power, buyer power, threat of potential entrants (barriers to entry), and the availability of substitute products. All of these feed into the final force, rivalry among firms in the industry.

Porter One: Fragmentation may indicate intense rivalry. You might want to comment first about the fact that the industry is highly fragmented and therefore seems likely to feature intense rivalry among the competitors. Why is it that there aren't any big players? Are there advantages to being small? One logical possibility is that localized, personal service is very important to customers—not a promising environment for the likes of the phone company. Another possibility is that there really aren't many economies of scale to be gained by a larger operation. In particular, it's not clear that the monitoring (high-margin) portion of the business benefits by centralization and cost reduction. These factors don't eliminate this as an opportunity for the client, but they do suggest that additional questions ought to be asked.

Porter Two: Check to see whether consolidation really makes sense in this industry. On the other hand, we know that there are sometimes great returns to be made from consolidating a fragmented industry. To see whether these opportunities exist, we would need to look at general trends that are taking place today. Is consolidation already occurring? Clearly, the client has the financial power to compete strongly with smaller operations. However, in the security business, big may not necessarily be better. Local players will always be coming in and trying to compete, and many of them may have noneconomic motivations for entering and staying in the business. The phone company, which will be focused on the bottom line, may have difficulty competing against such players. Finally, the demand in the industry isn't clear. Is this market saturated, or are there significant opportunities to create new demand?

Porter Three: Barriers to entry seem to be low. After looking at the rivalry issues, you'd also want to talk about the barriers to entry. If the client went into the business, there wouldn't be a whole lot of things keeping other competitors out. The business probably isn't regulated. The technology doesn't seem to be proprietary. There aren't necessarily large capital requirements to get into the business. It is possible that branding the service would create wider customer recognition and provide protection against potential competitors. However, the product really doesn't seem to be very differentiated right now. Therefore, this raises a question about how defensible a position the client would be able to create for itself. This would tend to argue against making an investment here.

Porter Four: Buyer power. For the most part, it seems that buyer power in the industry is relatively weak. Most customers make one-time purchase decisions at one location. This weakens their power vis-à-vis suppliers. Customers aren't going to be able to provide the service themselves, so if they want to

buy electronic security, they will need to acquire it from a provider. And after they have a service up and running, most people are probably disinclined to change carriers. However, the buyers aren't without any power. They have lots of suppliers to choose from, and their switching costs are probably quite low.

Porter Five: Supplier power. The supply side of the equation doesn't seem to pose any great problems here. Security providers basically buy security equipment and monitoring devices and hire staff to watch them. Although there may be some significant players on the supply side (we'd want to check out whether or not this is true), it doesn't seem like the client would be in a weak negotiating position there. There could potentially be some threat of forward integration by security-device providers. However, if anything, given the phone company's resources and experience with technology and data transmission, it would likely be the most integrated player in the field. It would also probably have the greatest market power given the large resource base it has.

Change Gears: How to create a good business here? At this point (or perhaps before this, if your interviewer is getting bored with the Porter shtick), you will likely be asked to explain one set of issues in detail. For example, you might be asked to explore the issues of sustainable competitive advantage in greater detail. "How would the client potentially go about creating a thriving business in electronic security?" To explore this issue, you probably wouldn't immediately have a handy-dandy framework nearby. However, you might start by saying that you like to analyze three or four different sources of potential competitive advantage and what they would mean for the client.

First-mover advantage. First, if the industry really is as fragmented as has been described, the client would have a potential first-mover advantage in establishing a brand name and differentiated service product. By getting out

there first and offering a reputable and recognizable product, the client would be able to generate word-of-mouth sales and set the service standards to suit its own competitive strengths. This would be a source of potentially sustainable advantage for the client in the short run. However, to develop this business would require a substantial initial investment and ongoing expenditures to maintain its position. Over the long run, this is not a definitive source of advantage that would allow significantly higher rents.

Low-cost supplier. Second, given its existing capabilities, the client has the potential to occupy a low-cost supply position. However, this is by no means certain. You'd have to start by analyzing the economics of the business. Are there equipment supply and installation costs that would drop as volumes increased? Possibly, but, remember, installation is the low-margin portion of the business. Would the monitoring portion of the business allow substantial cost savings as scale increases? It's not at all clear that it would. The key is probably capacity utilization. How is an operation like this manned? You need to make sure that you can handle all calls at peak periods. However, you also don't want to have fixed salary or other costs that are being carried by a very small number of customers.

That brings up another point. How productive is the phone company staff? It's certainly not known for being the world's most efficient. And given the difficulty of dealing with union contracts, it may be at a cost disadvantage. How about customer acquisition? It's possible that the client could achieve important cost savings here. Since it has a large network of phone service customers, it has ready access to names and addresses of potential customers. In addition, it could potentially reach them more cheaply than could the competition. On the other hand, the typical industry player today sounds like a local operation. Therefore, it might be hard for the phone company to compete with the local security company whose president goes to the same church and plays golf at

the same courses as do his clients. On balance, then, low-cost position offers at best a mixed message about sustainable advantage.

Branding and reputation. Third, the reputation and name recognition of the client offer greater potential advantages. For a big-ticket purchase like home security, the customer may be inclined to go with a name brand. In addition, ease of access is also important. It is probably a significant advantage for the phone company to sell these services. Everybody knows how to contact the phone company. Not everybody knows or trusts “Sammy the Security Specialist.” At another level, the phone company does have access to the latest technology and expertise in handling that technology. Therefore, it may be able to offer a differentiated product more quickly and easily than many of the smaller, more localized competitors. Also, the phone company’s reputation and reach are not things that most competitors will ever be able to match. As a result, this seems to offer the greatest possibility of developing a source of sustainable advantage.

Implementation issues. With all of these points, there is a basic question about implementation. Since a strategy is only as good as its implementation, you would need to consider what approach would best fit with the client’s own organization. What is a phone company good at doing? What are its particular strengths and weaknesses? What resources does it have that potential competitors don’t? What liabilities does it have?

Let’s look at strengths and weaknesses. At this point, the interviewer might turn to you and ask you to go into more depth about the company’s strengths and weaknesses. What kinds of things would you need to look at as you develop a strategy? In response, you might do a brief run-through of what you imagine the various strengths and weaknesses of the client to be. In particular,

you might mention anything that would offer a particular advantage or difficulty to your client in accomplishing their strategy.

Labor issues. One example that could work either way is the use of phone company labor. Although the phone company has a potential advantage in its large cadre of maintenance and service people, this may also be a problem on the cost side. In particular, most workers are probably on union contracts and therefore would likely be very expensive. In contrast, most of the small competitors would undoubtedly be nonunion.

How to deal with labor issues. The interviewer might then ask you what kinds of strategies would allow you to overcome this difficulty. In response, you might mention several possibilities, such as acquiring a number of smaller local firms, setting up a separate organization outside the phone company superstructure, or even something more creative, such as developing a joint worker-owned and -managed entity with fewer work rules and a different salary structure. The disadvantage of something like this is that it might take a long time to set up. Another alternative would be to use a more highly automated process. However, you'd have to explore the capabilities of the technology to determine the opportunities here.

What else? After the above analysis, you would have touched on many of the issues that the interviewer was hoping to hit. However, there are other things that might have been discussed. For example, you might have talked about how marketing challenges for a business like home security would be very different from those required for the traditional phone business. This would present a potential hurdle to your client. However, by tying up with another firm that specialized in breakthrough marketing the client might be able to overcome its weakness.

Another issue you might have talked about concerns the ultimate size of the business opportunity. Compared with the phone company's core business, the electronic security business will always be small potatoes. There is a question about whether or not it is even big enough to be of interest. If it could be done profitably, it probably is. However, the client would probably want to set up a separate operating unit or structure that wouldn't be overwhelmed by the comparison with the core phone business.

Finally, you might have chosen to explore some of the issues about the client's previous failed investments. There may be some core issues around its ability to identify and successfully pursue new business opportunities that are much more important to the future of its organization than a small home security business ever would be.

Case Question 6

A leading manufacturer of instant cameras and one-hour photo finishing machines is facing a dramatic downturn in business due to the rapid increase in digital photography and sharing photos over the Internet. What should it do?

Background

This question calls for the candidate to help determine strategic direction in the face of environmental change. As a result, it will be important to look both at what's going on in the marketplace as well as what the company is set up to do. An effective answer to this question will offer a strategy that fits well with the company's resources and objectives. This question could appear in interviews of undergrads, MBAs, or advanced-degree candidates. It would probably be most common in MBA interviews.

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Suggested Response

There are several ways to go about looking at the problem. You could use any of the following frameworks: supply and demand, industry analysis, decision trees, internal and external analysis, even the 3Cs. However, for this sample answer, let's say you want to use your own approach. After hearing the question, you might ask your interviewer if you can take just a minute or two to jot down some thoughts about the problem. On a piece of scratch paper you might write something like:

Market Issues

- Supply shrinks dramatically
- New equilibrium will be lower price, lower quantity
- Competitor response
- Possible substitute markets

Strategic Alternatives

- Find new markets for products
- Find new products to be made with existing assets
- Fight it out for existing markets
- Acquire capabilities linked to digital photography
- Exit from the business

Company Issues

- How will the change in market affect the client?
- Depends on position in the industry
- Product mix (decline in demand unlikely to be uniform)
- Competitive position (is client in low-cost position? High-quality position? How will it fare relative to others?)

- Customer mix
- Pricing, margins, costs

Company Strategy Issues

- What are the other businesses of the client?
- How reliant is it on its traditional photography business?
- What are its strengths and resources?
- How flexible are facilities/labor?
- What is best for the shareholder?

After writing down these notes, you might start right into your analysis. A good first step would be to say that you plan to talk about four different pieces: the economics of the marketplace, the strategic alternatives the client faces, two sets of company issues, and the resources of the client and its strategic objectives. In this way, even though you aren't using one of the famous frameworks, you have mentioned a structure for your answer and identified a mix of relevant types of analysis that you will conduct on your way to making a recommendation to the client.

Once you have identified the different areas, it's a good idea to proceed by saying something like, "I'd like to lay the groundwork by looking first at the economics of the marketplace. We know that the rapid growth of digital photography and the Internet as a sharing vehicle means a dramatic drop in the appeal of instant cameras and the need for one-hour photo finishing. In macroeconomic terms, this will result in a shift downward in the demand curve. (Draw your basic supply and demand graph and show visually what you mean!) As we can see, that will result in a short-term drop in both the quantity and the price levels for the market. Depending on how the different competitors in the industry respond, we will likely see a corresponding shift backward in the supply curve over the medium- or long-term. In practice, that means that the mar-

ket will likely lose some of its less profitable producers of instant cameras and photo finishing equipment. . . .”

At this point, the interviewer would very likely jump in and ask you how you would estimate future demand in the industry. This could be a little tricky, since the industry faces changes that it has never encountered before. Depending on the particular segment of the market with which your client deals, you could also probably define and quantify the key drivers of demand. For example, it would be useful to assess whether the convenience of digital photography has raised overall demand for photography. Also, you would want to hypothesize how people will leverage the Internet for sharing pictures in the future—perhaps the joy of viewing a physical print of a digitally generated picture will prevail over viewing via a PC screen. It will also be critical to clearly understand what kind of consumer likes to buy an instant camera, what kind of picture-taking occasion they use it for and whether there may be a niche area of demand going forward. In a market with changing circumstances such as this one, you would want to be sure that you also performed some sensitivity analysis for your numbers. That is, you’d want to make sure that you looked at both optimistic and pessimistic scenarios for market growth.

After going through the most important economics issues, you could move to the second part of your analysis. “Faced with this scenario, the client really has a limited set of strategic alternatives. First, it can remain in the instant camera business and just fight it out with competitors, hoping to maintain a profitable piece of a smaller market. Alternatively, it can attempt to focus on niche areas of demand, such as passport and ID photos, movie set usage for ensuring consistency between takes, humorous photo souvenirs at carnivals, etc. It could also explore less developed foreign markets where digital technology is unaffordable, but the idea of cheaper instant cameras may be of strong appeal. As for its one-hour photo finishing machine business, the client may want to focus on

becoming the lowest-cost provider, allowing them to achieve a dominant position as others are forced to exit.

“Second, the client can attempt to use its resources for other purposes. It may have facilities that can easily be shifted into production of digital cameras or related critical components. For example, it might have advanced capabilities in camera lenses that can be used in digital cameras and sold to digital camera makers that are less advanced in their lens-making capabilities. Additionally, the client might be able to leverage proprietary technologies and expertise in photo finishing to develop high-quality personal printers that consumers can use to print digital pictures at home. It may also make sense for the client to consider strategic acquisitions that could help augment its foray into digital photography (e.g., a digital camera manufacturer or an Internet business specializing in online digital photo sharing).

“Third, the client can decide that it doesn’t want to weather the impending battles over a declining market and, as a result, decide to exit the business completely. In particular, if other organizations have not yet decided to sell off any operations, the client may find that it can still get a fairly high return on the sale of its assets linked to traditional picture taking and photo developing...”

After laying out the strategic alternatives, the interviewer would want to see that you had a strategy for deciding among them. Based on the information given so far, you would almost certainly need to ask for more information about things such as the following:

- What comprises the client’s overall business, and how much of it is accounted for by instant cameras vs. photo finishing machines?
- What is its position in the industry? Is it in a good cost position? Is it a marginal producer?
- What are its assets like? Can they easily be shifted into production of digital photography products?

- Does it have an adequate sales and service structure to go after niche or underdeveloped foreign markets where digital photography is less pervasive?
- Of the types of products it produces, are there related applications in non-shrinking markets?
- How about the softer issues? What is its vision? What are its company values? What is its culture?

Remember, questions should be linked to your analysis. Don't just ask for the sake of using up air time. It's best if you explain what you are trying to do, what kind of information you need to do it, and how the piece of data that you are seeking will help you answer that question.

As you go through your response, you will likely face a number of questions from your interviewer. Why are you looking for that information? How would you go about finding that information? What kinds of commercial applications might there be for X? What challenges would you face as you tried to move from traditional photography technologies to digital? What are the key differences between the markets? What other unexpected factors might have an impact on this business?

General Summary Comments

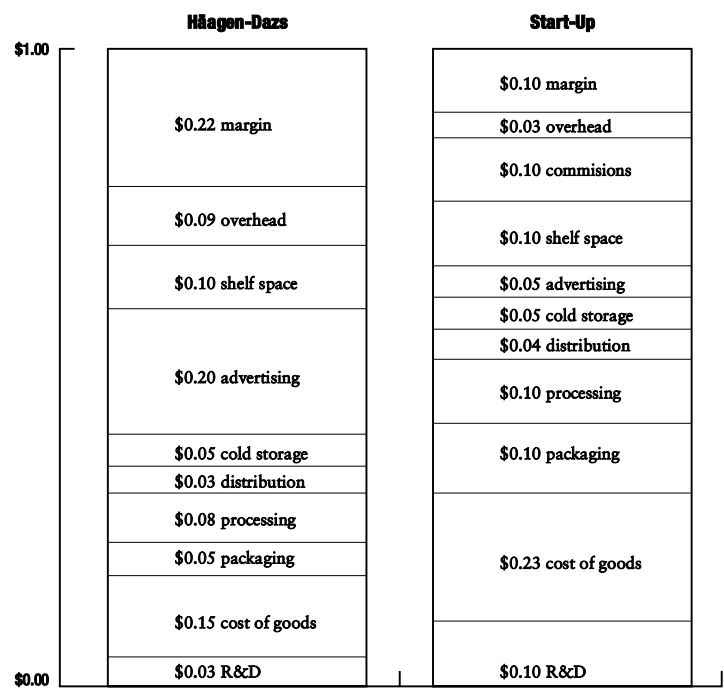
There are a number of variations on the digital photography question that might come up in the interviewing room. What happens when a new foreign competitor comes into the industry? How do you respond to a big and sudden change in consumer tastes? The key to answering these questions is to look both at what is happening in the marketplace and how the client is prepared to respond. Again, you don't have to come up with the best strategic game plan for the company. After all, you only have about 15 minutes to examine a complex set of issues. However, the interviewer will be looking for you to approach the problem in a way that will lead you to a good answer. In addition, he will also be looking to see how creative you can be as you think about responding to a changing mar-

ketplace. This is a little bit different from questions that ask you to tell an imaginary client how to do a better job of what they're already doing.

Case Question 7

Rather than go into consulting, you've decided that you want to start a natural-flavor frozen-sherbet business. You've done some research and discovered that Häagen-Dazs has the following value chain. Draw a similar value chain for your start-up business and explain how and why it would be different.

Value Chain Comparison: Ice Cream



Background

Case interviewers love to throw in a question or two that call for the candidate to respond to graphs. In one sense, this is an easy way to screen out some candidates. All consultants develop an intimate relationship with their favorite graphs. As a result, the candidate who freezes before the graph like a rabbit in the headlights will quickly become roadkill. If you have a strong aversion to graphs, you might want to think about another profession. If you don't have such an aversion, but you are a little bit rusty, we suggest that you at least pull out that old economics textbook and do a few problems just to build up your strength. You'll probably be glad you did! Although graphs are a fair game for all candidates, this particular question would most likely be found in an MBA interview.

Suggested Response

For this response, you'd probably want to work on the graph provided by the interviewer. The question comes with its own framework—you just have to follow along the categories on the value chain. First we'll present one possible answer, and then we'll identify several issues you might choose to mention in your discussion.

R&D

Overall, R&D would be a higher percentage of sales for the start-up.

Reasons the Start-Up Costs Would Be Higher

- New product development from scratch is expensive and is front-loaded
- Development required on a larger percentage of total product line
- Hire on a contract basis rather than permanent
- This is likely to be a key differentiating factor for product (initial success probably not based on traditional marketing or shelf space presence)

Reasons the Start-Up Costs Would Be Lower

- Longer-term product strategy for the start-up probably doesn't require constant new product development—not trying to compete with entire Häagen-Dazs product line
- Shelf-space issue suggests that there is a limited return to product development—since only ten containers fit on a shelf, new flavors will replace existing flavors, not competitor flavors

Cost of Goods Sold

This would be much higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- Lower volume purchases means that there would likely be higher per-volume costs
- Strategy may be to offer better-tasting products, requiring specialized ingredients, higher quality, higher costs

Packaging

This would be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- Lower-volume runs, higher cost per unit, especially because line change-over costs would be significant
- Have to hire outside packaging firm to print packaging
- Shipping and other fixed costs would account for a higher portion of the price

Processing

Costs would typically be higher for the start-up, but in some scenarios could be equal or slightly lower.

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Reasons the Start-Up Costs Would Be Higher

- Must hire outside processor to manufacture product
- Timing issues—have to wait for available capacity, scheduling conflicts
- Fewer direct controls over production means possible wastage, more outside supervision costs
- Can't necessarily locate processing plant next to packaging/shipping locations

Reasons the Start-Up Costs Would Be Lower

- Assuming Häagen-Dazs has its own processing plants, it needs to operate at capacity to carry overhead effectively. If it doesn't, and if this is a small-margin operation, cost per unit could be higher if Häagen-Dazs has to carry fixed costs with small volume
- Häagen-Dazs doesn't have any opportunity to negotiate a good price for manufacturing once it has dedicated capacity
- Start-up has some negotiating leverage with processor (Can refuse to buy output if quality is low)

Distribution

These costs generally will be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- No high-volume discounts
- No dedicated shipping options
- No distribution facility
- Small-volume deliveries mean much higher labor cost per unit delivered
- Fewer retail outlets spread more thinly
- Velocity of product off the shelves may mean irregular deliveries, which could increase the costs
- No opportunity for delivery people to sell the retailers additional products or collect shelf/competitor information for the start-up

Reasons the Start-Up Costs Would Be Lower

- Serve local geographic region only (short-term advantage)
- Pay only for capacity used

Cold Storage

This would be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- No dedicated facilities
- Limited availability of cold-storage locations means that aggressive, large-volume competitors can lock out smaller competitors by tying up all available resources
- Lower volume equals higher prices
- Minimum scale for production may still be higher than current demand, requiring longer cold-storage time before shipment of product

Advertising

This would be lower for the start-up in most cases.

Reasons the Start-Up Costs Would Be Higher

- Lower-volume purchases means higher per-item charge

Reasons the Start-Up Costs Would Be Lower

- Can't afford/don't do end-customer marketing
- Use guerrilla marketing techniques
- Focus on channel sales rather than customer sales
- Not competing with other big ice cream makers

Shelf Space

These costs could be equal, or even lower, for the start-up.

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Reasons the Start-Up Costs Would Be Higher

- Big brands with fast-moving volume may get price breaks on shelf space
- Big brands can manage stocking tasks, thereby taking costs out of system or retailer

Reasons the Start-Up Costs Would Be Lower

- Strategy involves selling through retail locations that don't charge for shelf space

Sales Commissions

These would be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- Pay brokers on a commission basis for regional sales
- Häagen-Dazs doesn't use brokers, it has a dedicated sales force

Overhead

This would be lower for the start-up.

Reasons the Start-Up Costs Would Be Lower

- Work out of apartment
- Get by with much less infrastructure
- No public reporting requirements
- No administrative divisions

Margin

This would be lower for the start-up.

Reasons the Start-Up Costs Would Be Lower

- Made up for by higher retail price

General Summary Comments

There are a lot of different ways in which you could explore this question. Some will be obvious, such as the different costs for purchases for small- and large-volume producers. Others will be less clear, such as the product-development strategy and the shelf-space issues. In addition to seeing whether or not you understand the cost structure of producing a given product, the interviewer will also be testing you to see if you have any business intuition about how to deal with these two very different business models.

For Your Reference

- Recommended Reading
- Additional WetFeet Consulting Resources

Recommended Reading

Competitive Strategy: Techniques for Analyzing Industries and Competitors

Michael Porter (The Free Press, 1980)

In case you missed it in your business school strategy course, you may want to give Mike Porter a glance. Don't sweat all the details—the practicing consultant who could quote Porter is a real anomaly. Instead, focus on the main points of industry analysis. Porter's first couple of chapters do a fairly good job of introducing his way of picking apart an industry. If you're particularly enamored of one area or another, you can always read further. As much as anything, the Porter book will give you a sense of some of the types of analysis and thinking that consultants are required to do on the job. If you like this stuff, consulting may be a good fit.

Modern Competitive Analysis

Sharon Oster (Oxford University Press, 1990)

Here's another standard B-school strategy text. It's very well written and sprinkled with terms, situations, and frameworks you're likely to encounter in the case interview. In particular, Oster focuses on three areas that will be relevant to many of the business-strategy or operations case questions you might encounter: analysis of the economic environment, analysis of things going on inside the firm itself, and rivalry among firms.

"The Core Competence of the Corporation"

C.K. Prahalad and Gary Hamel (Harvard Business Review, May–June 1990)

Here's a great article that even real live practicing managers have reportedly

found useful. New Age business gurus C.K. Prahalad and Gary Hamel discuss how corporations that effectively identify and use their core competencies are able to maintain their competitive advantage. Just exactly what is a core competency in the Prahalad and Hamel sense? Core competency is the real skill, knowledge, and/or expertise that a company has developed, from which it is able to launch new products and new services, and create new business more quickly than the competition. It is not a specific plant, contract, or resource that diminishes through use. Thus, they identify Honda's core competence in building engines and power trains, Sony's competence in miniaturization, and 3M's competence in sticky tape. For the purposes of the case interview, you might want to analyze the core competencies of a corporation that is thinking about going after a new business opportunity.

Additional WetFeet Consulting Resources

- WetFeet's bestseller *Ace Your Case II: Fifteen More Consulting Cases*, *Ace Your Case III: Practice Makes Perfect*, and our brand new *Ace Your Case IV: The Latest and Greatest* are the perfect complements to *Ace Your Case*, with fifteen full-length case questions and answers. For additional practice, get the *Wharton Case Interview Study Guides Volumes I and II*, all available from www.wetfeet.com.
- WetFeet.com offers a number of online case interviewing resources at www.wetfeet.com/research/industries/consulting/case.asp.

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- For help on creating your resume, check out WetFeet's guide *Killer Consulting Resumes*, available from www.wetfeet.com.
- WetFeet also offers a number of Insider Guides on top consulting firms. These are also available from www.wetfeet.com.

WetFeet's Insider Guide Series

Ace Your Case! The WetFeet Insider Guide to Consulting Interviews
Ace Your Case II: Fifteen More Consulting Cases
Ace Your Case III: Practice Makes Perfect
Ace Your Case IV: The Latest and Greatest
Ace Your Interview! The WetFeet Insider Guide to Interviewing
Beat the Street: The WetFeet Insider Guide to Investment Banking Interviews
Getting Your Ideal Internship
Get Your Foot in the Door! Landing the Job Interview
Job Hunting A to Z: The WetFeet Insider Guide to Landing the Job You Want
Killer Consulting Resumes!
Killer Cover Letters and Resumes!
Killer Investment Banking Resumes!
Negotiating Your Salary and Perks
Networking Works! The WetFeet Insider Guide to Networking

Career and Industry Guides

Accounting
Advertising and Public Relations
Asset Management and Retail Brokerage
Biotech and Pharmaceuticals
Brand Management
Computer Software and Hardware
Consulting for Ph.D.s, Lawyers, and Doctors
Entertainment and Sports
Health Care
Human Resources
Industries and Careers for MBAs
Industries and Careers for Undergrads
Information Technology
Investment Banking
Management Consulting

Marketing and Market Research
Non-Profits and Government Agencies
Oil and Gas
Real Estate
Top 20 Biotechnology and Pharmaceutical Firms
Top 25 Consulting Firms
Top 25 Financial Services Firms
Top 20 Law Firms
Venture Capital

Company Guides

Accenture
Bain & Company
Bear Stearns
Booz Allen Hamilton
The Boston Consulting Group
Cap Gemini Ernst & Young
Citigroup
Credit Suisse First Boston
Deloitte Consulting
Goldman Sachs
IBM Business Consulting Services
JPMorgan Chase
Lehman Brothers
McKinsey & Company
Merrill Lynch
Monitor Group
Morgan Stanley

Who We Are

WetFeet is the trusted destination for job seekers to research companies and industries, and manage their careers. WetFeet Insider Guides provide you with inside information for a successful job search. At WetFeet, we do the work for you and present our results in an informative, credible, and entertaining way. Think of us as your own private research company whose primary mission is to assist you in making more informed career decisions.

WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

The most dreaded part of the consulting interview:

the case! Like it or not, if you're hoping to get a job in consulting, you will have to learn how to handle the case interview. Although different firms and different interviewers have very different approaches to the case question, all of them use it as an important tool in selecting and screening out job candidates. Indeed, you may have to clobber as many as ten or more cases on the way to landing a job with a major management consulting firm. Fortunately, by studying up on the case process and honing your case interview skills through practice, you'll soon be able to impress interviewers with your explanations, frameworks, and graph drawing skills.

This best-selling WetFeet Insider Guide provides

- An in-depth exploration of consulting interviews, what to expect, and how firms use cases differently.
- Tips on surviving the case interview, keeping your cool, and impressing your interviewer.
- An explanation of the different case types, classic examples of each, and what your interviewer is looking for in your answers.
- Step-by-step lessons on how to attack the case question, including developing frameworks, recovering from mistakes, and using industry lingo.
- Seven sample case questions you can use to practice applying your new skills.
- Detailed examples of how to answer each type of case question, including how to choose a framework, key talking points, and sample interview scripts.

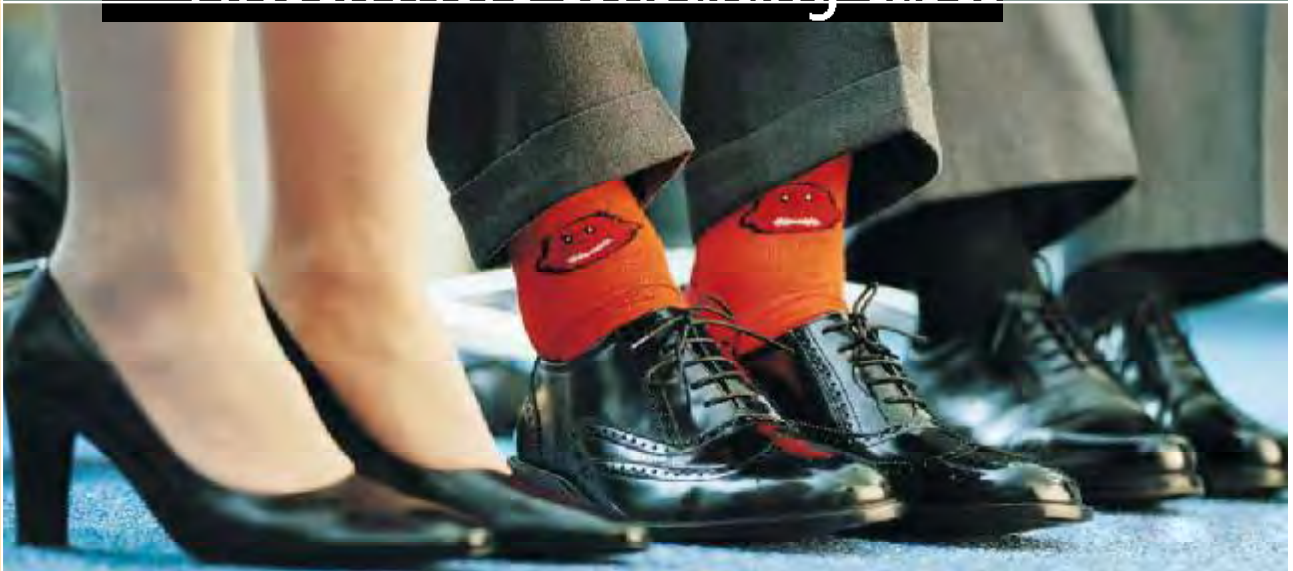


WetFeet has earned a strong reputation among college graduates and career professionals for its series of highly credible, no-holds-barred Insider Guides. WetFeet's investigative writers get behind the annual reports and corporate PR to tell the real story of what it's like to work at specific companies and in different industries. www.WetFeet.com



Ace Your Case[®] II

Fifteen More Consulting Cases



WetFeet Insider Guide

3rd Edition

The WetFeet Research Methodology

You hold in your hands a copy of the best-quality research available for job seekers. We have designed this Insider Guide to save you time doing your job research and to provide highly accurate information written precisely for the needs of the job-seeking public. (We also hope that you'll enjoy reading it, because, believe it or not, the job search doesn't have to be a pain in the neck.)

Each WetFeet Insider Guide represents hundreds of hours of careful research and writing. We start with a review of the public information available. (Our writers are also experts in reading between the lines.) We augment this information with dozens of in-depth interviews of people who actually work for each company or industry we cover. And, although we keep the identity of the rank-and-file employees anonymous to encourage candor, we also interview the company's recruiting staff extensively, to make sure that we give you, the reader, accurate information about recruiting, process, compensation, hiring targets, and so on. (WetFeet retains all editorial control of the product.) We also regularly survey our members and customers to learn about their experiences in the recruiting process. Finally, each Insider Guide goes through an editorial review and fact-checking process to make sure that the information and writing live up to our exacting standards before it goes out the door.

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Insider Guide

Ace Your Case[®] II: Fifteen More Consulting Cases

3rd Edition



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Case-by-Case Rules at a Glance

Here's a summary of the different types of cases you'll find in this report, along with some rules that should help you ace your answer.

Market-Sizing Questions

- Use round numbers.
- Show your work.
- Use paper and calculator.

Business Operations Questions

- Isolate the main issue.
- Apply a framework.
- Think “action.”

Business Strategy Questions

- Think frameworks.
- Ask questions.
- Work from big to small.

Resume Cases

- Know your story
- Keep the Parent Test in mind.
- Let your excitement shine!

... and Throughout, Remember

- Don't be afraid to ask questions.
- Slow down.
- Structure your thoughts.

The Interview Unplugged

- Overview
- The Case Interview

Overview

So, you've scoured the *Ace Your Case!* Insider Guide from WetFeet, you've attended four company presentations on cracking the consulting case, and you still think you need a little more practice before you're ready to start slam-dunking those consulting interviews. Good thinking! If there's one thing we hear again and again from consulting recruiters (and candidates), it's that practice (and preparation) makes perfect. In this Insider Guide you'll find a number of practice case questions designed to help you hone your case interviewing skills to a razor-sharp edge.

One good sign: if you've already spent a lot of time polishing your case-cracking skills and you still want more practice, you're showing symptoms of being a true consultant. We've been impressed by the number of consultants who confess that they actually liked the case question portion of the interview process. After all, if you're well-prepared and you like testing your hand at tough business problems, the case question will prove an excellent opportunity to differentiate yourself from all the other consultant wannabes in line behind you. Besides, if you really do like the case questions, there's a good chance that you'll really love consulting work.

Ace Your Case II: Fifteen More Consulting Cases is designed to be a companion volume to *Ace Your Case!* It offers more detailed explanations about different case types and more sample questions. We've also incorporated information from you, our customers, about what you're hearing in the cubicle. Many of our sample case questions here are based on real case questions that people fielded in recent interviews.

For those who haven't seen our other guide, *Ace Your Case!* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 4Cs and 4Ps, not to mention the infamous Five Forces!) that should help you attack your case questions. In addition, *Ace Your Case!* contains seven specific case questions and detailed recommended answers.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If you find that our "good answer" differs from yours, see if there's something you can learn from our suggestions. But don't panic—there are usually numerous ways to answer any case question. It's far more important to note the approach and the likely responses from the interviewer. Look particularly for different ways the interviewer structured her response—did you use a different framework? Why? As you sharpen those skills, keep thinking to yourself, "I love these case questions!" Pretty soon you'll find yourself talking like a consultant!

The Case Interview

Background

Many management consulting firms, especially the strategy firms (McKinsey, The Boston Consulting Group, Bain, Mercer, et al.) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as case questions, are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant. For better or worse, case interviews are likely to be the primary criteria on which you are judged.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four categories of questions:

- Market-sizing questions
- Business strategy questions
- Business operations questions
- Other questions

Each of these types has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain rules of the road that should help you successfully navigate the different types of questions. Don't worry—you'll never be asked to spit out a category name and serial number for the questions you receive in the interview cubicle. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn't the primary goal of the case question. Rather, our insiders tell us that case questions really do help them evaluate a candidate's aptitude for consulting. What does that mean exactly? Whether you're an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Structured thinking
- Analytical ability
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving
- Business intuition
- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting

“ ”

Try to make the interview more of a dialogue between equals. Try to have fun.

fits you. In particular, you must have good answers to two questions: Why do you want to be a consultant? And, why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates,

MBA's, advanced-degree candidates, and experienced hires.

Undergraduates

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as general business strategy problems. In the business strategy area, the companies and the topics may also seem a little friendlier; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular declining profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences. It's also common for an interviewer to ask undergraduates questions that are relevant to their backgrounds.

Interviewers tell us that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all the standard B-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: rank amateurs are definitely not welcome. Thus, you must have a general understanding of basic business

relationships (e.g., revenues – costs = profits), but don't get your knickers in a twist if you can't name even one of the Five Forces. (No, McKinsey is not one of the Forces.)

Here are a few real live case questions fielded by our undergraduate customers:

- Your client, a tire manufacturer, is evaluating entry into a new market: the market for four-wheel drive vehicle tires. How do you estimate the size of the market?
- What's the weight of the Statue of Liberty?
- If a publishing company wanted to start a new interior decorating magazine, what would it have to think about?
- If you're working for General Mills, and Kellogg's introduces a frequent-buyer program, should you follow suit?
- A mustard company is for sale. Should Heinz buy it?

MBAs

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to get several levels down in the answer) and a real familiarity with business concepts. We understand that at

least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real live case questions fielded by our MBA customers:

- How many AA batteries are sold in Montana in a year?
- A bank wants to reduce costs and asks you for advice about closing a specific branch. What should you consider?
- A wealthy entrepreneur has just bought a baseball team, and he asks you for advice on how to show increased profits in a year. What do you suggest?
- A pharmaceutical company is considering changing its sales strategy from using a sales force with geographic territories to using specific locations. What financial analysis would you use to determine whether this is worthwhile?

Advanced-Degree Candidates (Non-MBAs)

Although consulting firms attract mostly MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced-degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their backgrounds.

Whether or not you enter a separate recruiting track, we understand from our customers that the format for the interviews is similar to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you queries. One slight difference is that, in addition to seeing whether you can handle the substance of

the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don’t require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (resumes provide a popular source of material), or they may resemble undergraduate case studies that check a person’s intuition, common sense, analytical skills, and problem-solving abilities. According to interviewers at the firms, they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn’t necessarily incorporate all the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many windows are there in Mexico City?
- Question for someone who had majored in international relations: Why have missiles with MIRVed warheads caused the most trouble in arms-control discussions?
- What do you think of Larry Ellison’s \$500 Internet computer?
- An automobile insurance company has asked you to tell it why it has been experiencing a decline in profits.
- American Express has hired you to help it increase the profitability of the Amex Green Card. What do you advise?

Experienced Hires

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described here. According to WetFeet insiders, experienced hire candidates may or may not face a battery of case questions. There is no hard and fast rule, but it seems as though people with more experience (10+ years) and people who have already worked for a name-brand consulting firm are relatively unlikely to face a case as

part of their review process. In contrast, people who have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e., expect lots of cases). In particular, if you are changing careers (e.g., moving from nonprofit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to your area of expertise.

Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences derive from the differences in the personalities and experiences of your interviewer. However, several firms have also developed their own unique approach to the case interview. One variation involves giving a candidate a written case before the interview and asking him or her to prepare to discuss the case in detail during the interview. We understand that PricewaterhouseCoopers likes to give a preprinted case to candidates the night before an interview. Monitor Group has used a similar technique in which the candidate is given materials before the interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem.

One other thing to keep in mind: recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a "people issue" somewhere in the case. If you're talking with Deloitte Consulting, keep "operations" in mind as you craft an answer—and don't talk about how it's important to work only with the company's top management. And, if you're interviewing with Bain, remember how much importance the company attaches to "measurable results" and "data-driven" analysis.

Case-by-Case Rules

- Market-Sizing Cases
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward format (e.g., “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g., “Do you think Fidelity should come out with a mutual fund targeted at high-net-worth individuals?”) that requires the respondent to peel away the extraneous details to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer own? How often will he/she get a new one? Are there other big purchasers besides individual surfers? Is there a market for used boards?) You would also

need to make a few basic calculations (e.g., number of surfers \times number of new boards per year + total quantity purchased by other types of customers). As you work through these issues, the interviewer would also get a glimpse of your common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas such as California and Hawaii?)

<< >>

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, WetFeet customers with BAs and PhDs report receiving exactly the same market-sizing questions. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (read market size) for the drug.

Manhandling Your Market-Sizing Questions

Market-sizing questions can seem intimidating. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer. In fact—and this is critical—your interviewer doesn’t even care what the real number is. But remember, she does care about your ability to

use logic, common sense, and creativity to get to a plausible answer. And she wants to make sure you don't turn tail when you've got a few numbers to run. Which brings us to the Rules for Market Sizing Questions.

Rule 1: Use round numbers!

Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply, and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of the United States? Two hundred and fifty million, give or take.

Rule 2: Show your work!

Case questions are the ultimate "show your work" questions. In fact, your exact answer matters even less than the path that took you there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Write it down!

If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from wiggling out, then by all means do it. Your interviewer will be more impressed if you are cool, calm, and collected, and if using props helps you, then go for it.

Business Operations Cases

Overview

A fair number of case questions cover *operations* issues. Broadly speaking, operations refers to all the things involved in actually running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company's products and the systems used to track sales. Where strategy questions deal with the future direction of the firm (e.g., whether to enter a new line of business), operations deals with the actual running of the business. It is a particularly fertile ground for consulting work and, thus, for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company's sales or profits have declined.

Note: Consulting work has shifted in the last 3 years more toward operations cases as growth opportunities have become increasingly rare. The "so what" (to use a hackneyed consulting phrase) is that you're likely going to get at least one operations case.

The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running

a business (e.g., the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company's profitability). In addition, operations questions require a good grasp of process and an ability to sort through a pile of information and hone in on the most important factors.

Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the “declining profits” questions are some of the most popular types of cases around, and almost all candidates can expect to get several of these. That said, MBAs would typically be expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way or, perhaps, the impact on the balance sheet of a certain type of financing. Undergraduates and non-MBA candidates would still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect that the topic of the question be more familiar. For example, an undergraduate might be asked about the implications of launching a new national chain of restaurants. An MBA might be asked about factors that would allow a manufacturing operation to increase throughput.

Optimizing Your Business Operations Answers

Operations case questions are more complex than either market-sizing questions or brainteasers. Not only do they typically require basic business knowledge (or, in place of that, a good deal of common sense), they also frequently require the candidate to think like a detective. For example, the interviewer might ask why

an airline has been losing money while its market share has increased. There could be many reasons for this: revenues might be down (and that, in turn, might be caused by any number of things, including ticket price wars, lower ridership, growing accounts payable), costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, etc.), or the airline could be operating more inefficiently (e.g., higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are a couple of rules you might want to keep in mind:

Rule 1: Isolate the main issue!

Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you have zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

Rule 2: Apply a framework!

Frameworks were made for cracking operations questions! They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

Rule 3: Think action!

Unlike your market-sizing question or brainteaser, operations questions never end with a nice neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired

to give advice. As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you still need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

Business Strategy Cases

Overview

Business strategy cases are the granddaddies, and demons, of the case-question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby giving the interviewer an opportunity to probe the candidate's abilities in a variety of areas. Again, strategy-case questions can run the gamut from complex, multi-industry, multi-national, multi-issue behemoths to a localized question with a pinpoint focus. Common types of strategy questions include advising a client about an acquisition, responding to a competitive move by another company in the industry, and evaluating opportunities for a new product introduction.

The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything, from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the most like the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation abilities.

Location

Strategy-case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward. For MBA candidates, they will frequently have several layers of issues and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

Sashaying through Strategy Stumpers

Because business strategy questions can involve many different elements, they can inspire fear in the weak of heart. Although it is true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can pull all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multi-national corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit card company should go into the Italian market when your best friend who interviewed immediately before you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this Insider Guide (and the other *Ace Your Case!* Insider Guides), you're already a step ahead of the game. However, here are a couple of rules you'll want to keep in mind as you tackle your strategy-case questions.

Rule 1: Think frameworks!

While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question

and where you are going with your analysis. The best way to do this is to apply a framework to the problem. Just as with operations questions, this means setting out a plan of attack upfront and following it through to conclusion. One other big benefit: having a clear framework will help you organize your analysis.

Rule 2: Ask questions!

Successful consulting is as much about asking the right question as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

Rule 3: Work from big to small.

Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore, it's essential that you start by looking at the most significant issues first. Besides, this is great discipline for future consultants. After all, the client will probably be paying for your time by the hour, so you'll want to make sure that you are really adding value.

Resume Cases

Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume. Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all the different positions on a rugby team, and the play strategy for each." Frequently, the interviewer will ask the candidate to walk through a previous work project or experience and explain how she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded had a local computer store created a knock-off service and offered it at a lower price.

The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also provides a little variety during a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman's terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.

Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions, and advanced-degree candidates can expect questions related to their previous research. We understand that resume cases are a particularly popular type of question for PhD students. Not only does it spare the candidate from feeling like he has to master a whole new lexicon and body of frameworks, it tests his communications skills.

Rocking Your Resume Case

Because the resume-case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

Rule 1: Know your story.

Nothing will make you look worse—and help you find the door faster—than not knowing what you put on your own resume. Make sure you have reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

Rule 2: The parent test.

This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is whether you tell somebody else about what you did without sending them into a coma. It may

sound easy, but many people seem incapable of communicating what they know. Our suggestion? Practice talking about your work as if you were telling your parents.

Rule 3: Let your excitement shine!

This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

The Practice Range: 15 Questions

- Market-Sizing Case Questions
- Business Operations Case Questions
- Business Strategy Case Questions
- Resume Case Questions

Market-Sizing Case Questions

Remember the Rules for Market-Sizing Questions:

1. Use round numbers!
2. Show your work!
3. Write it down!



CASE 1

How many cats are there in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 2

How much paint does it take to paint United Airlines' fleet?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 3

How big—in dollars—is the market for used shoes in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Business Operations Case Questions

Remember the Rules for Business Operations Questions:

1. Isolate the main issue!
2. Apply a framework!
3. Think action!



CASE 4

Your client is the vice president of sales for a major fitness company. She has asked you to help her determine why sales productivity is down over the last year. How would you go about answering the question?

Key questions to ask:

What are the main issues?



CASE 4 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 5

You own a microbrewery in Seattle. What are some of the issues you would need to think about if you were interested in expanding your brand nationally?

Key questions to ask:

What are the main issues?



CASE 5 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 6

The number-three athletic shoe manufacturer has hired your consulting firm to determine why its profits are declining while the profits of its two competitors are growing. Where do you start?

Key questions to ask:

What are the main issues?



CASE 6 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 7

Your client has hired you to investigate and recommend an accounting and billing software package. You have to finish the project with a recommendation in 1 month. What should you do?

Key questions to ask:

What process would you use to investigate this question?

Where would you find the information you need?



CASE 8

The food-service spice division of a major food manufacturer has had flat or declining sales and profits over the past 5 years. What should it do to improve its performance?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:



CASE 8 ... continued

Possible courses of action:

Action recommendations:

Business Strategy Case Questions

Review the Rules for Business Strategy Questions:

1. Think frameworks!
2. Ask questions.
3. Work from big to small.



CASE 9

A beer manufacturer is thinking about manufacturing a green beer. It has hired you to help it decide what to do. What kinds of things would you think about to help it make the decision?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:



CASE 9 ... continued

Outline for my answer:

Action recommendations:



CASE 10

A large integrated steel manufacturer is contemplating entering the specialty stainless steel market. Should it? What should it think about to make its decision?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:



CASE 10 ... continued

Outline for my answer:

Action recommendations:



CASE 11

A large food manufacturer with dominant market share in rice cakes wants to increase the profitability of the product line. It is trying to decide whether to raise or lower the price. What are some of the things you would think about?

Key questions to ask:

What are the main issues?



CASE 11 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 12

A company has invented a lightbulb that lasts 50 times longer than ordinary lightbulbs but only costs 50 percent more to make. What should the retail price be if regular bulbs sell for \$1?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:

Resume Case Questions

Revisit the Rules for Resume Case Questions:

1. Know your story!
2. The Parent Test.
3. Let your excitement shine.



CASE 13

**I see that you worked for Goldman Sachs before business school.
Describe your most complex financial model. How did you structure it?
With hindsight, what could you have done better?**

Describe a major project you worked on before school/at school/in your research.



CASE 13 ... continued

What could you have done better?



CASE 14

I see that you worked for Procter & Gamble in product management for Pampers Premium. Describe the market position of your product. What was the most significant contribution you made to the product? Assume you were VP of marketing at the biggest competitor; how would you respond?

Pick something significant from your resume and describe what you did.

Assume you had been in a competitive position; what would you have done?



CASE 15

Describe some of the biggest challenges facing a new dean at Harvard Business School. How would you handle them if you were dean?

Key questions to ask:

What are the main issues?

Outline for your answer:

Nailing the Case: 15 Answers

- Market-Sizing Case Questions
- Business Operations Case Questions
- Business Strategy Case Questions
- Resume Case Questions
- Tips from Case-Interview Survivors

Now we'll walk you through several answers to each of the preceding questions. Although we believe that our recommended answers are good, we know that there are many other even better answers out there. Remember, though, the destination is often less important to your interviewer than the road you take to get there. With that in mind, smooth sailing! A quick note on the layout: each case question is followed by bad answers (like, *really* bad) and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.

Market-Sizing Case Questions

Case 1

How many cats are there in the United States?

This is a straightforward market-sizing question that would be good for undergraduates and advanced-degree candidates. It requires no special technical knowledge, and it focuses on a subject that (unfortunately) is accessible to everyone: cats.

Bad Answers

- Five million.
It's never good to just give a specific number answer, even if you happen to know the number. Remember, a cat statistician does not a consultant make. Rather, the interviewer is trying to see how you go about figuring out such an answer. After all, throughout your career as a consultant, you'll rarely find that you already know a needed number, and even if you do, you'll still have to show the client how you got the information.
- I'm glad you asked that, because in my job at Ralston Purina, I was product manager for Cat Chow, and we assumed that . . .
Okay, this sounds plausible. But, see the previous note. The interviewer wants to see how you think.
- Too many.
We understand that there are many closet cat lovers in the consulting ranks, and, yes, even a few cat owners!
- What do cats have to do with consulting?
Good question, bad answer.

Good Answer

Candidate: So how many cats are there? Well, I think I'll start by trying to figure out the number of people in the United States who have cats. Let's assume that the population of the United States is 250 million. From here, we could try to figure out how many people in the United States have cats, but then we might

be double counting the same cats. It's probably better to convert the population to households, and then make assumptions about how many households have cats. So, in the spirit of round numbers, let's assume that every household has five people, so in the United States there are approximately 50 million households.

The candidate has started by choosing a few good round numbers with which to work. This will make the calculations much easier as she progresses. In addition, she has explained her thinking about the market size. Not only does this show the interviewer how she is thinking about the problem, but it gives him the opportunity to step in and provide assistance should she veer off track. Finally, the candidate has offered a simple but reasonable insight—it's better to think about cat owners as households rather than individuals to avoid double counting.

Candidate: Now how many of those households have cats? Well, probably one in five have pets of some kind—so ten million households have pets. Of those, maybe half have cats, so five million American households are cat-inhabited. Does that mean five million cats? Well, close. Some percentage of these households are probably havens for multiple cats: say half of these households (2.5 million) have more than one cat—for the sake of argument, let's say they have two cats each.

The candidate is doing a good job of moving from big picture down to the small. She is also announcing her assumptions along the way, which makes it clear how she is coming up with her answer. Her assumptions also seem relatively reasonable, which might indicate a good level of common sense.

Candidate: So how many cats are there in the United States? Well, there are 2.5 million households with one cat each; that's 2.5 million cats. Plus 2.5 million households with two cats each; that's five million cats. So 7.5 million cats that live in American households. But what about strays? Maybe there are half a million of those? So let's call it eight million cats.

The round numbers came in handy. Although it would have been okay for the candidate to write down her numbers on a piece of paper, the problem, and her round numbers, allowed her to get a ballpark estimate in her head. Also, at the end, she acknowledges and includes an important additional twist: strays.

Case 2

How much paint does it take to paint United Airlines' fleet?

This question might be used for undergrads, MBAs, or non-MBAs. It's a straightforward market-sizing question, but it will require a little bit of arithmetic and a few simplifying assumptions that make it tricky enough to trip up some MBAs.

Bad Answers

- Aren't they bankrupt? They're probably not spending money on paint these days.
Funny, but not "ha ha" funny.
- 135 million gallons.
Hub? Where'd that come from? The interviewer wants to gain insight into your thought process. Even though you may have heard that there are no wrong answers in consulting cases, this is a wrong answer.
- I hate airplanes. Flying gives me hives. In fact just talking about flying makes me nauseated. Could you ask me something else?
Bad answer. Bad attitude. You hate flying, and you want to be a consultant? Ding!

Good Answer

Candidate: How much paint? Let's start by trying to figure out how many planes are in United's fleet. United probably flies to a couple hundred cities in the United States and maybe 50 more internationally, so 250 cities. Some cities are served by two flights per day and others by 20 flights per day, so let's assume on average, five flights leave each city United serves each day—that's 1,250 flights. Some of those flights use the same plane, so let's assume 1,000 planes are required to service all of United's cities. And in the interest of round numbers, let's assume that 1,000 includes the planes that might be idle for maintenance or other reasons.

Yikes! There are enough numbers and assumptions flying around here to warrant the use of a piece of paper. The candidate is making some whopping generalizations here, some of which are certainly inaccurate, but doesn't really matter. If it took you a bit longer to get a fleet size estimate, don't worry. He has stated his assumptions and given general reasons for choosing them. None of the assumptions sound particularly outlandish. Also, it's nice that the candidate

at least acknowledges he is aware that planes undergoing maintenance would add to the total. The one thing that would have improved this answer is a framework. For example, the candidate might have said, “To calculate how much paint it will take, I’m going to start by estimating the number of planes in the fleet, figuring out how much it will take to paint one plane, and then multiplying the two numbers together.” Remember, frameworks don’t need to be glamorous and complicated; they sometimes can be simply a roadmap of where you’re going with the questions.

Candidate: Next we need to figure out how much paint it would take to give one plane a new coat of that lovely gray stuff. This requires a teeny bit of algebra and a whole bunch of logical assumptions. First, let’s assume that we’re not going to paint the wings or the tail, just the bodies of the birds. Next, let’s take an average size plane—say, a 737—figure out its dimensions, and use it as a proxy for the whole fleet. So, I guess a 737 is about 100 feet long and 15 feet wide. The outside area of this plane—the part that’s getting the paint—would be (and this is where the algebra comes in) the circumference of a circle ($\pi \times 15$ feet) \times 100 feet of length. So, the outside area of the plane is 45×100 , or 4,500 feet. So how much paint?

The applicant makes a nice simplifying assumption here—he totally drops the wings from the paint job. That’s fine. The algebra part is a little tricky. Even if his answer is totally wrong—which it likely is—the understanding of how to calculate the surface area clearly shows that “this dude ain’t afraid of no numbers.” Don’t panic if you didn’t remember the formula for a circumference ($\pi \times$ diameter); you may lose points, but it’s not a deal breaker.

Candidate: Next let’s assume that a gallon of paint paints a room (four walls and a ceiling); that’s 10 feet by 10 feet. So a gallon of paint covers 500 square feet. Therefore, it would take 9 gallons to paint the plane once, 18 gallons to give it a second coat. To paint the whole fleet, then, would take 18,000 gallons of paint.

The job seeker makes a clever transition here to figure out exactly how much paint it would take per plane. By equating the paint required to cover one room with paint required to cover a similar surface area on a plane, the candidate shows that he is resourceful and able to think creatively. Nice job!

Case 3

How big—in dollars—is the market for used shoes in the United States?

This is a fairly straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.

Bad Answer

Candidate: Used shoes—gross! Who would wear those, and what does that have to do with being a consultant? In any case, I would guess that the market is negligible. I doubt used shoes are a good that can be exchanged for dollars.

Sartorial snobbery is not high on the list of sought-after traits for consultants. Besides, it's not appropriate to base an entire answer on a personal opinion.

Good Answer

Candidate: Wow. Haven't really thought about that market before. I tend to throw away my shoes after I wear them out. But I've seen shoes in second-hand stores before, and I imagine that there are lots listed on eBay, so there must be demand.

So how best to build up the market? One option would be to do it from a channel perspective—meaning how many shoes are available in second-hand shops, online, garage sales, etc. Another way to estimate the market would be to determine pure supply—meaning how many people sell their used shoes, multiply by an average price per pair, and assume that demand equals supply. The latter seems more intuitive to me, so I'm going to go down that road.

Excellent start. The candidate has laid out two options, demonstrates some intuition about the market by articulating which channels used shoes might be sold through, and proposed a method for estimating the market size.

Candidate: OK, so how many people sell their used shoes? And, more importantly, what type of used shoes are sold? The shoes that I have seen at second-hand stores tend to be nicer, more expensive shoes that have been worn

only a few times. I think I've seen some signs that say "Gently Worn," which implies that there is not a secondary market for shoes that have been "ungently" worn. The value equation also makes sense from the buyer's perspective: I can get great value from a pair of \$200 shoes that has been worn only a few times and now cost \$50. The value is not there for me if I buy a pair of \$50 shoes that are now \$15, because I probably would want to spend the extra \$35 and get that pair brand new.

How am I doing so far?

Checking in with the interviewer is not a bad tactic during a market-sizing case. If you're off track, the interviewer will be forced to tell you. Plus, it gives you a little time to breathe.

Interviewer: So far, so good. The used shoe market primarily consists of "gently worn," dressier shoes that tend to be more fashion-focused.

Candidate: Good. So let's say that that is the market that I'm defining: For ease and simplicity, the market for second-hand shoes consists of these "gently worn," dressier shoes. I recognize that this may not be completely accurate, but I am confident that this represents the lion's share of the market.

Solid, simplifying assumptions.

Interviewer: Given what you've said so far, how big is the market relative to the overall size of the shoe market?

Candidate: It's going to be a tiny fraction of the market for two reasons: (1) We're dealing with a small segment of the market (dressy, fashion-focused shoes), and (2) my guess is that most of the people who buy these shoes new aren't selling them to second-hand stores or putting them up on eBay.

Well done and succinctly stated.

Interviewer: I agree. So how are you going to estimate market size?

The interviewer wants numbers.

Candidate: OK. If there are 250 million people in the United States, let's say that 5 percent of them buy these dressy, fashion-focused shoes that could be resold. That's 12.5 million people, which actually sounds high now that I say it out loud. So to make the numbers work, let's assume that that number is actually lower: somewhere around 10 million.

Notice how the candidate performs a sanity check on his work and lowers the estimates midstream. This will always score points with the interviewer, because one of the key skills you will need in consulting is the ability to "pull up" and ask yourself whether the numbers make sense.

Candidate: Next I need to determine how many shoes are purchased each year first hand. The consumers who buy these shoes at retail are probably heavy consumers of shoes—I'm not talking Sarah Jessica Parker on *Sex and the City*, but someone who buys a new pair of shoes every month or two. So let's say that that's about ten pairs of shoes each year per consumer, or 100 million pairs of shoes each year overall.

Notice that the candidate is using nice round numbers. Why makes things harder than they have to be?

The next step is going to be to figure out what percentage of this 100 million is sold to second-hand stores. This is going to be determined by two related factors: (1) how many people are willing to sell their shoes, and (2) whether there is a channel available to them that will sell their shoes. I think this percentage is going to be low: It just doesn't seem likely to me that most of the people who



Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

are buying expensive shoes are going to take the time to sell them again. So I'm going to guess that roughly 5 percent of these consumers resell their shoes. This make 5 million pairs of shoes that are sold second-hand.

Finally, we need to convert this volume into dollars. As we've noted, these are expensive shoes that are going to be marked down significantly. The average price for a first-hand pair, I'd imagine, would be about \$150, and they're probably going to be resold for less than half of that, so let's say \$50. Five million pairs of shoes multiplied by \$50 per pair gives you a \$250 million market.

It doesn't matter that this number is likely wildly off the actual market size. The candidate has done an excellent job of making assumptions, sticking to simple math, and applying some reasoned business judgment throughout the course of answering the question. Well done!

Case 4

Your client is the vice president of sales for a major fitness company. She has asked you to help her determine why sales productivity is down over the last year. How would you go about answering the question?

Bad Answer

Candidate: Like most business problems, it's probably a combination of factors: business is probably down overall, the company is losing share, and management hasn't done the appropriate work to reduce the size of the sales force yet. So, unfortunately, we're going to need to look into layoffs.

Well, at least we know that this candidate is not afraid to cut to the chase and feels comfortable making bold statements. The problem is that the conclusions are not backed up by any data, so the conclusions are wildly speculative.

Good Answer

Candidate: So I don't get off on the wrong track, let me first ask you a clarifying question—how do you define sales productivity?

It is likely that the interviewer is hoping that these are the first words out of the candidate's mouth. Getting clarity on this from the outset will avoid all sorts of potential definitional problems later on.

Interviewer: Great question, because there are a lot of different ways to define sales productivity. We try to keep it very simple: total sales generated per sales representative.

Candidate: Got it. To put some structure on my line of questioning, I'm first going to ask you about the external environment: Are there market factors that are pushing down overall sales? Then I'm going to ask you about the internal environment: Are there internal obstacles that impede the reps to sell?

The structure is elegant in its simplicity.

Candidate: In terms of the external environment, have there been any significant changes in the marketplace over the last year?

This is an appropriately open-ended question that will allow the interviewer to provide more data and background.

Interviewer: Not really. We have recently completed an extensive marketplace scan and determined that there has been no sea change over the last year. The market continues to plug along at a 5 to 7 percent growth rate (like it has for the last 5 years), no new competitors have entered the market, costs have remained relatively constant, and the client has had no major glitches in its operations that have prevented product from being delivered.

Though this path does not appear terribly promising, it will make sense to continue to gently probe nonetheless. Sometimes, the interviewer will reveal something that you will need to tease out. One of the key assets of a young consultant is the ability to play detective and not turn back at the sight of the first roadblock.

Candidate: And have there been any significant shifts in channels of distribution, either for you or for the industry as a whole?

Note that the candidate is using one of the “Cs” to help him with his line of questioning.

Interviewer: Actually, there have been; I should have mentioned that. Earlier this year, the client decided to enter the mass channel. The market has been shifting more toward mass over the past 5 years, and they finally made the decision this year to offer their products through this channel.

Candidate: And I’m assuming that the prices that consumers are paying for their product in the mass channel are lower than what they pay in other channels?

Interviewer: That’s correct, why do you ask?

Candidate: Because I’m also going to assume that the wholesale price—the price at which the goods are sold to the mass retailers—is lower than the whole-

sale price in other channels. This will drag down the average sales price per item, which will then negatively impact the sales per rep.

The candidate demonstrates a logical train of thought and basic understanding of channel dynamics.

Interviewer: This is true, but the sales per rep has decreased by almost 25 percent even though the wholesale price to the mass channel was only 15 percent lower than the overall wholesale prove. So that still leaves a 10 percent gap that the client can't explain.

Candidate: OK. This leads me to my next line of questioning: the internal situation. One question that quickly comes to mind is whether or not the size of the sales force has increased significantly.

Interviewer: We looked at this, too. Yes, they've hired some new people to serve the mass channel, but they've also lost some people who were selling into the other distribution channels, so the net effect is about zero.

Candidate: Has the client surveyed the sales force about how they are spending their time and what their suggestions might be?

Interviewer: They have talked about this, but haven't done anything yet. What types of questions would you ask the sales force?

Candidate: I would ask them a series of specific questions about time allocation to see whether there are things that are prohibiting them from selling.

Interviewer: Sounds good in theory, but can you be more specific?

The interviewer—like the typical client—is pushing for tangible examples rather than vague, high-level suggestions.

Candidate: Sure. I'd ask them about how much time they spend in the car driving from one customer to another. The more time in the car, the less time

they have to sell. I'd ask them about the way they input their orders into corporate systems. The more difficult the systems, the less time they have to sell. I'd ask them about the time they spend dealing with people performance issues. I'd ask them about the time they spend with the customer on things other than selling: for example, product issues, billing problems, strategic planning, etc. I sound like a broken record, but the more time the reps spend on these areas, the less time they have to sell product to existing accounts or develop relationships with new ones.

The candidate has responded with a series of straightforward, but very concrete, examples. In these cases, this is as much specificity as you are likely to need.

Interviewer: This sounds really promising. I bet this type of analysis would yield some interesting results and may explain the 10 percent gap. I'm running out of time, but while I have you here, can you think of any other areas to look into?

This is really an unfair question, but one that is often used in interviews, because realistically the candidate cannot say "no" without feeling inept. It also likely means that the candidate has missed something critical that the interviewer is trying to fish out. The only thing to do in this situation is take a deep breath—don't panic!—and try to come up with an answer.

Candidate: Two things come to me that may require further investigation. One is to see whether sales incentives have changed at all. If, for example, the sales force is getting compensated on the number of units it sells, it may be easier for the rep to go after the mass channel because that is where the volume is, even though it means less revenue per unit.

The other thing I would do would be to "de-average" the sales force productivity numbers: Are there specific segments of the business that are performing well? What can we learn from those groups? What can we learn from the groups that are underperforming the average? Perhaps all of the answers are within the sales force and it is just a matter of exporting the best practices.

Interviewer: Great. Thanks for your time.

Business Operations Case Questions

Case 5

You own a microbrewery in Seattle. What are some of the issues you would need to think about if you were interested in expanding your brand nationally?

This question would be fair game for undergrads, MBAs, or non-MBAs. Naturally, the interviewer would expect the MBA to offer more detailed and sophisticated answers and insights by drawing on that core operations course.

Bad Answers

Candidate: I would never expand nationally. There are way too many beers on the market today and too many big breweries like Miller pretending that they're microbreweries with beers like Red Dog. Have you ever had a Red Dog?

Amen! But, we're not here to talk about the benefits of taking local beers on the road, or about the success/failure of major labels that have pursued the microbrew market.

Interviewer: Well, yes, but let's back up for a moment. Are you saying that you'd think about the market context before you would expand nationally?

Here's a life preserver from the recruiter. Hint: talk about the market context. This may or may not be what the questioner was looking for, but it's at least a start. From here you could work your way back to the operations issues inherent in this growth question.

Candidate: No—I said I wouldn’t expand nationally. Seattle is such a great town! I’d stick to the knitting, you know, do what I do best in my own backyard. I probably have a big local following, so why play around with a good thing?

Interviewer: So would you be interested to know whether you could attract a national customer base?

The candidate has probably already blown his chances. The specifics of the discussion aren’t so important here. What is important is that the interviewer often will offer an out for a misguided answer. Taking the interviewer’s hint, the candidate could have switched back to a discussion of the market potential and the difficulties of taking a local brand national.

Candidate: No. I said I’m not interested in a national customer base.

Okay, so this guy’s not a consultant. Maybe he’s an entrepreneur. How about the beer business?

Interviewer: Okay. Well, let’s move on . . . it says on your resume that you like sushi . . . any good restaurants around here?

Good Answer

Candidate: A microbrewery—cool. Well, what kind of a microbrewery is it? I mean, am I thinking about taking a retail concept (restaurant and bar) national, or am I a local beer manufacturer wondering whether to distribute my brand across the country?

There are a couple of good things about this response. The candidate shows that she is interested in the topic and has at least a spark of enthusiasm. Then she gets down to business by defining the problem further. Alternatively, she might have just chosen one course, “I assume we’re talking about taking a local beer and distributing it nationally, rather than taking a retail/ brewery concept national.”

Interviewer: Good question. Let's assume you are a manufacturer only, no retail space. You have a manufacturing facility in Seattle, and you currently distribute your beer to both retailers (like liquor stores) and restaurants and bars.

Candidate: I see. Well, before I decide about whether to go national, I would want information on a lot of different things. First, I would need to examine the competitive environment: I assume the beer industry is dominated by the big players like Anheuser-Busch and Miller, but that other smaller labels like Sam Adams are starting to gain market share. I would like some information on growth rates of the beer market overall and of "microbrews" (smaller labels and newcomers) specifically. If I were to guess, I think the microbrew segment is driving the overall growth of the beer market in the United States. However, I'll bet this segment is no longer composed solely of local labels; instead, I think the giants like A-B and Miller are looking to enter this segment either with new labels or through acquisitions.

The candidate chooses to talk first about market potential. She pursues a line of reasoning, identifying assumptions she is making as she goes forward. More important, she also looks for quantifiable information; consultants love real data—growth rates, segment size, market share. One suggestion: our candidate might have prefaced her questions with a general framework comment. Something like, "Before going national and dealing with the operational issues that would involve, I'd examine the market opportunity for this venture." This would give the interviewer more of a road map for the answer.

Interviewer: So if your assumptions are true, what would be your take on the competitive environment—favorable to your going national or unfavorable?

You should always be prepared to draw partial conclusions or insights from information or assumptions you offer in your answer. Interviewers will frequently do this to see if there is a method to your answer or if you're just spouting whatever comes into your head.

Candidate: It likely means that it is unfavorable: The big guns could eat me for lunch.

Interviewer: How could they “eat you for lunch”?

You can also expect most interviewers to push you to explain the thinking behind your answers, especially when you offer up a short answer.

Candidate: I think competition in the beer industry is driven by marketing. The big players have both marketing expertise and deep pockets, which presumably I don’t have. I wouldn’t be able to compete with them head to head, so I would probably have to target a different customer base to be successful, maybe not quite pursuing a national strategy, but a strategy of targeting specific markets nationwide, and drumming up a local following within those markets.

The candidate shows that she has a bit of business intuition. Understanding the market opportunity involves understanding the numbers: Is the market growing and, if so, in what segments? But it also involves understanding the competitive landscape and the likely response of existing players. Here the candidate points out a key challenge: maneuvering around the big players, who have deep pockets, experience, and competitive instincts. She then jumps into a possible strategy that differs from a national rollout. Before offering up this possible strategy, she might have discussed the competitive advantages of the microbrewery. These might include differentiated product, off-brand appeal, loyal customers, and guerrilla marketing experience.

Interviewer: I see. So more of a “multi-local” strategy. What kinds of markets would you want to target?

Again, the interviewer is not satisfied with a general answer. You should always be prepared to take your analysis to the next level.

Candidate: Well, college towns come to mind. And other markets with attractive demographics—young, urban, disposable income, affinity for beer, etc. I'd probably have the most success in bars and restaurants in those markets, so I think I'd start there instead of trying to fight for shelf space in liquor stores. I'd try to make a name for myself, and if successful, I would use a “pull” strategy to get shelf space.

Note: A “pull” strategy focuses on getting customers to ask for the brand. It differs from a “push” strategy which would use incentives and other things to get distributors and retailers to offer the product.

This answer shows that the candidate has creative impulses. She also includes a few “action” recommendations. Even if you don't go to great lengths to explain the actions, it's important to offer conclusions that tie into recommendations for action. The candidate might have given a little more structure to her analysis, possibly suggesting a market study to identify the characteristics of current customers. She might also have explained her choice of different market segments more clearly. One other general suggestion: try not to use the “I would . . .” construction too much. It forces you to go down a specific path. An alternative way to phrase an answer is to say, “The options are a, b, and c—I might start with c for the following reasons.

Interviewer: Okay. I think we've covered the competitive environment and your marketing strategy. What are some other things you'd need to think about before pursuing this multi-local strategy?

On to operations issues!

Candidate: Let's see. Well, I'd need to make sure I could manufacture the stuff to meet increased demand. What is the capacity of my current facility? Am I currently operating at capacity with my Seattle area sales? If so, then I'd have to think about adding capacity, which raises another set of issues. Where do I build the new plant? And how do I pay for this additional capacity? Presumably I'm not terribly cash-rich right now.

The candidate focuses on production capacity issues—a perfectly reasonable path. She might also have talked about distribution issues or any of a number of other systems-related growth issues, including accounting systems, inventory controls, financial management, and even product quality control or staffing. If you brought up production scale when talking about the competitive dynamic, kudos to you!

Interviewer: Let's say you're at capacity in your existing facility, and so you need to add capacity to expand your business. What are some of the issues around plant location? How would you think about making that decision?

Candidate: Well, there are a couple of options. One is to simply increase capacity at my existing plant. We already have brewing expertise in Seattle, and we could probably enjoy significant economies of scale in purchasing and in simply brewing bigger vats of beer. But on the other hand, beer is heavy and therefore costly to transport. And beer has a shelf life. These make it more difficult to manufacture product on the West Coast and ship it across the country. Depending on where my new markets are, I may want to add capacity closer to them. But then I'd have to build a new plant, train a new workforce, and spend large amounts of capital. Another option is to increase capacity in Seattle, transport the product in bulk and hire a bottler in my new markets. Any decision to increase capacity would require significant capital outlays, which I would only pursue after I had established significant demand in the new markets, of course.

The candidate does a good job of touching on a number of different operational complications associated with national distribution. She doesn't go into any of them deeply, but she does show that she is aware of several different issues that would have to be explored. One way she could have showed a little more creativity in her answer is by discussing alternate, lower-cost ways to add capacity (e.g., by partnering with another company or renting production capacity).

Interviewer: You said yourself that you weren't cash-rich. So where would you get the capital, assuming you had proof of concept in a few target markets?

This question is a little odd, since most consulting clients aren't small and cash poor. If they were, they wouldn't be hiring consultants!

Candidate: Well it depends on whether I'd be willing to give away a part of the company. If so, then it seems like a job for the venture capitalists. If the valuation were favorable, then it might not be so bad to give them a piece of the action. If not, then I'd try for bank debt. For example, maybe a local Washington bank would be willing to help a small business grow into a big business.

Again, this candidate would have benefited by laying out her framework. A possible approach here would be to say something like: "Well, assuming you aren't churning out cash from the operation, you can choose between equity or debt. If the company chooses equity . . ." After a response like this, you can almost expect that the interviewer will ask you to compare and contrast the different options.

Interviewer: Good. We've certainly covered a lot of ground. I hope this exercise hasn't convinced you to forget consulting and go into business for yourself!

Case 6

The number-three athletic shoe manufacturer has hired your consulting firm to determine why its profits are declining while the profits of its two competitors are growing. Where do you start?

Here's a good solid operations question. The interviewer wants to see whether you have an understanding of basic business relationships and whether you can push through the problem in a structured manner. This question could be asked of undergrad, MBA, or advanced-degree candidates.

Bad Answer

Candidate: Oh, that's an easy one. Its profits are declining because no one is buying athletic shoes anymore: the retro look is in, and everyone is wearing Pumas, Converse, and Pony's. Athletic shoes as you and I know them are out.

Uh-oh! The candidate is starting to wobble! He has jumped right into the fray, proposing explanations without even thinking through the problem. Moreover, he has revealed a dangerous misunderstanding of some important business relationships. Profits don't necessarily relate to revenues ("no one buying"), and even worse, he hasn't listened to the question. The interviewer clearly explained that the profits of the two leading companies in the industry are growing.

Interviewer: Well, actually, why don't we try to peel the onion here a little bit. Are profits declining because revenues are shrinking or because costs are increasing? What would you want to know to answer that question?

Sweet! Although the interviewer smells trouble, she gives the candidate a gentle nudge in the right direction with the hope that he's just nervous.

Candidate: Oh, costs! Then their costs are probably too high because they're spending too much on advertising. Do they have Shaq or T Mac on their

commercials? It's a waste of money. They should definitely cut back their advertising spending

Again, a look-before-you-leap approach would have been much better. Instead, the candidate plunges right in and careens out of control, throwing up potential solutions without thinking through the problem or the answer. He's outta there!

Good Answer

Okay, we now know what NOT to do. Let's think through this problem again. Right off the bat the interviewer has told you that profits are declining. So the best place to start is by showing your mastery of the basic profit equation: $\text{profit} = \text{revenues} - \text{costs}$. Pick one factor and start there. Don't forget that the interviewer just sets up the case; it's up to you ask the probing questions. A good interviewee will start by asking general questions and then getting more specific.

Candidate: If profits are down, that's got to be a function of either revenues decreasing or costs increasing. Let's focus on the cost side: are the client's costs in line with those of its competitors? For example, are their manufacturing costs similar? Do they manufacture and assemble in low-cost offshore locations? What about selling and distribution costs? Is the client spending too much on a dedicated sales force when its competitors use independent reps? What about G&A? Does the client have flashy office space or overpaid executives?

This is much better! The candidate gets off to a good start by setting up the answer effectively. The $\text{revenues} - \text{costs} = \text{profits}$ equation is simple, but it provides a clear way to proceed through the problem. It lets your interviewer know that you understand a basic business relationship and that you have a plan for rooting out the answer. In addition, the candidate is asking good questions—at least half the battle in consulting is knowing what questions to ask.

Interviewer: Those are all good questions. But the client's costs all seem to be in line with those of its competitors. Costs don't seem to be the problem. What would you look at next?

Candidate: If the cost side isn't the problem, then I would look at revenues next. Are sales declining?

The candidate takes the hint and moves on to revenues.

Interviewer: Actually, yes, revenue is down 6 percent from last year, and projections show another 5 percent dip for the coming year. How would you go about figuring out why?

A pointed question from the candidate has brought forth more specific information that will help in the consideration of the case. The interviewer's answer means that the candidate will have to dig yet deeper.

Candidate: I would try break sales apart into its relevant components: are sales of certain shoe models declining disproportionately to others, for example?

The candidate might have talked about the two pieces that make up sales: price and units. However, he chooses to break down the sales picture into different product categories, which is also fine.

Interviewer: Not really, most SKUs [shelf-keeping units equivalent to individual product styles] are actually declining at a similar rate. What would you look at next?

Looks like another dead end. But don't get depressed—it just means that the recruiter has ruled out another possible explanation and narrowed the candidate's focus a little further. We're getting warmer.

Candidate: If it's not a few laggard shoe designs driving the downturn for this company, and sales are just down overall, it looks more like people have just stopped buying their shoes, period. We need to figure out why. Who are their biggest customers? What's their target demographic? Are they just not buying athletic shoes anymore?

Having checked a variety of possibilities, the candidate makes a preliminary hypothesis and proposes some ways to check this insight. Even better, she proposes some next steps for the inquiry.

Interviewer: You've hit on the crux of the problem: The company isn't sure who its customers are anymore. Formerly, its biggest customers were serious athletes interested in high-performance shoes. But the company isn't sure whether that's true anymore. That's one of the biggest pieces of value we provided for the company—we told them who is buying athletic shoes. How would you go about getting that information?

The interviewer reveals that the candidate has hit on a key piece of the puzzle. Without pausing for breath, the interviewer then checks the candidate's ability to turn her insight into action as well as her common sense.

Candidate: Well, frankly, I'd go to the mall! I'd stand outside the Athlete's Foot and see who's buying athletic shoes, check what brand they're buying, and maybe even ask them why. By doing this, I'd be able to see what demographic group was buying the most athletic shoes and whether they were buying our client's shoes or not. If not, I'd try to draw conclusions as to why not. In short, I'd try to segment the athletic shoe market, and figure out how to target the most attractive segments.

The candidate uses a common sense approach here, which is really good. Not only is her idea practical, it would be easy to implement and it would be relatively cheap to do. She also shows that she fully understands what information she needs to collect. Not only would she observe customer behavior, and ask them why, she'd also analyze the findings and try to draw general implications from them. Besides, consultants love going to the mall. Bain's headquarters is inside Copley Place in Boston!

Interviewer: Well, that's exactly what we did—we went to the mall. And our field research showed that young adults in the 13- to 24-year-old age group

were buying 65 percent of all the athletic shoes in the market we looked at. That makes them the first priority market segment for our client. The next phase of this case is just beginning; we need to put together a plan to target this demographic group specifically. Do you have any ideas?

Now the consultant is pushing into new territory, trying to see just how far this candidate can take the analysis.

Candidate: Well, it strikes me that the demographic you've described is less concerned with high performance (the company's current focus, you said), and more concerned with the image of their shoes. Do they look cool? Does Michael Jordan wear them? That kind of thing. I would recommend putting together a marketing and advertising campaign to really pump up their image in the eyes of the young public.

This comment is based more on the candidate's intuition and creative thinking, but it shows that she fully grasps the nature of the problem.

Interviewer: That sounds on track with what we're thinking about. It looks like our final presentation will be exactly one slide long: Answer: Michael Jordan!

Good job! The candidate sailed through this case interview. On to round two!

Case 7

Your client has hired you to investigate and recommend an accounting and billing software package. You have to finish the project with a recommendation in 1 month. What should you do?

In addition to the high-powered, pretend-you're-the-CEO type stuff, consultants are often hired for a number of other more mundane assignments. This question doesn't really require any deep thinking; rather, it requires a good sense of process and prioritization. Although a recruiter asked an experienced-hire candidate this case question, it could also show up in an undergraduate or MBA interview.

Bad Answers

- I'd get them a copy of QuickBooks and hire a trainer to teach their accounting personnel how to use it.
Yeeeah. And we're paying you how many hundreds of dollars per hour?
- Accounting? Never touch the stuff. My recommendation: Outsource it.
Excellent answer that may get a laugh, but, unfortunately, won't get you any points.
- I think I'd first call up my accounting professor and ask for some ideas. Then I'd probably head down to Comp USA and try to find a sales rep to talk to me about accounting packages.
This isn't a bad start, but it goes about answering the problem in the wrong way. Unless the client is a small business, it probably needs a more sophisticated accounting product than the ones you could find at a standard computer software retailer. Also, an accounting professor might be able to give you specific feedback on the tax implications of certain accounting approaches. However, it's unlikely that she would have any idea about something as practical as a software package.

Good Answer

Candidate: Unless there's something I'm not aware of, I think this is a pretty straightforward project that will require several steps. Simply put, the process will require determining the specifications for the system, researching the various options available, measuring them against a set of criteria, meeting with the

possible vendors, and making a selection. An important follow-up to the actual selection would be management of the implementation phase.

Good basic structure for the answer: We know exactly where the candidate is going. Though probably not a good idea to say this is straightforward; the interviewer probably spent at least six weeks on the project!

Interviewer: Tell me how you'd go about determining the system requirements.

Candidate: The key problem is to determine exactly what the client is seeking from the new accounting system. So I'd start with a needs assessment. If they've asked you for help, they're probably experiencing problems with their current system. That's the relatively easy part. By asking people in the company what isn't working, you can get an idea about the critical needs for a new system. The harder part of defining the system is to determine possible future needs. This will require some investigation into the company's strategy and growth plans and the key parameters for the technology. It will also likely involve people outside the accounting division. In any case, I'd be working toward a specification sheet listing the required features for the system, their priority, and any constraints that would affect the decision.

Bonus points for focusing on people! Remember, the most critical piece of a successful technology project is managing the human element. It's critical to spend time throughout the project with people that will be affected by it.

Interviewer: What's the next step in the process?

Candidate: Actually, at the same time that I was researching the company's needs, I'd want to be out researching the marketplace. A logical place to start would be with similar or competitive companies. I'd like to find out what kinds of software and systems are being used by others. I'm assuming that the client would be looking for something more tailored to its needs than a standard, gen-

eral consumer-oriented software package would provide. I also suspect that there are a few primary vendors for this kind of customized software for the industry.

Here's a good way of piggybacking on what other people already know. Certainly, a consultant could go out, meet with vendors, read technical publications, and do all the basic research herself. However, people in the industry will probably be much better informed about the names of the major players, their reputations, and the needs of people in the industry. In addition, depending on the industry, you might also gather useful competitive intelligence through this process.

Interviewer: Let's assume that this is true. How would you go about finding the names of these vendors?

Candidate: Well, I'd start by asking people at the company. Chances are they've already received sales materials from at least one of the major vendors. I'd also check with the competitors. People at companies are usually willing to share information about vendors. Also, once you've hit on one vendor, it's usually possible to ask the salesperson for the names of major competitors and how they stack up.

Good pragmatic approach. Start with the information that is most helpful and easiest to access.

Candidate: In any case, based on the information I put together about the client's needs, I'd develop a grid for evaluating the potential packages. I'd include product features and cost, as well as training and support. I'd also probably have the top vendors come in for a presentation. Finally, I'd make a selection (in consultation with key personnel at the client).

Having a systematic way of evaluating the technology will also be helpful. The specific categories might vary once an actual project is under way. However, the candidate shows that he has an awareness of the need to organize information for the assessment.

Interviewer: Good. What next?

Candidate: Well, once the selection has been made and the terms of the deal negotiated, there's going to be an implementation period. In many ways, this is a much more challenging task than the software selection. The key questions here will involve timing for the changeover, conversion of current data into the new system, and, most importantly, training of staff. To help minimize the transition period, I'd probably want to start with a pilot test before rolling out the system across the company.

The candidate doesn't go into great detail on any specific issue, but presents a range of specific challenges he expects to face.

Interviewer: Good job!

Case 8

The food-service spice division of a major food manufacturer has had flat or declining sales and profits over the past 5 years. What should it do to improve its performance?

Here's a good, standard declining-profits question suitable for all candidates.

Bad Answers

- It should try to get into some new, higher-margin businesses. Get into the ethnic-seasoning business, for example, or start repackaging its products as gourmet spices and sell them through specialty stores.
Good thought, marginally creative ideas, horrible execution. The candidate jumps right into problem-solving mode without going through the requisite analysis. Even if these are correct intuitions, they will be much more compelling to the client/interviewer if there's a lot of data-driven analysis behind them.
- Lay off its excess workers and reduce costs.
Not a good answer. The interviewer already knows you're an MBA and that you want to be a consultant! Besides, slash-and-burn makes poor cocktail banter.

Good Answer

Candidate: Declining sales could either be a sign that the market for spices is shrinking overall or that other players are capturing the growth. Which is it?

Good start. The candidate grasps that there could be several causes for a decline in sales. Asking for more information will help the candidate isolate the problem and choose how to proceed.

Interviewer: This division sells spices to food-service customers only (restaurants and industrial kitchens), and this market isn't shrinking. In fact the overall growth of spices to food service is around 7 percent CAGR (compound annual growth rate) over 5 years.

Candidate: That suggests that the company's competitors are doing a better job at capturing the growth in the market. So we need to figure out why. How is the company's product line? Is it competitive in terms of quality? Price?

It's often helpful to proceed by probing possible explanations one by one. The candidate might have confirmed that the client's share of the market is declining before examining possible explanations.

Interviewer: The company has two main product lines: commodity spices (salt, pepper, basil, etc.) and specialty spices, which are mainly premixed ethnic spices (Indian, Italian, Mexican). The commodity spices are priced competitively, and the specialty spices are priced at a premium. Customer interviews suggest that price is not a problem with either the commodity or specialty spices and that satisfaction with both product lines is high.

Candidate: It appears that neither the product nor the price is the problem. How are the products sold?

This is a typical development in the analysis of a case problem; the easy answers aren't the right ones. When this happens, it's often wise to keep asking questions. In this case, the candidate wisely moves on to a more practical line of questioning. An alternate approach is to continue to look at more specific sales data for the different product lines. For example, the candidate might ask whether sales of both lines are increasing equally.

Interviewer: Good question. The products are sold through the parent company's dedicated sales force. The sales reps sell a broad range of products (30 to 35 different types) to their customer base. They have regional sales territories.

Candidate: So you mean a single salesperson sells everything from coffee to chocolate to spices to a subset of restaurants or industrial kitchens in a specific region? Their customers mustn't need a lot of specialized sales help, because it seems unlikely that the sales force could know the nuances of every product they're responsible for.

The candidate thinks out loud and draws implications from the information she has just received. Even if she gets off track, it is usually better to share her thinking with the interviewer. Often the interviewer will provide a hint or more information to help the candidate along.

Interviewer: It's true for the commodity products—they pretty much sell themselves—but specialty spices are a more “technical” sell.

Candidate: And does the sales force provide that technical sell?

Interviewer: We spent time with a number of sales reps in various territories, and it appears that they aren't very familiar with the specialty spices, which are newer product lines for the company. So they focus primarily on selling their spice mainstays (salt, pepper, basil, garlic).

Although the interviewer describes what happened, the technique she describes is a standard consulting technique that could be useful in answering another question. For example, the interviewer might have asked how the candidate would go about determining why one product line is moving faster than another.

Candidate: So there's at least one big part of the problem! The spice division has spent all kinds of money to develop value-added and differentiated spices to start earning higher margins in a traditionally commodity business, but nobody told the sales force! Or at least nobody trained the sales force to sell them. So the customers are still buying the low-margin commodity stuff from our client, and its competitors are capturing all the growth in the specialty spices.

Fortunately for the candidate, she has landed on a reasonable solution. But, she is a little hasty in pronouncing her solution. There are certainly alternative explanations. For example, the growth in the market may be coming from a segment other than the one the company traditionally reaches. Or, on a practical level, the compensation system might be rewarding the sales force for selling nonspice products. Rather than pouncing on the first thing that comes to mind, the candidate would do better by considering some of these alternatives as well.

Interviewer: That's pretty close. So, what action steps would you recommend?

Again, the interviewer is looking for recommendations for action that draw on the analysis.

Candidate: I'd train the sales force immediately. Send a few people from marketing on some customer calls with the sales force—with the sales force's approval, of course—and teach those customers what they can do with our specialty spices. Get the test kitchen to develop some great recipes using the product and hand those out to customers too. I think a lack of education around the product is the problem here, and once it's fixed our client can hold its own again. And it may make sense to proactively examine other areas of disconnect between marketing and sales—we may have discovered a broader problem here.

Interviewer: Nice! The next sale!

Business Strategy Case Questions

Case 9

A beer manufacturer is thinking about manufacturing a green beer. It has hired you to help it decide what to do. What kinds of things would you think about to help it make the decision?

This is actually a strategy and an operations question together. We have classified it as a strategy question because it has significant strategic implications.

Bad Answer

Candidate: Green beer? That's a ridiculous idea. That's one of those gimmicky things for St. Patrick's Day or something. A company can't manufacture that stuff for real. I'd tell them not to do it.

And just how convincing do you think this would be?

Interviewer: Well, your client is actually pretty serious about it, and they'd like you to look into some of the issues. Where do you think you'd start?

If you get off on the wrong foot, the interviewer will often give you another chance by rephrasing the question or focusing on a different angle. It's always wise to take his or her hints.

Candidate: I'd interview my friends, who would all agree that it's a bad idea, and I'd write up the interviews in memo form and tell them not to do it.

This is an exaggerated response that is clearly not acceptable. However, the message here is that it's important to avoid starting with a strong bias as you go into a project. Also, if the ultimate recommendation goes against the client's initial intentions, it's especially important to have solid, credible data to back up your recommendation.

Interviewer: I see. Well then, you said you were looking into banking as well?

Good Answer

Candidate: I don't want to sound too by the book, but I think I would use a 3C approach here to look at the customer, the competition, and the company. To start with, I would need some information on the target customer for green beer. For example, is the company planning to sell the green beer to the same people who drink their regular beer? Or do they think that the color green will attract a whole new customer base? In other words, are they trying to grow the overall market for their beer by selling green beer to otherwise non-beer drinkers?

This is a good use of a framework to set up the answer. When you do apply an off-the-shelf framework like the 3Cs, be sure that it is appropriate. Interviewers tell us that they really dislike it when candidates struggle to bend a problem to an ill-fitting framework.

Interviewer: Okay, so you would want to know who the target customer for green beer is. How would you find out whether people would be interested in such a product?

Here the interviewer is moving away from strategy to see if the candidate has solid intuitions about implementation. Some of the things he will be looking for are an ability to ask questions that will yield good information, sensitivity to cost and ease of implementation, and common sense.

Candidate: I would do a survey of both beer drinkers and non-beer drinkers, and ask their opinions of a green beer product. This would help me to

determine whether green beer would tap into a whole new (non-beer drinking) segment of the population, thereby creating a new market for our client, or whether the company's regular beer drinkers would switch to green beer, thereby cannibalizing sales of the regular product. Cannibalization would be okay if the margins on green beer were higher than on regular beer, so I'd want some information on that too. Otherwise, we'd need to have a strong feeling that the market for green beer would be big enough to sustain a new product introduction. And, I'd consider seasonality. We may get an answer back that says the market is not large enough for us to enter, but 90 percent of beer is consumed during 2 months of the year. This would have significant operations implications on procurement and inventory.

Interviewer: Good. So market size as determined by customer preferences is a critical piece of data. What else would you want to know?

The interviewer might have pursued the market-sizing piece of this even further by asking the candidate to estimate the market size for the product. The interviewer might also have asked the candidate what market size would be attractive.

Candidate: Well, I would want to know how easy it would be for competitors to copy our green beer idea, if we were successful with it. Is the green dye proprietary? And if so, would red, blue, and purple beer be introduced by the competition with similar success? Or are there literally no barriers to entry? If not, then a marketing free-for-all would probably ensue (like in regular beer today), and we would need to be prepared to play or fold.

The company's ability to thrive in the green beer business depends on its ability to develop a sustainable competitive advantage. The candidate might have focused a little more on the competitive response to the product, but this is a good answer and one that follows the 3C outline established at the start.

Interviewer: What would you want to know about the company's ability to manufacture the new product?

The interviewer's question leads right into the third C. He has chosen to focus on one operations issue (ability to manufacture the beer). He might also have asked about ability to distribute the beer to key markets, about the company's cultural willingness to make a green beer, or about the fit with its current brand name.

Candidate: Ah, right. They would need to either have capacity in their existing plants or be prepared to build a new plant for green beer. If their current plants are underutilized, could they manufacture green beer with the same equipment? In other words, I'd want to know how similar the manufacturing processes are for green and regular beers. If their current plants are operating at capacity, we'd need to do an analysis of the economics of building a new plant for green beer, which would be largely based on whether we could sell enough to recoup our investment.

Interviewer: Well, that looks like a good start. Let's move onto a second case.

The candidate gets off a little easy here. A logical and likely follow-up from the interviewer would be to ask the candidate how to make the plant investment decision.

Case 10

A large integrated steel manufacturer is contemplating entering the specialty stainless-steel market. Should it? What should it think about to make its decision?

Here's a basic strategy question. The topic sounds straightforward, but clearly there's a lot of information missing. Half of the problem will involve getting the right information. This question is suitable for a variety of candidates.

Bad Answer

Candidate: Specialty stainless-steel sounds more expensive than regular steel. If it's a higher-priced, higher-margin business, then I think they should go for it.

Whoa! Here's a shoot-from-the-hip answer. And just how convinced do you think the client would be with an answer like this, not to mention how happy the client would be that it's paying you consulting wages?

Interviewer: What if I told you that the specialty stainless market was dominated by three large players? Would that change your answer?

Hint! Hint! The interviewer hasn't ruled this guy out yet, but she's throwing him a softball, and trying to match his swing. Maybe he's a bit nervous, or maybe he just doesn't know squat.

Candidate: No way. If there are three players making good money in specialty steel, then our client should be able to do it, too.

This may be true, but it's way too early to tell. Besides, the candidate hasn't even really heard the interviewer: she never said that the three dominant players are making money. The candidate should be asking for more data, not drawing conclusions.

Interviewer: Do you need to know anything about the customer base?

This is about as big a hint as you're likely to get.

Candidate: Oh, right. The customers will be happy if we enter the market because we'll increase supply, which will automatically drop the price of specialty steel for them. It's simple economics.

The candidate takes the interviewer's hint and runs with it—but in the wrong direction. Clearly, this person is not cut out to be a consultant. Case closed.

Interviewer: Simple economics. I see . . .

Okay. So, repeat after us: "Would you like fries with that?"

Good Answer

Candidate: Interesting questions. Before I start I'd like to ask you a few questions: Why is the steel manufacturer looking to enter a new market? Is its core business shrinking? Is specialty stainless steel a higher-margin business? Is the company just sitting on cash it wants to invest?

This is a much better and safer approach. Before doing any analysis whatsoever, the candidate probes for more relevant information. It is completely acceptable, and even recommended, that you ask questions of your interviewer. In fact, it's probably a good rule of thumb to force yourself to always ask a question of your interviewer after hearing a case. It will almost never hurt you to do so.

Interviewer: Well, yes, the core business is shrinking. The specific division we're working with makes the shiny trim that used to go around windshields on cars in the '70s and '80s that has since been replaced by a black rubberized material. The division is looking at specialty stainless to possibly replace this dying business, and since the selling price for specialty products is higher than for shiny trim, the division believes that it could be an attractive opportunity.

The wealth of information from the interviewer provides the candidate with a much better starting point. One key insight that comes from this new information is that the real question from the client is broader than stainless. The real question is about how to replace a dying business. Stainless production is one possible approach.

Candidate: Who are the major players in the specialty stainless business today? Is it dominated by any one company? What is the market for the products like? Is it growing, or is it at least big enough to sustain another competitor?

Now the candidate starts exploring the context for the “go stainless?” question. Note that he still isn’t giving any analysis or advice—he’s just asking questions.

Interviewer: Specialty stainless steel is a \$700 million market served by three main competitors who account for around 80 percent of sales. The market has been growing at about a 6 percent CAGR [compound annual growth rate] over the last 5 years.

The interviewer responds to the questions, releasing a little more information each time. She doesn’t put any twist on the data—it’s up to the respondent to analyze and interpret.

Candidate: That seems like moderate growth, but it scares me that three competitors have such a lock on the market. Who are the customers and what do they want? Technical innovation? Adherence to specifications? Bells and whistles?

The candidate makes an observation about the information he has received and then continues to ask more questions. This time, he is checking out the opportunity for entry by another player. Is there any unmet customer need that the client might exploit to get a foothold in the market?

Interviewer: Who would you guess makes up the customer base?

Finally, the interviewer stops producing data and turns the question back to the candidate. She’s looking for some intuition and insights.

Candidate: Let's see, stainless steel. I would guess that the customers are varied: some may use small quantities of the product as a component in a larger product—tools or medical instruments, for example—and others would use sheets of it to make kitchen appliances and things like that.

This answer doesn't call for any mathematical gymnastics, highly analytical insights, or knowledge of the steel industry. However, it does demonstrate that the candidate can make good common sense observations about the world around him.

Interviewer: That's exactly right. So what does that suggest about customer requirements?

Now the interviewer pushes the candidate to take his observations a step deeper. What do they mean and what are the implications for the client?

Candidate: It suggests that the requirements are as varied as the uses for the product. So maybe our client can focus on one part of the industry and leave the rest to the top three players? But wait, how do we know our client can even make this product? Is the process similar to that of the shiny trim they make now?

Good, astute perception about the nature of the market. From here the candidate might be asked how he would determine whether there really is an opportunity in the marketplace. Or he might be given some additional complications and asked about the implications. Instead, he moves from examining the market opportunity to look at the client's ability to actually produce the goods. Note that the candidate is again asking questions.

Interviewer: That's a good question. When specialty stainless is manufactured, sheets of unfinished metal are fed through rollers that flatten out the sheets and smooth their finish. The more times the sheet is fed through the roller, the lighter the gauge of the stainless, and the smoother the finish. Specialty stainless requires extremely light gauges and smooth finishes, and therefore it requires many passes through the roller. The problem is that light gauge stainless is thin

and fragile, and easily damaged in this process. Shiny trim typically requires only one pass through the roller.

As is often the case in real consulting projects, the questions have elicited information that contains the seeds of a good, solid answer to the client's dilemma.

Candidate: So let me get this straight: specialty stainless is a fairly large market with moderate growth, dominated by a few large players, which have presumably mastered a relatively complex manufacturing process. Our client wants to diversify into this business from a much lower-tech and even commodity-like product line that's seen better days. Is that accurate?

The candidate uses a good tool here: summarizing and restating the information that he has pulled out. He checks with the interviewer to make sure that he has pulled out the right information.

Interviewer: That's pretty accurate.

Candidate: If I were the client I would give serious thought to a few issues before jumping in. First, will we be able to effectively manufacture specialty stainless? Do we have the appropriate capital equipment? How long will it take our employees to be trained in the new process? What kinds of costs are associated with the startup (training, scrap, machine time, etc.), and can these costs be recouped once the product is sold? How much technical innovation and investment are necessary to remain competitive, and do we have the necessary resources? The second area of concern for me is in marketing. Do we have the ability to find a customer base to sustain this business? And finally, how committed are the competitors to this business and what are they willing to do to keep us out? I guess, generally speaking, I have my doubts.

The candidate is now ready to pull the information together and offer a few pointers.

Interviewer: I can see that. It looks like you've covered most of the issues. Now let me tell you what they really did . . .

Note that the candidate actually offered very little advice throughout the case. Instead, he basically asked a series of targeted questions. One way he might have improved his answer is to have talked upfront about the framework for his inquiries. For example, he might have said that he would need to explore both the market opportunity and the client's ability to exploit that opportunity. Such a statement would have given the interviewer a better idea about where he was heading with his questions. The interviewer might also ask the candidate to brainstorm some additional growth opportunities—what do you think they might be?

Case 11

A large food manufacturer with dominant market share in rice cakes wants to increase the profitability of the product line. It is trying to decide whether to raise or lower the price. What are some of the things you would think about?

Here's a specific business problem with key strategic elements. This question could go to any type of candidate—undergrad, MBA, advanced-degree—but the expectations for the answer would be different. MBAs would be expected to offer an answer with more depth and understanding of business concepts. Undergrads and advanced-degree candidates would still be expected to hit on basic themes, but they might get a little more prompting from the interviewer.

Bad Answer 1

Candidate: Definitely don't raise the price! This is another case of the manufacturer trying to milk the consumer, and at some point, the consumer will rebel! This is exactly the behavior by manufacturers that put generic brands on the map. And lowering the price just erodes the value of the product in the consumer's mind. They should just hold price steady and think of some other way to improve profits—like lower costs or something.

Uh-oh! The interviewer is thinking that this candidate is really a consumer activist—and not a very bright one at that!

Interviewer: Are there any cases you can think of where a price increase would be justified?

The interviewer prompts the candidate to try to get her back on track.

Candidate: Well, sure. I mean manufacturers have to make money, right? So they should be able to raise their prices at the rate of inflation. No more, no less.

Okay, not a consumer activist—just not very bright.

Interviewer: I see.

Bad Answer 2

Candidate: Well, to increase profits you've got to raise the price. That way, the sales price will be greater than the cost, and profits will go up. Or, wait . . . let's see. How about if I draw a demand curve and figure this one out. Now, if the demand goes up, the price will go up. So, I've got to get the demand up, so there are several things to do here. You could advertise the product, you could do some other promotions, you could have a study done showing the health benefits of rice cakes. All these things would probably increase consumer demand for the product and thereby raise the price.

This is a sincere goof. The candidate immediately jumps on a solution (raise prices), then realizes that she hasn't hit on the answer. She backs up, twists around, struggles to put a framework in place, and ends up in a mess. The lesson here: if you aren't really sure of what you want to say, avoid the bait! Instead of jumping into a solution, it's far better to gather more information, or, alternately, to lay out a process for reaching the answer. Also, unless you're really familiar with a specific tool, you're probably better off not trying to use it. We guarantee you: it will be awfully hard to knock the rust out of your memory in the heat of an interview.

Good Answer

Candidate: You said they want to increase profitability on the rice cake product line. That brings us back to the old profit equation: profit = revenues – costs. Before jumping headfirst into the pricing question I'd want to take a look at the basics: costs and revenues. Is there any leverage on the cost side? In other words, can they reduce their cost structure (manufacturing, selling, distribution, G&A, etc.) so that they can increase profitability by operating more efficiently instead of passing a price increase on to the consumer?

Here's what the previous bad answer could have been. Instead of taking the bait, the candidate backs up, identifies a useful framework, and poses a couple of highly relevant questions.

Interviewer: That's a good fundamental question. But both the client and our consulting firm have examined the cost structure of rice cakes extensively, and it appears that they are currently operating pretty efficiently. In fact, we did a large cost reduction study for them about 18 months ago and successfully removed all the “fat” from the operation. So the cost side provides no leverage in increasing profitability.

The interviewer answers the candidate's question directly and helps focus the discussion further.

Candidate: Okay, then we'll focus on the revenue side, which is basically price and volume. Has the company examined attempting to increase volume without affecting price, through increased promotions or more shelf space, for example?

The candidate quickly jumps to the second piece of analysis and identifies a second relevant (and simple) framework: revenues = price X units.

Interviewer: The company feels that it has saturated the channel (i.e., shelf space is not a problem) and that it is getting all the possible mileage out of both consumer and trade promotions. Volume, therefore, will not be easy to increase without playing with price.

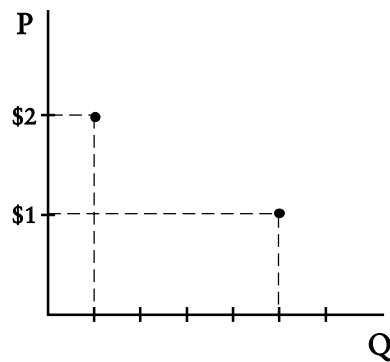
Okay, so the easy things have been ruled out.

Candidate: So price really is the only lever left. Well, okay. Then we need to figure out what the optimal price for rice cakes is. In other words, we need to set the price of rice cakes at the point where the profit is greatest.

One trick to buy a little more time in the interview—although you should be careful to not overuse it—is to give a quick summary of the situation or to repeat/confirm your understanding of the information conveyed by the interviewer.

Interviewer: Good. So how would you go about figuring that out?

Candidate: Well, in theory, each price point has a certain volume associated with it—that's called the rice cake demand curve. In general, there will be higher volume at lower price points, and lower volume at higher price points. To maximize revenue you would set the price at the point at which $P \times Q$ was greatest. So for example, if you could set the price at either \$1 or at \$2, and the demand associated with each price point was 500 units and 100 units respectively, then you'd set the price at \$1. Because even though the price is lower, the total revenue is greater at the \$1 price point. Graphically, it would look something like this:



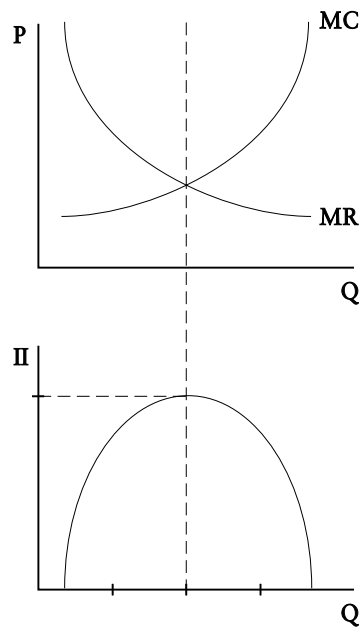
It's often an excellent idea to pull out pen and paper and draw a graph or figure if it helps you answer the question. Consultants really do like to use graphs, frameworks, and other visual tools. In this case, it would also be good to write out the revenue equation on the same sheet of paper. The candidate doesn't mention "price elasticity," but this is a basic concept that affects the overall revenue implications of the pricing strategy.

Interviewer: Well, that's a good start. But the company doesn't want to maximize revenue, necessarily. It wants to maximize profit. How does that change your answer?

Interviewers love to change the focus slightly or alter the assumptions to see whether you really understand the implications of your answer. If you do use a graph or other device, you can almost expect that the interviewer will ask you questions about how the chart would change under different circumstances.

Candidate: Right. Well, the concept is the same—except that, to figure out the maximum profit, you'll have to incorporate information about costs. In other words, you'll need to subtract the costs from the revenues. If you want to think about this graphically, put profits along the y-axis and price along the x-axis. Assuming this is a relatively typical product, with marginal costs of production that fall and then increase, you'll get a parabola like this.

The maximum profit on the product comes at the apex of the parabola. This marks the point at which the marginal cost of production equals the marginal revenue from each sale. Up to that point, you've been getting additional profit for each unit sold. To determine exactly where this point would be, you'd have to figure out your marginal cost curve. This should be possible if the client has good cost accounting systems in place. Since we're presumably dealing with some level of fixed capacity, the costs will likely rise as you try to squeeze more production out of the plant.



Again, graphs can help you explain your answer to your interviewer. If you do use them, it's a good idea to give a brief explanation of what you're drawing and the implications.

The trickier part is to determine the revenue side of the picture. This depends in large part on the behavior of your consumer. As we've already discussed, as the price for the rice cakes goes up, the revenue per cake rises, but the units sold will likely fall. How fast this effect occurs (i.e., the elasticity of demand for the product) will determine the degree to which you can raise the price.

The candidate has done a really good job of walking through a microeconomic analysis of how to maximize profits. Although she hasn't gone into a great level of detail, she has explained the basic concepts in terms that a client can understand.

Interviewer: That's an excellent textbook analysis of the problem. But now let's put ourselves out there in the marketplace. What happens if, based on your analysis, you jack up the price significantly?

The interviewer may or may not ask you to explicitly discuss real-world concerns as part of your analysis. Whether or not you're asked, it's often a good idea to keep these issues in mind. Remember, the most elegant academic analysis won't mean diddly to your client if they think you haven't understood the reality of their business.

Candidate: Well, assuming we've done a careful job analyzing the costs and consumers, profits should go up. Setting aside the question of whether we've done our analysis correctly, the other thing I'd be most concerned about is the competitive response to our moves. If we really are the dominant market player, we probably have some ability to set prices. However, our competitors will likely have a response. They may follow our price lead, or they may choose to compete against us on price or other aspects. As our profits go up, we can expect others to be more interested in the market and to try to compete with us more aggressively. Their success at this will depend in large part on exactly how much market power we have.

Interviewer: Good, well that's certainly something we'd want to look at in our analysis as well.

Case 12

A company has invented a lightbulb that lasts 50 times longer than ordinary lightbulbs but only costs 50 percent more to make. What should the retail price be if regular bulbs sell for \$1?

This is a brainteaser with a little bit of a strategy and economics twist. Although there are a number of reasonable answers to this problem, the interviewer is likely looking for both creativity and a sense of business. This question is good because it can be answered in varying levels of detail, depending on the candidate's background and inclinations.

Bad Answer

Candidate: If I were the company, I would charge a fortune! Maybe \$50 or \$100 for a bulb that lasted that long. Let's face it, soon enough someone will market a bulb that never burns out, and then they'll make the big money, so in the meantime this company should milk customers for as much as possible.

This applicant actually isn't totally off base. Indeed, he reveals one or two small insights. He seems to understand that an early mover can usually charge a premium for innovative products, but that subsequent producers will eventually drive the price down. However, he commits several fatal flaws. He starts spouting without really knowing; he gives an answer without any backup or analysis; and he seems to have a bad attitude. Together, or even separately, these mean that he won't be asked back for another round of interviews.

Good Answer

Candidate: This isn't quite as straightforward as it might seem at first. There are three different pieces I'd want to consider in developing my pricing strategy. First, I'd want to look at the economics of the pricing decision from the company's internal perspective. Second, I'd want to consider the customer's reaction to different pricing strategies. Finally, I'd want to think about the likely competitive response to the product and the pricing.

The candidate is off to a good start. He has clearly set forth a framework for his answer. Although he didn't use the C-word, his answer is taking shape as a 3C analysis (customer, company, competition). By listing the three areas he will be analyzing, he has given himself a roadmap for the answer. Also, if the interviewer wants to jump right in on a particular angle, she can easily do so (e.g., "Let's go straight to the competition. What do you think might happen?").

Candidate: Let's look at the economics of the pricing decision. Although the current market prices of the old bulb and other bulbs in the market are important reference points, they don't really tell us much about the economics for the new product. For one thing, we don't even know if the current bulb is actually priced correctly. From the company's internal perspective, it's important that we know the price at which the new product is a break-even proposition. From a purely microeconomic perspective, this will happen when the product sells at a price greater than its cost of production. (Actually, the marginal revenue should be greater than the marginal cost of production.) As long as this holds true, the company is making money on each bulb sold. Knowledge of these numbers will be especially important as we start to consider the impact of competition. However, it won't tell the company how to maximize its earnings from the new product.

The candidate begins with the first point in his framework: the company's internal perspective. He chooses to talk about microeconomics (other angles are also possible). This also helps him identify and discard the information about the current bulb's pricing because it's irrelevant to the point he is making here. One note of caution: in a real interview setting, it's entirely possible that the interviewer will choose to pursue the angle about marginal cost/marginal revenue and really test out the candidate's microeconomic knowledge. Therefore, if you do sprinkle a little theory on your answer, be prepared for the consequences!

Candidate: Fortunately for consultants, the world never quite works like it does in the textbooks. Therefore, beyond the cost structure, the company will need to understand how the consumer will react to different pricing strategies.

The company can look at pricing the lightbulb in at least two ways. First, it can price according to how much value the product gives to the consumer—aptly called value pricing. If the new bulb lasts 50 times longer than the original bulb, it can be said that the new bulb gives 50 times more value to the consumer, with value defined in this case as light bulb longevity. If the original bulb sells for \$1, then in the spirit of value pricing, the new bulb can sell for 50 times \$1, or \$50.

This is good. The candidate continues to draw on his framework as he moves through the answer. He explains “value pricing” and then goes on to state specifically what the product price would be under this strategy.

Candidate: Alternately, the company can simply look to maintain the margins it earns on the regular lightbulb, and price accordingly. In other words, if it costs 50 percent more to make the new bulb, to earn the same gross margins as on the original bulb, the company would have to charge 50 percent more, or \$1.50. In this way, the company could preserve a decent, if not exorbitant profit margin.

It’s always a good idea to use specific examples when answering a question. In this case, the candidate mentions specific figures to give the interviewer a more visual understanding of the proposed solution and confidence in his grasp of the simple math involved.

Candidate: Now, the different pricing strategies could have very different revenue implications, depending on the price and unit sales for the product. If the company opted for the first approach, the value pricing approach, unit sales would likely decline (because of the longer lasting life of the new bulb), but overall revenues might increase (because the price per unit is so much higher). If current customers merely switched over to the new bulb, there would soon be something close to a 50:1 drop in sales. (It would be slightly less than 50:1 because not all purchases are replacing bulbs that died of old age.) However, the new technology would also undoubtedly attract new customers. As purchasers of competing “old bulb” technology came over, the company’s market share would likely increase.

The candidate chooses to analyze the implications of one of his recommended pricing strategies. As he does here, it's important to draw implications from his recommended strategies. He also demonstrates several other good things here: an understanding of a basic business relationship (price \times units = revenues), the importance of other factors on customer behavior (replacement and substitution), and an ability to draw some quick common-sense implications of the proposed value pricing approach. He might also have discussed customers' purchasing behavior when faced with different pricing scenarios.

Candidate: I could talk about the implications of the other pricing strategy, but I want to touch briefly on the third area of analysis: competitor reactions. The appropriate pricing strategy will be greatly affected by the company's position vis-à-vis competitors. If the new bulb is a proprietary technology and it is the first one on the market, the company will likely be able to charge a premium for its technology. There is certainly a lot of value in a bulb that will last 50 times longer. Whether customers would be willing to pay 50 times the price of the old bulb is another question. However, they would almost certainly be willing to pay more than \$1.50 for the bulb. The company would be able to continue charging a premium until its competitors came in with a response: a substitute long-life product, a different pricing strategy on the old bulbs, or something of the sort.

Although the candidate chose to explain the logic behind his answer, he might also have used a few standard microeconomics graphs or charts demonstrating monopoly profits and consumer surplus. This might impress the interviewer, but more important, it might help clarify his answer. One other possible line of inquiry here would be for the interviewer to ask the candidate how he would research these questions. Good answers might involve doing customer research through surveys or focus groups. Note here that the interviewee did all the talking. This isn't likely to happen—the case is supposed to be a dialogue. But if you get a silent interviewer, don't worry. You'll be interrupted if you're way off course.

Resume Case Questions

Case 13

I see that you worked for Goldman Sachs before business school. Describe for me your most complex financial model. How did you structure it? With hindsight, what could you have done better?

This is a good, straightforward question for an MBA. Although the question would be slightly different, an undergraduate or non-MBA might also get a question like this based on his or her own experience, as reflected on the resume.

Bad Answers

A bad answer here would be one mired in technical or financial mumbo jumbo or, on the other hand, one that didn't go into quite enough detail. When talking someone through a model, it's easy to get trapped either discussing every line item or glossing over the details a little too much. Beware of either of these extremes. You want your interviewer to be able to follow your thought process through a complex set of variables, while keeping an eye on the bigger picture. Remember, you know this stuff like the back of your hand, but the interviewer is hearing it for the first time. Be logical!

Good Answer

Candidate: My most complex model was actually 10-year cash flow projection for a startup cellular telephone company. I worked on it when the industry was very young, so there wasn't much industry research available on how these companies would actually perform. The company had no cash flow, and there were no commonly used industry multiples to fall back on. As a result, I had to build

my model from the ground up. We were looking for a simple form of free cash flow, defined as EBIDT (earnings before interest, depreciation, and taxes) less capital expenditures. We assumed the company wouldn't be paying taxes for years to come because of the huge operating losses it would sustain from the depreciation expense associated with the startup of such a capital-intensive business.

This is an excellent start. Most important, the candidate has given a brief, one-sentence introduction that puts the interviewer in the appropriate time and place ("10-year cash flow projection for a startup cellular telephone company"). Always give the interviewer a brief topic sentence that sets the stage. After that, the candidate explains a few of the general features of the model. Although this level of explanation is appropriate for a consulting interviewer, advanced-degree candidates should be sure to explain any necessary technical aspects of their research in laymen's terms. For one thing, there's a chance your interviewer won't understand your research, and, for another, your interviewer will be checking you out to see if you look like you would be able to communicate in a business context.

Candidate: As with any cash flow model, I needed to look at both the revenues and the costs for the company. To project revenues, I needed to determine how many people would sign up for the service and at what price. I began with the population in each of the cellular markets for which the company had the rights, and I made a few general assumptions about how much of the population would actually sign up for the service (known as cellular "penetration"). I did this by researching the demographics of the regions, and based on household incomes and the concentration of various professions, I deduced what percentage of the population was likely to be early adopters of cellular service. I grew this percentage slowly for the first 5 years of the model, and more quickly in the last 5 years, assuming that as the technology became more accepted, penetration would increase. I also had to make assumptions about the price of cellular service, which interestingly, was projected to actually fall over the 10-year period.

The candidate does a good job of taking her interviewer step-by-step through the model. Again, an important factor in crafting a successful answer to this type of question is to explain it in a way that the interviewer can follow. In your consulting career, you'll be responsible for explaining models to clients, so this is a good test.

Candidate: For the cost side, I worked closely with the company's management to derive projections for their operating costs and their capital expenditure budget. The resulting cash flow model allowed us to structure Goldman's first cellular telephone deal and was used as a tool to educate other members of the deal's syndicate on the cellular industry. It's been used on subsequent deals.

With the revenue side explained, the candidate moves on to costs, following the outline she set up at the start. She also points out how the model was used. This is better than getting completely mired in the mechanics of the model. A note for PhDs: if you can think of a real world application or analogy for your research topics, even the most esoteric research will come to life.

Candidate: Unfortunately, I didn't have time to take the "Advanced Modeling in Excel" class offered at Goldman until after this deal was over. So with hindsight, I found lots of spreadsheet tricks I could have used to make my job easier—all of which I employed in the second iteration of the model when the company came back to refinance!

The candidate doesn't forget an important part of the initial question: how she could have done better.

Case 14

I see that you worked for Procter & Gamble in product management for Pampers Premium. Describe the market position of your product. What was the most significant contribution you made to the product? Assume you were VP of marketing at the biggest competitor; how would you respond?

This is a really typical resume question. Not only does the interviewer ask for details about one of your past projects, she asks what you would have done had your position or the circumstances been different. It may not be possible to prepare for every possible scenario related to every item on your resume, but consulting interviewers highly recommend that you go through every item on your resume before your interviews and jot down the basic outline of what happened. Nothing looks quite as bad as being unable to recall the superhuman feat to which a specific line item on your resume refers.

Bad Answer

Candidate: Pampers Premium is the top-of-the-line P&G diaper. It is meant for the consumer who believes she cannot spend too much on the comfort of her baby, and it has lots of bells and whistles that make it cost a lot more than the regular Pampers product. It has Velcro closures and a soft outer cover, which customers seem to like because it reminds them of cloth diapers. Pampers has actually been hurt by the recent resurgence in the usage of cloth diapers as a more environmentally conscious alternative to disposables and has spent a lot of money researching environmental impacts of both. They found that it is true that disposable diapers take a long time to degrade in landfills, but the bleaches and detergents used in the laundering of cloth diapers also have a detrimental effect on the environment.

All very nice information, but completely unrelated to the question.

Anyway, I crunched the numbers on a promotion for Pampers done through hospitals, and found that it was a good way to target new diaper users. If I were Huggies, I would probably cut price, just to steal market share away from Pampers.

When this candidate finally gets around to answering the question, the response is totally insufficient.

Good Answer

Candidate: Pampers Premium is the number-two premium brand of diapers, behind Huggies Supreme. Both brands are the Rolls-Royce of diapers: thin and ultra-absorbent with a clothlike cover and reusable Velcro closures, costing up to 40 percent more than regular diapers. P&G has invested heavily in the Pampers Premium product, allocating a sizable portion of its annual R&D budget to the product each year. However, despite the product's "technical" advantages, it remains stuck in the number-two position behind Huggies, a Kimberly-Clark product that has enjoyed the benefits of an advertising and promotional blitz over the past 2 years. Heavy print advertising including coupons coupled with retailer incentives have propelled Huggies Supreme solidly into the number-one slot.

In this answer, the candidate immediately answers the interviewer's question. He also gives a nice synopsis of why the brand is considered a "Rolls-Royce," as well as a good description of the number-one brand and chief competitor.

Candidate: While I was at P&G, I helped assess a targeted consumer promotion in the midwestern United States. Focusing on maternity hospitals, the promotion included free samples and coupons for Pampers Premium packaged in a small diaper bag emblazoned with the slogan "The Best Way to Pamper Your Baby." These bags were given to all departing maternity patients over a 6-month period in ten midwestern cities. I was responsible for determining the effectiveness of this campaign by determining the "lift" (the increase in sales) in

the ten targeted markets during and after the promotion. This required heavy data analysis and detailed utilization of Nielsen data sources, as well as field interviews of consumers and retailers. My analysis showed that this targeted promotional campaign provided significant lift (5 to 15 percent). My field research suggested that new mothers are a malleable decision-making unit and will purchase the products they believe their doctors and hospitals endorse, remaining fairly loyal to those products. Both the quantitative and qualitative research proved the effectiveness of this promotion, and I recommended that it be rolled out in more cities as soon as possible.

After describing the market position, the candidate immediately moves on to the next part of the question: his most significant contribution to the product. Never mind that the actual contribution might or might not have been of earth-shattering importance to the product.

Candidate: If I were the VP of marketing for Huggies, I would respond quickly. I would do a lift analysis of Pampers Premium over the time frame of the promotion (Nielsen data can be purchased by anyone), and once I was convinced of the effectiveness of the promotion, I would attempt to lock in agreements with maternity hospitals in other parts of the country. I recommended that P&G act quickly to capitalize on its first-mover advantage, to neutralize any head-to-head threat by Kimberly-Clark.

The answer is clear and to the point. It effectively conveys the required information in a manner that isn't too specific to be understood by an interviewer who may or may not have the dirt on the diaper industry.

Case 15

Describe some of the biggest challenges facing a new dean at Harvard Business School. How would you handle them if you were dean?

Case interviewers love to ask questions focused on college or business school administration, especially for undergrads and non-business school grad students. This topic is immediately accessible to candidates and often has interesting strategic dimensions.

Bad Answers

- His biggest challenge is how to improve the food at the dining hall. If I were him, I would just hire the chef from the Four Seasons. I mean, with all the tuition we pay . . .
You're obviously high maintenance (i.e., you just failed the airplane test).
- Why are they letting in all those young kids right out of college? They have nothing to contribute to the class. Dean Clark should reverse that policy ASAP!
A potentially valid issue, but said in a nagging and negative tone.
- Oh, don't even get me started. If I had only known about all his challenges, I'd have gone to Stanford. But I didn't get into Stanford. Which brings me to the complete injustice of the admissions process . . .
Naturally, the first part of this answer would appeal to any interviewer with a Stanford MBA, but then again, if you're interviewing at Harvard, chances are that you wouldn't have a Stanford interviewer. Besides, it's never a good idea to sound like you have a chip on your shoulder.

Good Answer

A good answer here has simplicity at its core. Don't try to cover all the issues facing HBS today, and don't try to solve them all with one-sentence platitudes. Pick two challenges, or at most three, and give some thought to how they might really be handled. Not by you, the student, but by you, the Dean. The interviewer here is trying to get you to role play the part of the Dean, just as in consulting you are often asked to role play the part of the client. So . . .

Candidate: I think the two most significant issues facing Dean Clark right now are (1) the perception in the corporate community that HBS is not changing with the times, and the resulting risk of “brand erosion,” and (2) student dissatisfaction with the academic curriculum and the quality of the HBS experience as a whole. Clark is obviously facing other important issues as well, but I believe that these are the most important because they affect the long-term viability of the school itself. Leaving them unaddressed could do significant damage to the school’s reputation among both CEOs and applicants.

It’s not necessary to choose a long list of issues or problems, or even to choose any specific problem. Especially for a question like this, there is no single right answer. However, it is good to pick a topic that is relevant and will provide enough substance for an analysis and discussion. The candidate picks two nice, meaty topics that focus on two different constituencies at HBS. She also adds a brief explanation of why she thinks they are important. One final note: after identifying the issues, she stops talking and waits for guidance from the consultant. Many candidates have a tendency to ramble during their answers. Interviewers tell us that a succinct answer—as long as it contains the right information—can be far more effective.

Interviewer: Okay, so you are Dean Clark. What would you do about them?

Candidate: Well, first let me give a couple of points of context. For one thing, the dean is the head of HBS the institution, and, as such, has important political and symbolic powers. That said, an academic institution—especially HBS—is composed of a number of different constituencies that are very powerful in their own right. Thus, it’s going to be important to involve the faculty, students, recruiters, alumni, and others in the decision-making process. Fortunately, all of these groups have a strong, vested interest in avoiding brand erosion of the HBS name. This brings me to a second critical contextual issue. HBS is really in a time of flux right now. Other business schools seem to be revamping their curricula, and HBS risks being labeled archaic if changes are not made, and

soon. Although it would be possible for me to dictate a new approach for the school, I believe that it would be better to set up a process that brings about more buy-in and support from the key constituencies.

There are many different approaches to this question. This candidate decides to talk about process. As a background, she identifies the context for the discussion. If there are key contextual issues that affect your answer, it is usually a good idea to identify them—don't just assume that your interviewer knows what you are thinking.

Interviewer: What sort of process would you establish?

An important part of any consulting study is setting up an effective work plan that will successfully and cost-effectively produce the data necessary to provide the answer to the problem. Here the interviewer pushes the candidate to explain just how she would go about the actual study.

Candidate: I would choose a task force of faculty members, recruiters, and students to map out the future of HBS. I would have them study the two issues I mentioned: one external, concerning the perceptions of HBS from the outside, and one internal, the experience of HBS students as they go through their MBA program at Harvard. I would also give them a few general boundaries to help frame their analysis and discussion—for example, I believe that HBS must maintain its position as the single best MBA program in the world. Then, I'd have the task force do some solid market research. The members should be out bending the ears of the top CEOs (and this is where Dean Clark can add lots of value), determining what companies today want from their MBA hires. And on the other side, they should be talking to lots of prospective and talented MBA students to figure out what they want out of an MBA program. Of course, current students are an invaluable source of information here, as are students at other MBA programs.

The candidate does a good job of pointing to her basic framework for the question: internal issue, external issue. She also outlines a process that would be relatively easy to implement and that incorporates her concern about involving the various constituencies.

Interviewer: Okay, so once all this research is done, what do you do with the information, Dean Clark?

The interviewer is eager to see whether the candidate has an orientation to action. Remember, static analysis is never enough to justify a consulting firm's wages. Nor is it enough to land you an offer.

Candidate: I have three jobs. The first is to facilitate the discussion of the data we have collected to forge a consensus on the future HBS. The second is to sell the vision to all of the key constituencies at the school. The third is to create an effective plan for implementing the vision and to put the right people in charge of getting these programs rolling. I think that all of these steps will benefit from a process like the one I have outlined, where the different constituencies are involved in analyzing and creating the solutions.

The candidate does a good job of framing her answer by using a specific number. By doing so she demonstrates that she thinks in a structured fashion. She also gives the interviewer a good idea about where she is going.

Interviewer: Okay, that's a good job on the process side of the question. But let's go back to one of your top concerns: brand erosion. What specific types of programs might be used to address this issue?

Since the candidate identified this as one of the two most pressing issues facing HBS, it's reasonable to assume that she has thoughts about what needs to be done. If you choose to offer a process-oriented answer such as this one, you can assume that interviewer may try to draw you into the specifics at some point in the interview.

Candidate: It's important to think about the reasons for the problem. As I mentioned, I think that HBS risks brand erosion if it isn't perceived as changing with the times. This could be coming from two things. First, HBS might not be changing with the times, in which case we need to be more responsive to the

needs of the workplace today. For example, if we hear from CEOs that MBAs need to have more hands-on operations training, then we could start a co-op program with participating local manufacturers. Second, it could be that we haven't done a good enough job publicizing our approach to management training and why it is the best training for today's managers. On that front, we could conduct and publicize research showing the changes in HBS's management training and how the program is helping to effectively train tomorrow's leaders. I suspect that a publicity campaign targeted at HBS alums would generate a lot of excitement and interest in the corporate community.

The candidate does a good job of tying the discussion in with her initial assertion. She also does a good job of moving from the general statement to specific examples. It's important to remember that the interviewer may jump in with a question or cut off the discussion at any point during your answer. Therefore, it's usually better to front-load the key information rather than getting bogged down in specific examples before moving on to another main point.

Interviewer: It sounds to me like Dean Clark has his work cut out for him.

Tips from Case-Interview Survivors

“In general, interviewers are looking for structure and closure. Justify your thinking and take a position. (If you’re hesitant to do so, the interviewer will make you!) Read the interviewer’s signals to see if you are headed in the right or wrong direction.”

“I recommend you read articles by those who are partners and work for your expected office before your interview, because they may be interviewer for you and, in this case, it’s really useful to better understand the interviewer’s current view.”

“As is written at the entrance to the Oracle in Delphi, ‘KNOW THYSELF’: You cannot BS recruiters into thinking you are something you are not. Take good inventory of your strengths; know and appreciate your weaknesses both in skills and resume holes. Given this information, you should definitely take charge in the in interview. Most interviewers are tired of the same old rigmarole, and if you prompt them to ask you questions that speak to your strengths, they will be happy to do so, and you will come out on top.”

“Practice, practice, practice! Absolutely the best way to get good at interviewing is to practice . . . a lot! The more interviews I had, the more comfortable I felt, and the better I became at answering the questions.”

“I was an engineering student applying for a business job, and the company said it would not be testing me on my business skills. This was not the case. Without having done many months of preparation, reading a textbook on strategic management, and reading books like Porter’s *Competitive Strategy* and

Hammer and Champy's re-engineering book, I may not have had enough background to answer the case studies in an organized, intelligent manner."

"If you are new to business-case interviews and you want a consulting job, ramp up a month before interviews and really practice those cases with someone who knows how it's done."

"Read the *Wall Street Journal* or *The Economist* around the time of your interviews. You're going to need to be up to speed on what's going on in the business world."

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WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

The case interview: analytical, quantitative, creative, challenging

... but isn't that what consulting is really about? That's why consulting recruiters use the case interview as a primary means of evaluating interviewees. This follow up to WetFeet's popular Ace Your Case guide provides 15 more case questions that you can use to practice and sharpen your case-cracking skills.

Each book in the Ace Your Case series offers

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- Practice questions you can complete on your own.
- Detailed examples of good and bad answers for each practice question, along with tips for improving your own answers and recovering from mistakes.

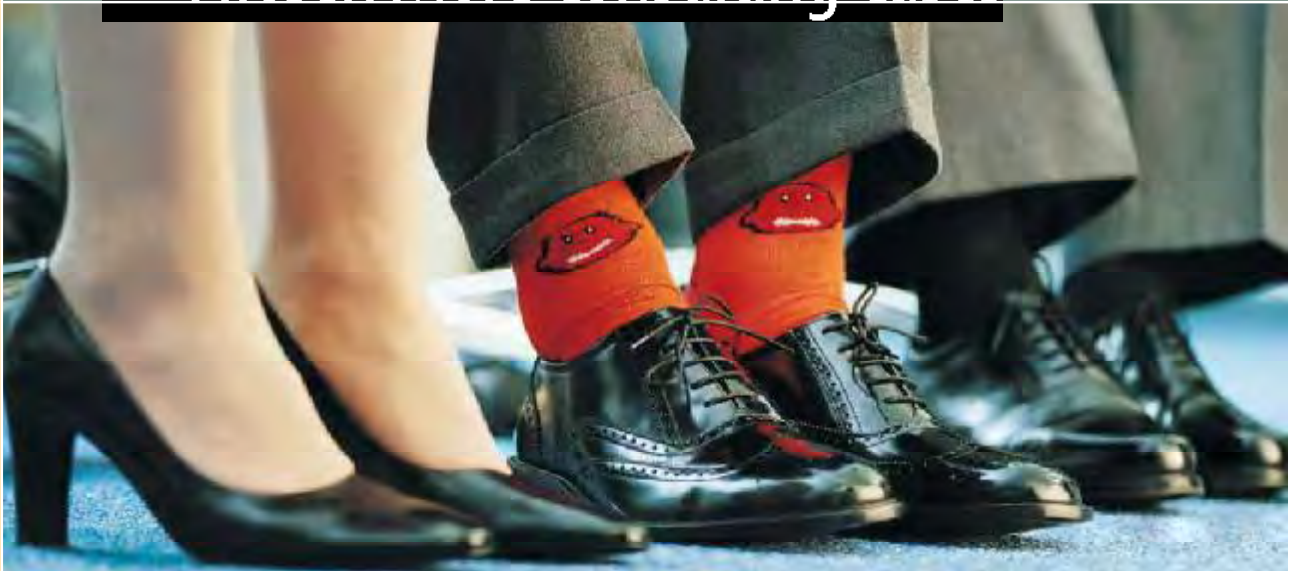


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Ace Your Case[®] II

Fifteen More Consulting Cases



WetFeet Insider Guide

3rd Edition

The WetFeet Research Methodology

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Insider Guide

Ace Your Case[®] II: Fifteen More Consulting Cases

3rd Edition



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Case-by-Case Rules at a Glance

Here's a summary of the different types of cases you'll find in this report, along with some rules that should help you ace your answer.

Market-Sizing Questions

- Use round numbers.
- Show your work.
- Use paper and calculator.

Business Operations Questions

- Isolate the main issue.
- Apply a framework.
- Think “action.”

Business Strategy Questions

- Think frameworks.
- Ask questions.
- Work from big to small.

Resume Cases

- Know your story
- Keep the Parent Test in mind.
- Let your excitement shine!

... and Throughout, Remember

- Don't be afraid to ask questions.
- Slow down.
- Structure your thoughts.

The Interview Unplugged

- Overview
- The Case Interview

Overview

So, you've scoured the *Ace Your Case!* Insider Guide from WetFeet, you've attended four company presentations on cracking the consulting case, and you still think you need a little more practice before you're ready to start slam-dunking those consulting interviews. Good thinking! If there's one thing we hear again and again from consulting recruiters (and candidates), it's that practice (and preparation) makes perfect. In this Insider Guide you'll find a number of practice case questions designed to help you hone your case interviewing skills to a razor-sharp edge.

One good sign: if you've already spent a lot of time polishing your case-cracking skills and you still want more practice, you're showing symptoms of being a true consultant. We've been impressed by the number of consultants who confess that they actually liked the case question portion of the interview process. After all, if you're well-prepared and you like testing your hand at tough business problems, the case question will prove an excellent opportunity to differentiate yourself from all the other consultant wannabes in line behind you. Besides, if you really do like the case questions, there's a good chance that you'll really love consulting work.

Ace Your Case II: Fifteen More Consulting Cases is designed to be a companion volume to *Ace Your Case!* It offers more detailed explanations about different case types and more sample questions. We've also incorporated information from you, our customers, about what you're hearing in the cubicle. Many of our sample case questions here are based on real case questions that people fielded in recent interviews.

For those who haven't seen our other guide, *Ace Your Case!* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 4Cs and 4Ps, not to mention the infamous Five Forces!) that should help you attack your case questions. In addition, *Ace Your Case!* contains seven specific case questions and detailed recommended answers.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If you find that our "good answer" differs from yours, see if there's something you can learn from our suggestions. But don't panic—there are usually numerous ways to answer any case question. It's far more important to note the approach and the likely responses from the interviewer. Look particularly for different ways the interviewer structured her response—did you use a different framework? Why? As you sharpen those skills, keep thinking to yourself, "I love these case questions!" Pretty soon you'll find yourself talking like a consultant!

The Case Interview

Background

Many management consulting firms, especially the strategy firms (McKinsey, The Boston Consulting Group, Bain, Mercer, et al.) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as case questions, are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant. For better or worse, case interviews are likely to be the primary criteria on which you are judged.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four categories of questions:

- Market-sizing questions
- Business strategy questions
- Business operations questions
- Other questions

Each of these types has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain rules of the road that should help you successfully navigate the different types of questions. Don't worry—you'll never be asked to spit out a category name and serial number for the questions you receive in the interview cubicle. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn't the primary goal of the case question. Rather, our insiders tell us that case questions really do help them evaluate a candidate's aptitude for consulting. What does that mean exactly? Whether you're an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Structured thinking
- Analytical ability
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving
- Business intuition
- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting

“ ”

Try to make the interview more of a dialogue between equals. Try to have fun.

fits you. In particular, you must have good answers to two questions: Why do you want to be a consultant? And, why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates,

MBA's, advanced-degree candidates, and experienced hires.

Undergraduates

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as general business strategy problems. In the business strategy area, the companies and the topics may also seem a little friendlier; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular declining profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences. It's also common for an interviewer to ask undergraduates questions that are relevant to their backgrounds.

Interviewers tell us that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all the standard B-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: rank amateurs are definitely not welcome. Thus, you must have a general understanding of basic business

relationships (e.g., revenues – costs = profits), but don't get your knickers in a twist if you can't name even one of the Five Forces. (No, McKinsey is not one of the Forces.)

Here are a few real live case questions fielded by our undergraduate customers:

- Your client, a tire manufacturer, is evaluating entry into a new market: the market for four-wheel drive vehicle tires. How do you estimate the size of the market?
- What's the weight of the Statue of Liberty?
- If a publishing company wanted to start a new interior decorating magazine, what would it have to think about?
- If you're working for General Mills, and Kellogg's introduces a frequent-buyer program, should you follow suit?
- A mustard company is for sale. Should Heinz buy it?

MBAs

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to get several levels down in the answer) and a real familiarity with business concepts. We understand that at

least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real live case questions fielded by our MBA customers:

- How many AA batteries are sold in Montana in a year?
- A bank wants to reduce costs and asks you for advice about closing a specific branch. What should you consider?
- A wealthy entrepreneur has just bought a baseball team, and he asks you for advice on how to show increased profits in a year. What do you suggest?
- A pharmaceutical company is considering changing its sales strategy from using a sales force with geographic territories to using specific locations. What financial analysis would you use to determine whether this is worthwhile?

Advanced-Degree Candidates (Non-MBAs)

Although consulting firms attract mostly MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced-degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their backgrounds.

Whether or not you enter a separate recruiting track, we understand from our customers that the format for the interviews is similar to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you queries. One slight difference is that, in addition to seeing whether you can handle the substance of

the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don’t require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (resumes provide a popular source of material), or they may resemble undergraduate case studies that check a person’s intuition, common sense, analytical skills, and problem-solving abilities. According to interviewers at the firms, they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn’t necessarily incorporate all the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many windows are there in Mexico City?
- Question for someone who had majored in international relations: Why have missiles with MIRVed warheads caused the most trouble in arms-control discussions?
- What do you think of Larry Ellison’s \$500 Internet computer?
- An automobile insurance company has asked you to tell it why it has been experiencing a decline in profits.
- American Express has hired you to help it increase the profitability of the Amex Green Card. What do you advise?

Experienced Hires

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described here. According to WetFeet insiders, experienced hire candidates may or may not face a battery of case questions. There is no hard and fast rule, but it seems as though people with more experience (10+ years) and people who have already worked for a name-brand consulting firm are relatively unlikely to face a case as

part of their review process. In contrast, people who have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e., expect lots of cases). In particular, if you are changing careers (e.g., moving from nonprofit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to your area of expertise.

Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences derive from the differences in the personalities and experiences of your interviewer. However, several firms have also developed their own unique approach to the case interview. One variation involves giving a candidate a written case before the interview and asking him or her to prepare to discuss the case in detail during the interview. We understand that PricewaterhouseCoopers likes to give a preprinted case to candidates the night before an interview. Monitor Group has used a similar technique in which the candidate is given materials before the interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem.

One other thing to keep in mind: recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a "people issue" somewhere in the case. If you're talking with Deloitte Consulting, keep "operations" in mind as you craft an answer—and don't talk about how it's important to work only with the company's top management. And, if you're interviewing with Bain, remember how much importance the company attaches to "measurable results" and "data-driven" analysis.

Case-by-Case Rules

- Market-Sizing Cases
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward format (e.g., “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g., “Do you think Fidelity should come out with a mutual fund targeted at high-net-worth individuals?”) that requires the respondent to peel away the extraneous details to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer own? How often will he/she get a new one? Are there other big purchasers besides individual surfers? Is there a market for used boards?) You would also

need to make a few basic calculations (e.g., number of surfers \times number of new boards per year + total quantity purchased by other types of customers). As you work through these issues, the interviewer would also get a glimpse of your common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas such as California and Hawaii?)

<< >>

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, WetFeet customers with BAs and PhDs report receiving exactly the same market-sizing questions. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (read market size) for the drug.

Manhandling Your Market-Sizing Questions

Market-sizing questions can seem intimidating. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer. In fact—and this is critical—your interviewer doesn’t even care what the real number is. But remember, she does care about your ability to

use logic, common sense, and creativity to get to a plausible answer. And she wants to make sure you don't turn tail when you've got a few numbers to run. Which brings us to the Rules for Market Sizing Questions.

Rule 1: Use round numbers!

Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply, and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of the United States? Two hundred and fifty million, give or take.

Rule 2: Show your work!

Case questions are the ultimate "show your work" questions. In fact, your exact answer matters even less than the path that took you there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Write it down!

If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from wiggling out, then by all means do it. Your interviewer will be more impressed if you are cool, calm, and collected, and if using props helps you, then go for it.

Business Operations Cases

Overview

A fair number of case questions cover *operations* issues. Broadly speaking, operations refers to all the things involved in actually running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company's products and the systems used to track sales. Where strategy questions deal with the future direction of the firm (e.g., whether to enter a new line of business), operations deals with the actual running of the business. It is a particularly fertile ground for consulting work and, thus, for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company's sales or profits have declined.

Note: Consulting work has shifted in the last 3 years more toward operations cases as growth opportunities have become increasingly rare. The "so what" (to use a hackneyed consulting phrase) is that you're likely going to get at least one operations case.

The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running

a business (e.g., the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company's profitability). In addition, operations questions require a good grasp of process and an ability to sort through a pile of information and hone in on the most important factors.

Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the “declining profits” questions are some of the most popular types of cases around, and almost all candidates can expect to get several of these. That said, MBAs would typically be expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way or, perhaps, the impact on the balance sheet of a certain type of financing. Undergraduates and non-MBA candidates would still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect that the topic of the question be more familiar. For example, an undergraduate might be asked about the implications of launching a new national chain of restaurants. An MBA might be asked about factors that would allow a manufacturing operation to increase throughput.

Optimizing Your Business Operations Answers

Operations case questions are more complex than either market-sizing questions or brainteasers. Not only do they typically require basic business knowledge (or, in place of that, a good deal of common sense), they also frequently require the candidate to think like a detective. For example, the interviewer might ask why

an airline has been losing money while its market share has increased. There could be many reasons for this: revenues might be down (and that, in turn, might be caused by any number of things, including ticket price wars, lower ridership, growing accounts payable), costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, etc.), or the airline could be operating more inefficiently (e.g., higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are a couple of rules you might want to keep in mind:

Rule 1: Isolate the main issue!

Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you have zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

Rule 2: Apply a framework!

Frameworks were made for cracking operations questions! They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

Rule 3: Think action!

Unlike your market-sizing question or brainteaser, operations questions never end with a nice neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired

to give advice. As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you still need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

Business Strategy Cases

Overview

Business strategy cases are the granddaddies, and demons, of the case-question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby giving the interviewer an opportunity to probe the candidate's abilities in a variety of areas. Again, strategy-case questions can run the gamut from complex, multi-industry, multi-national, multi-issue behemoths to a localized question with a pinpoint focus. Common types of strategy questions include advising a client about an acquisition, responding to a competitive move by another company in the industry, and evaluating opportunities for a new product introduction.

The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything, from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the most like the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation abilities.

Location

Strategy-case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward. For MBA candidates, they will frequently have several layers of issues and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

Sashaying through Strategy Stumpers

Because business strategy questions can involve many different elements, they can inspire fear in the weak of heart. Although it is true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can pull all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multi-national corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit card company should go into the Italian market when your best friend who interviewed immediately before you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this Insider Guide (and the other *Ace Your Case!* Insider Guides), you're already a step ahead of the game. However, here are a couple of rules you'll want to keep in mind as you tackle your strategy-case questions.

Rule 1: Think frameworks!

While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question

and where you are going with your analysis. The best way to do this is to apply a framework to the problem. Just as with operations questions, this means setting out a plan of attack upfront and following it through to conclusion. One other big benefit: having a clear framework will help you organize your analysis.

Rule 2: Ask questions!

Successful consulting is as much about asking the right question as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

Rule 3: Work from big to small.

Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore, it's essential that you start by looking at the most significant issues first. Besides, this is great discipline for future consultants. After all, the client will probably be paying for your time by the hour, so you'll want to make sure that you are really adding value.

Resume Cases

Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume. Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all the different positions on a rugby team, and the play strategy for each." Frequently, the interviewer will ask the candidate to walk through a previous work project or experience and explain how she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded had a local computer store created a knock-off service and offered it at a lower price.

The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also provides a little variety during a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman's terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.

Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions, and advanced-degree candidates can expect questions related to their previous research. We understand that resume cases are a particularly popular type of question for PhD students. Not only does it spare the candidate from feeling like he has to master a whole new lexicon and body of frameworks, it tests his communications skills.

Rocking Your Resume Case

Because the resume-case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

Rule 1: Know your story.

Nothing will make you look worse—and help you find the door faster—than not knowing what you put on your own resume. Make sure you have reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

Rule 2: The parent test.

This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is whether you tell somebody else about what you did without sending them into a coma. It may

sound easy, but many people seem incapable of communicating what they know. Our suggestion? Practice talking about your work as if you were telling your parents.

Rule 3: Let your excitement shine!

This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

The Practice Range: 15 Questions

- Market-Sizing Case Questions
- Business Operations Case Questions
- Business Strategy Case Questions
- Resume Case Questions

Market-Sizing Case Questions

Remember the Rules for Market-Sizing Questions:

1. Use round numbers!
2. Show your work!
3. Write it down!



CASE 1

How many cats are there in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 2

How much paint does it take to paint United Airlines' fleet?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 3

How big—in dollars—is the market for used shoes in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Business Operations Case Questions

Remember the Rules for Business Operations Questions:

1. Isolate the main issue!
2. Apply a framework!
3. Think action!



CASE 4

Your client is the vice president of sales for a major fitness company. She has asked you to help her determine why sales productivity is down over the last year. How would you go about answering the question?

Key questions to ask:

What are the main issues?



CASE 4 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 5

You own a microbrewery in Seattle. What are some of the issues you would need to think about if you were interested in expanding your brand nationally?

Key questions to ask:

What are the main issues?



CASE 5 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 6

The number-three athletic shoe manufacturer has hired your consulting firm to determine why its profits are declining while the profits of its two competitors are growing. Where do you start?

Key questions to ask:

What are the main issues?



CASE 6 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 7

Your client has hired you to investigate and recommend an accounting and billing software package. You have to finish the project with a recommendation in 1 month. What should you do?

Key questions to ask:

What process would you use to investigate this question?

Where would you find the information you need?



CASE 8

The food-service spice division of a major food manufacturer has had flat or declining sales and profits over the past 5 years. What should it do to improve its performance?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:



CASE 8 ... continued

Possible courses of action:

Action recommendations:

Business Strategy Case Questions

Review the Rules for Business Strategy Questions:

1. Think frameworks!
2. Ask questions.
3. Work from big to small.



CASE 9

A beer manufacturer is thinking about manufacturing a green beer. It has hired you to help it decide what to do. What kinds of things would you think about to help it make the decision?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:



CASE 9 ... continued

Outline for my answer:

Action recommendations:



CASE 10

A large integrated steel manufacturer is contemplating entering the specialty stainless steel market. Should it? What should it think about to make its decision?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:



CASE 10 ... continued

Outline for my answer:

Action recommendations:



CASE 11

A large food manufacturer with dominant market share in rice cakes wants to increase the profitability of the product line. It is trying to decide whether to raise or lower the price. What are some of the things you would think about?

Key questions to ask:

What are the main issues?



CASE 11 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 12

A company has invented a lightbulb that lasts 50 times longer than ordinary lightbulbs but only costs 50 percent more to make. What should the retail price be if regular bulbs sell for \$1?

Key questions to ask:

What are the main issues?

Key approaches/frameworks:

Resume Case Questions

Revisit the Rules for Resume Case Questions:

1. Know your story!
2. The Parent Test.
3. Let your excitement shine.



CASE 13 ... continued

What could you have done better?



CASE 14

I see that you worked for Procter & Gamble in product management for Pampers Premium. Describe the market position of your product. What was the most significant contribution you made to the product? Assume you were VP of marketing at the biggest competitor; how would you respond?

Pick something significant from your resume and describe what you did.

Assume you had been in a competitive position; what would you have done?



CASE 15

Describe some of the biggest challenges facing a new dean at Harvard Business School. How would you handle them if you were dean?

Key questions to ask:

What are the main issues?

Outline for your answer:

Nailing the Case: 15 Answers

- Market-Sizing Case Questions
- Business Operations Case Questions
- Business Strategy Case Questions
- Resume Case Questions
- Tips from Case-Interview Survivors

Now we'll walk you through several answers to each of the preceding questions. Although we believe that our recommended answers are good, we know that there are many other even better answers out there. Remember, though, the destination is often less important to your interviewer than the road you take to get there. With that in mind, smooth sailing! A quick note on the layout: each case question is followed by bad answers (like, *really* bad) and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.

Market-Sizing Case Questions

Case 1

How many cats are there in the United States?

This is a straightforward market-sizing question that would be good for undergraduates and advanced-degree candidates. It requires no special technical knowledge, and it focuses on a subject that (unfortunately) is accessible to everyone: cats.

Bad Answers

- Five million.
It's never good to just give a specific number answer, even if you happen to know the number. Remember, a cat statistician does not a consultant make. Rather, the interviewer is trying to see how you go about figuring out such an answer. After all, throughout your career as a consultant, you'll rarely find that you already know a needed number, and even if you do, you'll still have to show the client how you got the information.
- I'm glad you asked that, because in my job at Ralston Purina, I was product manager for Cat Chow, and we assumed that . . .
Okay, this sounds plausible. But, see the previous note. The interviewer wants to see how you think.
- Too many.
We understand that there are many closet cat lovers in the consulting ranks, and, yes, even a few cat owners!
- What do cats have to do with consulting?
Good question, bad answer.

Good Answer

Candidate: So how many cats are there? Well, I think I'll start by trying to figure out the number of people in the United States who have cats. Let's assume that the population of the United States is 250 million. From here, we could try to figure out how many people in the United States have cats, but then we might

be double counting the same cats. It's probably better to convert the population to households, and then make assumptions about how many households have cats. So, in the spirit of round numbers, let's assume that every household has five people, so in the United States there are approximately 50 million households.

The candidate has started by choosing a few good round numbers with which to work. This will make the calculations much easier as she progresses. In addition, she has explained her thinking about the market size. Not only does this show the interviewer how she is thinking about the problem, but it gives him the opportunity to step in and provide assistance should she veer off track. Finally, the candidate has offered a simple but reasonable insight—it's better to think about cat owners as households rather than individuals to avoid double counting.

Candidate: Now how many of those households have cats? Well, probably one in five have pets of some kind—so ten million households have pets. Of those, maybe half have cats, so five million American households are cat-inhabited. Does that mean five million cats? Well, close. Some percentage of these households are probably havens for multiple cats: say half of these households (2.5 million) have more than one cat—for the sake of argument, let's say they have two cats each.

The candidate is doing a good job of moving from big picture down to the small. She is also announcing her assumptions along the way, which makes it clear how she is coming up with her answer. Her assumptions also seem relatively reasonable, which might indicate a good level of common sense.

Candidate: So how many cats are there in the United States? Well, there are 2.5 million households with one cat each; that's 2.5 million cats. Plus 2.5 million households with two cats each; that's five million cats. So 7.5 million cats that live in American households. But what about strays? Maybe there are half a million of those? So let's call it eight million cats.

The round numbers came in handy. Although it would have been okay for the candidate to write down her numbers on a piece of paper, the problem, and her round numbers, allowed her to get a ballpark estimate in her head. Also, at the end, she acknowledges and includes an important additional twist: strays.

Case 2

How much paint does it take to paint United Airlines' fleet?

This question might be used for undergrads, MBAs, or non-MBAs. It's a straightforward market-sizing question, but it will require a little bit of arithmetic and a few simplifying assumptions that make it tricky enough to trip up some MBAs.

Bad Answers

- Aren't they bankrupt? They're probably not spending money on paint these days.
Funny, but not "ha ha" funny.
- 135 million gallons.
Hub? Where'd that come from? The interviewer wants to gain insight into your thought process. Even though you may have heard that there are no wrong answers in consulting cases, this is a wrong answer.
- I hate airplanes. Flying gives me hives. In fact just talking about flying makes me nauseated. Could you ask me something else?
Bad answer. Bad attitude. You hate flying, and you want to be a consultant? Ding!

Good Answer

Candidate: How much paint? Let's start by trying to figure out how many planes are in United's fleet. United probably flies to a couple hundred cities in the United States and maybe 50 more internationally, so 250 cities. Some cities are served by two flights per day and others by 20 flights per day, so let's assume on average, five flights leave each city United serves each day—that's 1,250 flights. Some of those flights use the same plane, so let's assume 1,000 planes are required to service all of United's cities. And in the interest of round numbers, let's assume that 1,000 includes the planes that might be idle for maintenance or other reasons.

Yikes! There are enough numbers and assumptions flying around here to warrant the use of a piece of paper. The candidate is making some whopping generalizations here, some of which are certainly inaccurate, but doesn't really matter. If it took you a bit longer to get a fleet size estimate, don't worry. He has stated his assumptions and given general reasons for choosing them. None of the assumptions sound particularly outlandish. Also, it's nice that the candidate

at least acknowledges he is aware that planes undergoing maintenance would add to the total. The one thing that would have improved this answer is a framework. For example, the candidate might have said, “To calculate how much paint it will take, I’m going to start by estimating the number of planes in the fleet, figuring out how much it will take to paint one plane, and then multiplying the two numbers together.” Remember, frameworks don’t need to be glamorous and complicated; they sometimes can be simply a roadmap of where you’re going with the questions.

Candidate: Next we need to figure out how much paint it would take to give one plane a new coat of that lovely gray stuff. This requires a teeny bit of algebra and a whole bunch of logical assumptions. First, let’s assume that we’re not going to paint the wings or the tail, just the bodies of the birds. Next, let’s take an average size plane—say, a 737—figure out its dimensions, and use it as a proxy for the whole fleet. So, I guess a 737 is about 100 feet long and 15 feet wide. The outside area of this plane—the part that’s getting the paint—would be (and this is where the algebra comes in) the circumference of a circle ($\pi \times 15$ feet) \times 100 feet of length. So, the outside area of the plane is 45×100 , or 4,500 feet. So how much paint?

The applicant makes a nice simplifying assumption here—he totally drops the wings from the paint job. That’s fine. The algebra part is a little tricky. Even if his answer is totally wrong—which it likely is—the understanding of how to calculate the surface area clearly shows that “this dude ain’t afraid of no numbers.” Don’t panic if you didn’t remember the formula for a circumference ($\pi \times$ diameter); you may lose points, but it’s not a deal breaker.

Candidate: Next let’s assume that a gallon of paint paints a room (four walls and a ceiling); that’s 10 feet by 10 feet. So a gallon of paint covers 500 square feet. Therefore, it would take 9 gallons to paint the plane once, 18 gallons to give it a second coat. To paint the whole fleet, then, would take 18,000 gallons of paint.

The job seeker makes a clever transition here to figure out exactly how much paint it would take per plane. By equating the paint required to cover one room with paint required to cover a similar surface area on a plane, the candidate shows that he is resourceful and able to think creatively. Nice job!

Case 3

How big—in dollars—is the market for used shoes in the United States?

This is a fairly straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.

Bad Answer

Candidate: Used shoes—gross! Who would wear those, and what does that have to do with being a consultant? In any case, I would guess that the market is negligible. I doubt used shoes are a good that can be exchanged for dollars.

Sartorial snobbery is not high on the list of sought-after traits for consultants. Besides, it's not appropriate to base an entire answer on a personal opinion.

Good Answer

Candidate: Wow. Haven't really thought about that market before. I tend to throw away my shoes after I wear them out. But I've seen shoes in second-hand stores before, and I imagine that there are lots listed on eBay, so there must be demand.

So how best to build up the market? One option would be to do it from a channel perspective—meaning how many shoes are available in second-hand shops, online, garage sales, etc. Another way to estimate the market would be to determine pure supply—meaning how many people sell their used shoes, multiply by an average price per pair, and assume that demand equals supply. The latter seems more intuitive to me, so I'm going to go down that road.

Excellent start. The candidate has laid out two options, demonstrates some intuition about the market by articulating which channels used shoes might be sold through, and proposed a method for estimating the market size.

Candidate: OK, so how many people sell their used shoes? And, more importantly, what type of used shoes are sold? The shoes that I have seen at second-hand stores tend to be nicer, more expensive shoes that have been worn

only a few times. I think I've seen some signs that say "Gently Worn," which implies that there is not a secondary market for shoes that have been "ungently" worn. The value equation also makes sense from the buyer's perspective: I can get great value from a pair of \$200 shoes that has been worn only a few times and now cost \$50. The value is not there for me if I buy a pair of \$50 shoes that are now \$15, because I probably would want to spend the extra \$35 and get that pair brand new.

How am I doing so far?

Checking in with the interviewer is not a bad tactic during a market-sizing case. If you're off track, the interviewer will be forced to tell you. Plus, it gives you a little time to breathe.

Interviewer: So far, so good. The used shoe market primarily consists of "gently worn," dressier shoes that tend to be more fashion-focused.

Candidate: Good. So let's say that that is the market that I'm defining: For ease and simplicity, the market for second-hand shoes consists of these "gently worn," dressier shoes. I recognize that this may not be completely accurate, but I am confident that this represents the lion's share of the market.

Solid, simplifying assumptions.

Interviewer: Given what you've said so far, how big is the market relative to the overall size of the shoe market?

Candidate: It's going to be a tiny fraction of the market for two reasons: (1) We're dealing with a small segment of the market (dressy, fashion-focused shoes), and (2) my guess is that most of the people who buy these shoes new aren't selling them to second-hand stores or putting them up on eBay.

Well done and succinctly stated.

Interviewer: I agree. So how are you going to estimate market size?

The interviewer wants numbers.

Candidate: OK. If there are 250 million people in the United States, let's say that 5 percent of them buy these dressy, fashion-focused shoes that could be resold. That's 12.5 million people, which actually sounds high now that I say it out loud. So to make the numbers work, let's assume that that number is actually lower: somewhere around 10 million.

Notice how the candidate performs a sanity check on his work and lowers the estimates midstream. This will always score points with the interviewer, because one of the key skills you will need in consulting is the ability to "pull up" and ask yourself whether the numbers make sense.

Candidate: Next I need to determine how many shoes are purchased each year first hand. The consumers who buy these shoes at retail are probably heavy consumers of shoes—I'm not talking Sarah Jessica Parker on *Sex and the City*, but someone who buys a new pair of shoes every month or two. So let's say that that's about ten pairs of shoes each year per consumer, or 100 million pairs of shoes each year overall.

Notice that the candidate is using nice round numbers. Why makes things harder than they have to be?

The next step is going to be to figure out what percentage of this 100 million is sold to second-hand stores. This is going to be determined by two related factors: (1) how many people are willing to sell their shoes, and (2) whether there is a channel available to them that will sell their shoes. I think this percentage is going to be low: It just doesn't seem likely to me that most of the people who



Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

are buying expensive shoes are going to take the time to sell them again. So I'm going to guess that roughly 5 percent of these consumers resell their shoes. This make 5 million pairs of shoes that are sold second-hand.

Finally, we need to convert this volume into dollars. As we've noted, these are expensive shoes that are going to be marked down significantly. The average price for a first-hand pair, I'd imagine, would be about \$150, and they're probably going to be resold for less than half of that, so let's say \$50. Five million pairs of shoes multiplied by \$50 per pair gives you a \$250 million market.

It doesn't matter that this number is likely wildly off the actual market size. The candidate has done an excellent job of making assumptions, sticking to simple math, and applying some reasoned business judgment throughout the course of answering the question. Well done!

Case 4

Your client is the vice president of sales for a major fitness company. She has asked you to help her determine why sales productivity is down over the last year. How would you go about answering the question?

Bad Answer

Candidate: Like most business problems, it's probably a combination of factors: business is probably down overall, the company is losing share, and management hasn't done the appropriate work to reduce the size of the sales force yet. So, unfortunately, we're going to need to look into layoffs.

Well, at least we know that this candidate is not afraid to cut to the chase and feels comfortable making bold statements. The problem is that the conclusions are not backed up by any data, so the conclusions are wildly speculative.

Good Answer

Candidate: So I don't get off on the wrong track, let me first ask you a clarifying question—how do you define sales productivity?

It is likely that the interviewer is hoping that these are the first words out of the candidate's mouth. Getting clarity on this from the outset will avoid all sorts of potential definitional problems later on.

Interviewer: Great question, because there are a lot of different ways to define sales productivity. We try to keep it very simple: total sales generated per sales representative.

Candidate: Got it. To put some structure on my line of questioning, I'm first going to ask you about the external environment: Are there market factors that are pushing down overall sales? Then I'm going to ask you about the internal environment: Are there internal obstacles that impede the reps to sell?

The structure is elegant in its simplicity.

Candidate: In terms of the external environment, have there been any significant changes in the marketplace over the last year?

This is an appropriately open-ended question that will allow the interviewer to provide more data and background.

Interviewer: Not really. We have recently completed an extensive marketplace scan and determined that there has been no sea change over the last year. The market continues to plug along at a 5 to 7 percent growth rate (like it has for the last 5 years), no new competitors have entered the market, costs have remained relatively constant, and the client has had no major glitches in its operations that have prevented product from being delivered.

Though this path does not appear terribly promising, it will make sense to continue to gently probe nonetheless. Sometimes, the interviewer will reveal something that you will need to tease out. One of the key assets of a young consultant is the ability to play detective and not turn back at the sight of the first roadblock.

Candidate: And have there been any significant shifts in channels of distribution, either for you or for the industry as a whole?

Note that the candidate is using one of the “Cs” to help him with his line of questioning.

Interviewer: Actually, there have been; I should have mentioned that. Earlier this year, the client decided to enter the mass channel. The market has been shifting more toward mass over the past 5 years, and they finally made the decision this year to offer their products through this channel.

Candidate: And I’m assuming that the prices that consumers are paying for their product in the mass channel are lower than what they pay in other channels?

Interviewer: That’s correct, why do you ask?

Candidate: Because I’m also going to assume that the wholesale price—the price at which the goods are sold to the mass retailers—is lower than the whole-

sale price in other channels. This will drag down the average sales price per item, which will then negatively impact the sales per rep.

The candidate demonstrates a logical train of thought and basic understanding of channel dynamics.

Interviewer: This is true, but the sales per rep has decreased by almost 25 percent even though the wholesale price to the mass channel was only 15 percent lower than the overall wholesale prove. So that still leaves a 10 percent gap that the client can't explain.

Candidate: OK. This leads me to my next line of questioning: the internal situation. One question that quickly comes to mind is whether or not the size of the sales force has increased significantly.

Interviewer: We looked at this, too. Yes, they've hired some new people to serve the mass channel, but they've also lost some people who were selling into the other distribution channels, so the net effect is about zero.

Candidate: Has the client surveyed the sales force about how they are spending their time and what their suggestions might be?

Interviewer: They have talked about this, but haven't done anything yet. What types of questions would you ask the sales force?

Candidate: I would ask them a series of specific questions about time allocation to see whether there are things that are prohibiting them from selling.

Interviewer: Sounds good in theory, but can you be more specific?

The interviewer—like the typical client—is pushing for tangible examples rather than vague, high-level suggestions.

Candidate: Sure. I'd ask them about how much time they spend in the car driving from one customer to another. The more time in the car, the less time

they have to sell. I'd ask them about the way they input their orders into corporate systems. The more difficult the systems, the less time they have to sell. I'd ask them about the time they spend dealing with people performance issues. I'd ask them about the time they spend with the customer on things other than selling: for example, product issues, billing problems, strategic planning, etc. I sound like a broken record, but the more time the reps spend on these areas, the less time they have to sell product to existing accounts or develop relationships with new ones.

The candidate has responded with a series of straightforward, but very concrete, examples. In these cases, this is as much specificity as you are likely to need.

Interviewer: This sounds really promising. I bet this type of analysis would yield some interesting results and may explain the 10 percent gap. I'm running out of time, but while I have you here, can you think of any other areas to look into?

This is really an unfair question, but one that is often used in interviews, because realistically the candidate cannot say "no" without feeling inept. It also likely means that the candidate has missed something critical that the interviewer is trying to fish out. The only thing to do in this situation is take a deep breath—don't panic!—and try to come up with an answer.

Candidate: Two things come to me that may require further investigation. One is to see whether sales incentives have changed at all. If, for example, the sales force is getting compensated on the number of units it sells, it may be easier for the rep to go after the mass channel because that is where the volume is, even though it means less revenue per unit.

The other thing I would do would be to "de-average" the sales force productivity numbers: Are there specific segments of the business that are performing well? What can we learn from those groups? What can we learn from the groups that are underperforming the average? Perhaps all of the answers are within the sales force and it is just a matter of exporting the best practices.

Interviewer: Great. Thanks for your time.

Business Operations Case Questions

Case 5

You own a microbrewery in Seattle. What are some of the issues you would need to think about if you were interested in expanding your brand nationally?

This question would be fair game for undergrads, MBAs, or non-MBAs. Naturally, the interviewer would expect the MBA to offer more detailed and sophisticated answers and insights by drawing on that core operations course.

Bad Answers

Candidate: I would never expand nationally. There are way too many beers on the market today and too many big breweries like Miller pretending that they're microbreweries with beers like Red Dog. Have you ever had a Red Dog?

Amen! But, we're not here to talk about the benefits of taking local beers on the road, or about the success/failure of major labels that have pursued the microbrew market.

Interviewer: Well, yes, but let's back up for a moment. Are you saying that you'd think about the market context before you would expand nationally?

Here's a life preserver from the recruiter. Hint: talk about the market context. This may or may not be what the questioner was looking for, but it's at least a start. From here you could work your way back to the operations issues inherent in this growth question.

Candidate: No—I said I wouldn’t expand nationally. Seattle is such a great town! I’d stick to the knitting, you know, do what I do best in my own backyard. I probably have a big local following, so why play around with a good thing?

Interviewer: So would you be interested to know whether you could attract a national customer base?

The candidate has probably already blown his chances. The specifics of the discussion aren’t so important here. What is important is that the interviewer often will offer an out for a misguided answer. Taking the interviewer’s hint, the candidate could have switched back to a discussion of the market potential and the difficulties of taking a local brand national.

Candidate: No. I said I’m not interested in a national customer base.

Okay, so this guy’s not a consultant. Maybe he’s an entrepreneur. How about the beer business?

Interviewer: Okay. Well, let’s move on . . . it says on your resume that you like sushi . . . any good restaurants around here?

Good Answer

Candidate: A microbrewery—cool. Well, what kind of a microbrewery is it? I mean, am I thinking about taking a retail concept (restaurant and bar) national, or am I a local beer manufacturer wondering whether to distribute my brand across the country?

There are a couple of good things about this response. The candidate shows that she is interested in the topic and has at least a spark of enthusiasm. Then she gets down to business by defining the problem further. Alternatively, she might have just chosen one course, “I assume we’re talking about taking a local beer and distributing it nationally, rather than taking a retail/ brewery concept national.”

Interviewer: Good question. Let's assume you are a manufacturer only, no retail space. You have a manufacturing facility in Seattle, and you currently distribute your beer to both retailers (like liquor stores) and restaurants and bars.

Candidate: I see. Well, before I decide about whether to go national, I would want information on a lot of different things. First, I would need to examine the competitive environment: I assume the beer industry is dominated by the big players like Anheuser-Busch and Miller, but that other smaller labels like Sam Adams are starting to gain market share. I would like some information on growth rates of the beer market overall and of "microbrews" (smaller labels and newcomers) specifically. If I were to guess, I think the microbrew segment is driving the overall growth of the beer market in the United States. However, I'll bet this segment is no longer composed solely of local labels; instead, I think the giants like A-B and Miller are looking to enter this segment either with new labels or through acquisitions.

The candidate chooses to talk first about market potential. She pursues a line of reasoning, identifying assumptions she is making as she goes forward. More important, she also looks for quantifiable information; consultants love real data—growth rates, segment size, market share. One suggestion: our candidate might have prefaced her questions with a general framework comment. Something like, "Before going national and dealing with the operational issues that would involve, I'd examine the market opportunity for this venture." This would give the interviewer more of a road map for the answer.

Interviewer: So if your assumptions are true, what would be your take on the competitive environment—favorable to your going national or unfavorable?

You should always be prepared to draw partial conclusions or insights from information or assumptions you offer in your answer. Interviewers will frequently do this to see if there is a method to your answer or if you're just spouting whatever comes into your head.

Candidate: It likely means that it is unfavorable: The big guns could eat me for lunch.

Interviewer: How could they “eat you for lunch”?

You can also expect most interviewers to push you to explain the thinking behind your answers, especially when you offer up a short answer.

Candidate: I think competition in the beer industry is driven by marketing. The big players have both marketing expertise and deep pockets, which presumably I don’t have. I wouldn’t be able to compete with them head to head, so I would probably have to target a different customer base to be successful, maybe not quite pursuing a national strategy, but a strategy of targeting specific markets nationwide, and drumming up a local following within those markets.

The candidate shows that she has a bit of business intuition. Understanding the market opportunity involves understanding the numbers: Is the market growing and, if so, in what segments? But it also involves understanding the competitive landscape and the likely response of existing players. Here the candidate points out a key challenge: maneuvering around the big players, who have deep pockets, experience, and competitive instincts. She then jumps into a possible strategy that differs from a national rollout. Before offering up this possible strategy, she might have discussed the competitive advantages of the microbrewery. These might include differentiated product, off-brand appeal, loyal customers, and guerrilla marketing experience.

Interviewer: I see. So more of a “multi-local” strategy. What kinds of markets would you want to target?

Again, the interviewer is not satisfied with a general answer. You should always be prepared to take your analysis to the next level.

Candidate: Well, college towns come to mind. And other markets with attractive demographics—young, urban, disposable income, affinity for beer, etc. I'd probably have the most success in bars and restaurants in those markets, so I think I'd start there instead of trying to fight for shelf space in liquor stores. I'd try to make a name for myself, and if successful, I would use a “pull” strategy to get shelf space.

Note: A “pull” strategy focuses on getting customers to ask for the brand. It differs from a “push” strategy which would use incentives and other things to get distributors and retailers to offer the product.

This answer shows that the candidate has creative impulses. She also includes a few “action” recommendations. Even if you don't go to great lengths to explain the actions, it's important to offer conclusions that tie into recommendations for action. The candidate might have given a little more structure to her analysis, possibly suggesting a market study to identify the characteristics of current customers. She might also have explained her choice of different market segments more clearly. One other general suggestion: try not to use the “I would . . .” construction too much. It forces you to go down a specific path. An alternative way to phrase an answer is to say, “The options are a, b, and c—I might start with c for the following reasons.

Interviewer: Okay. I think we've covered the competitive environment and your marketing strategy. What are some other things you'd need to think about before pursuing this multi-local strategy?

On to operations issues!

Candidate: Let's see. Well, I'd need to make sure I could manufacture the stuff to meet increased demand. What is the capacity of my current facility? Am I currently operating at capacity with my Seattle area sales? If so, then I'd have to think about adding capacity, which raises another set of issues. Where do I build the new plant? And how do I pay for this additional capacity? Presumably I'm not terribly cash-rich right now.

The candidate focuses on production capacity issues—a perfectly reasonable path. She might also have talked about distribution issues or any of a number of other systems-related growth issues, including accounting systems, inventory controls, financial management, and even product quality control or staffing. If you brought up production scale when talking about the competitive dynamic, kudos to you!

Interviewer: Let's say you're at capacity in your existing facility, and so you need to add capacity to expand your business. What are some of the issues around plant location? How would you think about making that decision?

Candidate: Well, there are a couple of options. One is to simply increase capacity at my existing plant. We already have brewing expertise in Seattle, and we could probably enjoy significant economies of scale in purchasing and in simply brewing bigger vats of beer. But on the other hand, beer is heavy and therefore costly to transport. And beer has a shelf life. These make it more difficult to manufacture product on the West Coast and ship it across the country. Depending on where my new markets are, I may want to add capacity closer to them. But then I'd have to build a new plant, train a new workforce, and spend large amounts of capital. Another option is to increase capacity in Seattle, transport the product in bulk and hire a bottler in my new markets. Any decision to increase capacity would require significant capital outlays, which I would only pursue after I had established significant demand in the new markets, of course.

The candidate does a good job of touching on a number of different operational complications associated with national distribution. She doesn't go into any of them deeply, but she does show that she is aware of several different issues that would have to be explored. One way she could have showed a little more creativity in her answer is by discussing alternate, lower-cost ways to add capacity (e.g., by partnering with another company or renting production capacity).

Interviewer: You said yourself that you weren't cash-rich. So where would you get the capital, assuming you had proof of concept in a few target markets?

This question is a little odd, since most consulting clients aren't small and cash poor. If they were, they wouldn't be hiring consultants!

Candidate: Well it depends on whether I'd be willing to give away a part of the company. If so, then it seems like a job for the venture capitalists. If the valuation were favorable, then it might not be so bad to give them a piece of the action. If not, then I'd try for bank debt. For example, maybe a local Washington bank would be willing to help a small business grow into a big business.

Again, this candidate would have benefited by laying out her framework. A possible approach here would be to say something like: "Well, assuming you aren't churning out cash from the operation, you can choose between equity or debt. If the company chooses equity . . ." After a response like this, you can almost expect that the interviewer will ask you to compare and contrast the different options.

Interviewer: Good. We've certainly covered a lot of ground. I hope this exercise hasn't convinced you to forget consulting and go into business for yourself!

Case 6

The number-three athletic shoe manufacturer has hired your consulting firm to determine why its profits are declining while the profits of its two competitors are growing. Where do you start?

Here's a good solid operations question. The interviewer wants to see whether you have an understanding of basic business relationships and whether you can push through the problem in a structured manner. This question could be asked of undergrad, MBA, or advanced-degree candidates.

Bad Answer

Candidate: Oh, that's an easy one. Its profits are declining because no one is buying athletic shoes anymore: the retro look is in, and everyone is wearing Pumas, Converse, and Pony's. Athletic shoes as you and I know them are out.

Uh-oh! The candidate is starting to wobble! He has jumped right into the fray, proposing explanations without even thinking through the problem. Moreover, he has revealed a dangerous misunderstanding of some important business relationships. Profits don't necessarily relate to revenues ("no one buying"), and even worse, he hasn't listened to the question. The interviewer clearly explained that the profits of the two leading companies in the industry are growing.

Interviewer: Well, actually, why don't we try to peel the onion here a little bit. Are profits declining because revenues are shrinking or because costs are increasing? What would you want to know to answer that question?

Sweet! Although the interviewer smells trouble, she gives the candidate a gentle nudge in the right direction with the hope that he's just nervous.

Candidate: Oh, costs! Then their costs are probably too high because they're spending too much on advertising. Do they have Shaq or T Mac on their

commercials? It's a waste of money. They should definitely cut back their advertising spending

Again, a look-before-you-leap approach would have been much better. Instead, the candidate plunges right in and careens out of control, throwing up potential solutions without thinking through the problem or the answer. He's outta there!

Good Answer

Okay, we now know what NOT to do. Let's think through this problem again. Right off the bat the interviewer has told you that profits are declining. So the best place to start is by showing your mastery of the basic profit equation: $\text{profit} = \text{revenues} - \text{costs}$. Pick one factor and start there. Don't forget that the interviewer just sets up the case; it's up to you ask the probing questions. A good interviewee will start by asking general questions and then getting more specific.

Candidate: If profits are down, that's got to be a function of either revenues decreasing or costs increasing. Let's focus on the cost side: are the client's costs in line with those of its competitors? For example, are their manufacturing costs similar? Do they manufacture and assemble in low-cost offshore locations? What about selling and distribution costs? Is the client spending too much on a dedicated sales force when its competitors use independent reps? What about G&A? Does the client have flashy office space or overpaid executives?

This is much better! The candidate gets off to a good start by setting up the answer effectively. The $\text{revenues} - \text{costs} = \text{profits}$ equation is simple, but it provides a clear way to proceed through the problem. It lets your interviewer know that you understand a basic business relationship and that you have a plan for rooting out the answer. In addition, the candidate is asking good questions—at least half the battle in consulting is knowing what questions to ask.

Interviewer: Those are all good questions. But the client's costs all seem to be in line with those of its competitors. Costs don't seem to be the problem. What would you look at next?

Candidate: If the cost side isn't the problem, then I would look at revenues next. Are sales declining?

The candidate takes the hint and moves on to revenues.

Interviewer: Actually, yes, revenue is down 6 percent from last year, and projections show another 5 percent dip for the coming year. How would you go about figuring out why?

A pointed question from the candidate has brought forth more specific information that will help in the consideration of the case. The interviewer's answer means that the candidate will have to dig yet deeper.

Candidate: I would try break sales apart into its relevant components: are sales of certain shoe models declining disproportionately to others, for example?

The candidate might have talked about the two pieces that make up sales: price and units. However, he chooses to break down the sales picture into different product categories, which is also fine.

Interviewer: Not really, most SKUs [shelf-keeping units equivalent to individual product styles] are actually declining at a similar rate. What would you look at next?

Looks like another dead end. But don't get depressed—it just means that the recruiter has ruled out another possible explanation and narrowed the candidate's focus a little further. We're getting warmer.

Candidate: If it's not a few laggard shoe designs driving the downturn for this company, and sales are just down overall, it looks more like people have just stopped buying their shoes, period. We need to figure out why. Who are their biggest customers? What's their target demographic? Are they just not buying athletic shoes anymore?

Having checked a variety of possibilities, the candidate makes a preliminary hypothesis and proposes some ways to check this insight. Even better, she proposes some next steps for the inquiry.

Interviewer: You've hit on the crux of the problem: The company isn't sure who its customers are anymore. Formerly, its biggest customers were serious athletes interested in high-performance shoes. But the company isn't sure whether that's true anymore. That's one of the biggest pieces of value we provided for the company—we told them who is buying athletic shoes. How would you go about getting that information?

The interviewer reveals that the candidate has hit on a key piece of the puzzle. Without pausing for breath, the interviewer then checks the candidate's ability to turn her insight into action as well as her common sense.

Candidate: Well, frankly, I'd go to the mall! I'd stand outside the Athlete's Foot and see who's buying athletic shoes, check what brand they're buying, and maybe even ask them why. By doing this, I'd be able to see what demographic group was buying the most athletic shoes and whether they were buying our client's shoes or not. If not, I'd try to draw conclusions as to why not. In short, I'd try to segment the athletic shoe market, and figure out how to target the most attractive segments.

The candidate uses a common sense approach here, which is really good. Not only is her idea practical, it would be easy to implement and it would be relatively cheap to do. She also shows that she fully understands what information she needs to collect. Not only would she observe customer behavior, and ask them why, she'd also analyze the findings and try to draw general implications from them. Besides, consultants love going to the mall. Bain's headquarters is inside Copley Place in Boston!

Interviewer: Well, that's exactly what we did—we went to the mall. And our field research showed that young adults in the 13- to 24-year-old age group

were buying 65 percent of all the athletic shoes in the market we looked at. That makes them the first priority market segment for our client. The next phase of this case is just beginning; we need to put together a plan to target this demographic group specifically. Do you have any ideas?

Now the consultant is pushing into new territory, trying to see just how far this candidate can take the analysis.

Candidate: Well, it strikes me that the demographic you've described is less concerned with high performance (the company's current focus, you said), and more concerned with the image of their shoes. Do they look cool? Does Michael Jordan wear them? That kind of thing. I would recommend putting together a marketing and advertising campaign to really pump up their image in the eyes of the young public.

This comment is based more on the candidate's intuition and creative thinking, but it shows that she fully grasps the nature of the problem.

Interviewer: That sounds on track with what we're thinking about. It looks like our final presentation will be exactly one slide long: Answer: Michael Jordan!

Good job! The candidate sailed through this case interview. On to round two!

Case 7

Your client has hired you to investigate and recommend an accounting and billing software package. You have to finish the project with a recommendation in 1 month. What should you do?

In addition to the high-powered, pretend-you're-the-CEO type stuff, consultants are often hired for a number of other more mundane assignments. This question doesn't really require any deep thinking; rather, it requires a good sense of process and prioritization. Although a recruiter asked an experienced-hire candidate this case question, it could also show up in an undergraduate or MBA interview.

Bad Answers

- I'd get them a copy of QuickBooks and hire a trainer to teach their accounting personnel how to use it.
Yeeeah. And we're paying you how many hundreds of dollars per hour?
- Accounting? Never touch the stuff. My recommendation: Outsource it.
Excellent answer that may get a laugh, but, unfortunately, won't get you any points.
- I think I'd first call up my accounting professor and ask for some ideas. Then I'd probably head down to Comp USA and try to find a sales rep to talk to me about accounting packages.
This isn't a bad start, but it goes about answering the problem in the wrong way. Unless the client is a small business, it probably needs a more sophisticated accounting product than the ones you could find at a standard computer software retailer. Also, an accounting professor might be able to give you specific feedback on the tax implications of certain accounting approaches. However, it's unlikely that she would have any idea about something as practical as a software package.

Good Answer

Candidate: Unless there's something I'm not aware of, I think this is a pretty straightforward project that will require several steps. Simply put, the process will require determining the specifications for the system, researching the various options available, measuring them against a set of criteria, meeting with the

possible vendors, and making a selection. An important follow-up to the actual selection would be management of the implementation phase.

Good basic structure for the answer: We know exactly where the candidate is going. Though probably not a good idea to say this is straightforward; the interviewer probably spent at least six weeks on the project!

Interviewer: Tell me how you'd go about determining the system requirements.

Candidate: The key problem is to determine exactly what the client is seeking from the new accounting system. So I'd start with a needs assessment. If they've asked you for help, they're probably experiencing problems with their current system. That's the relatively easy part. By asking people in the company what isn't working, you can get an idea about the critical needs for a new system. The harder part of defining the system is to determine possible future needs. This will require some investigation into the company's strategy and growth plans and the key parameters for the technology. It will also likely involve people outside the accounting division. In any case, I'd be working toward a specification sheet listing the required features for the system, their priority, and any constraints that would affect the decision.

Bonus points for focusing on people! Remember, the most critical piece of a successful technology project is managing the human element. It's critical to spend time throughout the project with people that will be affected by it.

Interviewer: What's the next step in the process?

Candidate: Actually, at the same time that I was researching the company's needs, I'd want to be out researching the marketplace. A logical place to start would be with similar or competitive companies. I'd like to find out what kinds of software and systems are being used by others. I'm assuming that the client would be looking for something more tailored to its needs than a standard, gen-

eral consumer-oriented software package would provide. I also suspect that there are a few primary vendors for this kind of customized software for the industry.

Here's a good way of piggybacking on what other people already know. Certainly, a consultant could go out, meet with vendors, read technical publications, and do all the basic research herself. However, people in the industry will probably be much better informed about the names of the major players, their reputations, and the needs of people in the industry. In addition, depending on the industry, you might also gather useful competitive intelligence through this process.

Interviewer: Let's assume that this is true. How would you go about finding the names of these vendors?

Candidate: Well, I'd start by asking people at the company. Chances are they've already received sales materials from at least one of the major vendors. I'd also check with the competitors. People at companies are usually willing to share information about vendors. Also, once you've hit on one vendor, it's usually possible to ask the salesperson for the names of major competitors and how they stack up.

Good pragmatic approach. Start with the information that is most helpful and easiest to access.

Candidate: In any case, based on the information I put together about the client's needs, I'd develop a grid for evaluating the potential packages. I'd include product features and cost, as well as training and support. I'd also probably have the top vendors come in for a presentation. Finally, I'd make a selection (in consultation with key personnel at the client).

Having a systematic way of evaluating the technology will also be helpful. The specific categories might vary once an actual project is under way. However, the candidate shows that he has an awareness of the need to organize information for the assessment.

Interviewer: Good. What next?

Candidate: Well, once the selection has been made and the terms of the deal negotiated, there's going to be an implementation period. In many ways, this is a much more challenging task than the software selection. The key questions here will involve timing for the changeover, conversion of current data into the new system, and, most importantly, training of staff. To help minimize the transition period, I'd probably want to start with a pilot test before rolling out the system across the company.

The candidate doesn't go into great detail on any specific issue, but presents a range of specific challenges he expects to face.

Interviewer: Good job!

Case 8

The food-service spice division of a major food manufacturer has had flat or declining sales and profits over the past 5 years. What should it do to improve its performance?

Here's a good, standard declining-profits question suitable for all candidates.

Bad Answers

- It should try to get into some new, higher-margin businesses. Get into the ethnic-seasoning business, for example, or start repackaging its products as gourmet spices and sell them through specialty stores.
Good thought, marginally creative ideas, horrible execution. The candidate jumps right into problem-solving mode without going through the requisite analysis. Even if these are correct intuitions, they will be much more compelling to the client/interviewer if there's a lot of data-driven analysis behind them.
- Lay off its excess workers and reduce costs.
Not a good answer. The interviewer already knows you're an MBA and that you want to be a consultant! Besides, slash-and-burn makes poor cocktail banter.

Good Answer

Candidate: Declining sales could either be a sign that the market for spices is shrinking overall or that other players are capturing the growth. Which is it?

Good start. The candidate grasps that there could be several causes for a decline in sales. Asking for more information will help the candidate isolate the problem and choose how to proceed.

Interviewer: This division sells spices to food-service customers only (restaurants and industrial kitchens), and this market isn't shrinking. In fact the overall growth of spices to food service is around 7 percent CAGR (compound annual growth rate) over 5 years.

Candidate: That suggests that the company's competitors are doing a better job at capturing the growth in the market. So we need to figure out why. How is the company's product line? Is it competitive in terms of quality? Price?

It's often helpful to proceed by probing possible explanations one by one. The candidate might have confirmed that the client's share of the market is declining before examining possible explanations.

Interviewer: The company has two main product lines: commodity spices (salt, pepper, basil, etc.) and specialty spices, which are mainly premixed ethnic spices (Indian, Italian, Mexican). The commodity spices are priced competitively, and the specialty spices are priced at a premium. Customer interviews suggest that price is not a problem with either the commodity or specialty spices and that satisfaction with both product lines is high.

Candidate: It appears that neither the product nor the price is the problem. How are the products sold?

This is a typical development in the analysis of a case problem; the easy answers aren't the right ones. When this happens, it's often wise to keep asking questions. In this case, the candidate wisely moves on to a more practical line of questioning. An alternate approach is to continue to look at more specific sales data for the different product lines. For example, the candidate might ask whether sales of both lines are increasing equally.

Interviewer: Good question. The products are sold through the parent company's dedicated sales force. The sales reps sell a broad range of products (30 to 35 different types) to their customer base. They have regional sales territories.

Candidate: So you mean a single salesperson sells everything from coffee to chocolate to spices to a subset of restaurants or industrial kitchens in a specific region? Their customers mustn't need a lot of specialized sales help, because it seems unlikely that the sales force could know the nuances of every product they're responsible for.

The candidate thinks out loud and draws implications from the information she has just received. Even if she gets off track, it is usually better to share her thinking with the interviewer. Often the interviewer will provide a hint or more information to help the candidate along.

Interviewer: It's true for the commodity products—they pretty much sell themselves—but specialty spices are a more “technical” sell.

Candidate: And does the sales force provide that technical sell?

Interviewer: We spent time with a number of sales reps in various territories, and it appears that they aren't very familiar with the specialty spices, which are newer product lines for the company. So they focus primarily on selling their spice mainstays (salt, pepper, basil, garlic).

Although the interviewer describes what happened, the technique she describes is a standard consulting technique that could be useful in answering another question. For example, the interviewer might have asked how the candidate would go about determining why one product line is moving faster than another.

Candidate: So there's at least one big part of the problem! The spice division has spent all kinds of money to develop value-added and differentiated spices to start earning higher margins in a traditionally commodity business, but nobody told the sales force! Or at least nobody trained the sales force to sell them. So the customers are still buying the low-margin commodity stuff from our client, and its competitors are capturing all the growth in the specialty spices.

Fortunately for the candidate, she has landed on a reasonable solution. But, she is a little hasty in pronouncing her solution. There are certainly alternative explanations. For example, the growth in the market may be coming from a segment other than the one the company traditionally reaches. Or, on a practical level, the compensation system might be rewarding the sales force for selling nonspice products. Rather than pouncing on the first thing that comes to mind, the candidate would do better by considering some of these alternatives as well.

Interviewer: That's pretty close. So, what action steps would you recommend?

Again, the interviewer is looking for recommendations for action that draw on the analysis.

Candidate: I'd train the sales force immediately. Send a few people from marketing on some customer calls with the sales force—with the sales force's approval, of course—and teach those customers what they can do with our specialty spices. Get the test kitchen to develop some great recipes using the product and hand those out to customers too. I think a lack of education around the product is the problem here, and once it's fixed our client can hold its own again. And it may make sense to proactively examine other areas of disconnect between marketing and sales—we may have discovered a broader problem here.

Interviewer: Nice! The next sale!

Business Strategy Case Questions

Case 9

A beer manufacturer is thinking about manufacturing a green beer. It has hired you to help it decide what to do. What kinds of things would you think about to help it make the decision?

This is actually a strategy and an operations question together. We have classified it as a strategy question because it has significant strategic implications.

Bad Answer

Candidate: Green beer? That's a ridiculous idea. That's one of those gimmicky things for St. Patrick's Day or something. A company can't manufacture that stuff for real. I'd tell them not to do it.

And just how convincing do you think this would be?

Interviewer: Well, your client is actually pretty serious about it, and they'd like you to look into some of the issues. Where do you think you'd start?

If you get off on the wrong foot, the interviewer will often give you another chance by rephrasing the question or focusing on a different angle. It's always wise to take his or her hints.

Candidate: I'd interview my friends, who would all agree that it's a bad idea, and I'd write up the interviews in memo form and tell them not to do it.

This is an exaggerated response that is clearly not acceptable. However, the message here is that it's important to avoid starting with a strong bias as you go into a project. Also, if the ultimate recommendation goes against the client's initial intentions, it's especially important to have solid, credible data to back up your recommendation.

Interviewer: I see. Well then, you said you were looking into banking as well?

Good Answer

Candidate: I don't want to sound too by the book, but I think I would use a 3C approach here to look at the customer, the competition, and the company. To start with, I would need some information on the target customer for green beer. For example, is the company planning to sell the green beer to the same people who drink their regular beer? Or do they think that the color green will attract a whole new customer base? In other words, are they trying to grow the overall market for their beer by selling green beer to otherwise non-beer drinkers?

This is a good use of a framework to set up the answer. When you do apply an off-the-shelf framework like the 3Cs, be sure that it is appropriate. Interviewers tell us that they really dislike it when candidates struggle to bend a problem to an ill-fitting framework.

Interviewer: Okay, so you would want to know who the target customer for green beer is. How would you find out whether people would be interested in such a product?

Here the interviewer is moving away from strategy to see if the candidate has solid intuitions about implementation. Some of the things he will be looking for are an ability to ask questions that will yield good information, sensitivity to cost and ease of implementation, and common sense.

Candidate: I would do a survey of both beer drinkers and non-beer drinkers, and ask their opinions of a green beer product. This would help me to

determine whether green beer would tap into a whole new (non-beer drinking) segment of the population, thereby creating a new market for our client, or whether the company's regular beer drinkers would switch to green beer, thereby cannibalizing sales of the regular product. Cannibalization would be okay if the margins on green beer were higher than on regular beer, so I'd want some information on that too. Otherwise, we'd need to have a strong feeling that the market for green beer would be big enough to sustain a new product introduction. And, I'd consider seasonality. We may get an answer back that says the market is not large enough for us to enter, but 90 percent of beer is consumed during 2 months of the year. This would have significant operations implications on procurement and inventory.

Interviewer: Good. So market size as determined by customer preferences is a critical piece of data. What else would you want to know?

The interviewer might have pursued the market-sizing piece of this even further by asking the candidate to estimate the market size for the product. The interviewer might also have asked the candidate what market size would be attractive.

Candidate: Well, I would want to know how easy it would be for competitors to copy our green beer idea, if we were successful with it. Is the green dye proprietary? And if so, would red, blue, and purple beer be introduced by the competition with similar success? Or are there literally no barriers to entry? If not, then a marketing free-for-all would probably ensue (like in regular beer today), and we would need to be prepared to play or fold.

The company's ability to thrive in the green beer business depends on its ability to develop a sustainable competitive advantage. The candidate might have focused a little more on the competitive response to the product, but this is a good answer and one that follows the 3C outline established at the start.

Interviewer: What would you want to know about the company's ability to manufacture the new product?

The interviewer's question leads right into the third C. He has chosen to focus on one operations issue (ability to manufacture the beer). He might also have asked about ability to distribute the beer to key markets, about the company's cultural willingness to make a green beer, or about the fit with its current brand name.

Candidate: Ah, right. They would need to either have capacity in their existing plants or be prepared to build a new plant for green beer. If their current plants are underutilized, could they manufacture green beer with the same equipment? In other words, I'd want to know how similar the manufacturing processes are for green and regular beers. If their current plants are operating at capacity, we'd need to do an analysis of the economics of building a new plant for green beer, which would be largely based on whether we could sell enough to recoup our investment.

Interviewer: Well, that looks like a good start. Let's move onto a second case.

The candidate gets off a little easy here. A logical and likely follow-up from the interviewer would be to ask the candidate how to make the plant investment decision.

Case 10

A large integrated steel manufacturer is contemplating entering the specialty stainless-steel market. Should it? What should it think about to make its decision?

Here's a basic strategy question. The topic sounds straightforward, but clearly there's a lot of information missing. Half of the problem will involve getting the right information. This question is suitable for a variety of candidates.

Bad Answer

Candidate: Specialty stainless-steel sounds more expensive than regular steel. If it's a higher-priced, higher-margin business, then I think they should go for it.

Whoa! Here's a shoot-from-the-hip answer. And just how convinced do you think the client would be with an answer like this, not to mention how happy the client would be that it's paying you consulting wages?

Interviewer: What if I told you that the specialty stainless market was dominated by three large players? Would that change your answer?

Hint! Hint! The interviewer hasn't ruled this guy out yet, but she's throwing him a softball, and trying to match his swing. Maybe he's a bit nervous, or maybe he just doesn't know squat.

Candidate: No way. If there are three players making good money in specialty steel, then our client should be able to do it, too.

This may be true, but it's way too early to tell. Besides, the candidate hasn't even really heard the interviewer: she never said that the three dominant players are making money. The candidate should be asking for more data, not drawing conclusions.

Interviewer: Do you need to know anything about the customer base?

This is about as big a hint as you're likely to get.

Candidate: Oh, right. The customers will be happy if we enter the market because we'll increase supply, which will automatically drop the price of specialty steel for them. It's simple economics.

The candidate takes the interviewer's hint and runs with it—but in the wrong direction. Clearly, this person is not cut out to be a consultant. Case closed.

Interviewer: Simple economics. I see . . .

Okay. So, repeat after us: "Would you like fries with that?"

Good Answer

Candidate: Interesting questions. Before I start I'd like to ask you a few questions: Why is the steel manufacturer looking to enter a new market? Is its core business shrinking? Is specialty stainless steel a higher-margin business? Is the company just sitting on cash it wants to invest?

This is a much better and safer approach. Before doing any analysis whatsoever, the candidate probes for more relevant information. It is completely acceptable, and even recommended, that you ask questions of your interviewer. In fact, it's probably a good rule of thumb to force yourself to always ask a question of your interviewer after hearing a case. It will almost never hurt you to do so.

Interviewer: Well, yes, the core business is shrinking. The specific division we're working with makes the shiny trim that used to go around windshields on cars in the '70s and '80s that has since been replaced by a black rubberized material. The division is looking at specialty stainless to possibly replace this dying business, and since the selling price for specialty products is higher than for shiny trim, the division believes that it could be an attractive opportunity.

The wealth of information from the interviewer provides the candidate with a much better starting point. One key insight that comes from this new information is that the real question from the client is broader than stainless. The real question is about how to replace a dying business. Stainless production is one possible approach.

Candidate: Who are the major players in the specialty stainless business today? Is it dominated by any one company? What is the market for the products like? Is it growing, or is it at least big enough to sustain another competitor?

Now the candidate starts exploring the context for the “go stainless?” question. Note that he still isn’t giving any analysis or advice—he’s just asking questions.

Interviewer: Specialty stainless steel is a \$700 million market served by three main competitors who account for around 80 percent of sales. The market has been growing at about a 6 percent CAGR [compound annual growth rate] over the last 5 years.

The interviewer responds to the questions, releasing a little more information each time. She doesn’t put any twist on the data—it’s up to the respondent to analyze and interpret.

Candidate: That seems like moderate growth, but it scares me that three competitors have such a lock on the market. Who are the customers and what do they want? Technical innovation? Adherence to specifications? Bells and whistles?

The candidate makes an observation about the information he has received and then continues to ask more questions. This time, he is checking out the opportunity for entry by another player. Is there any unmet customer need that the client might exploit to get a foothold in the market?

Interviewer: Who would you guess makes up the customer base?

Finally, the interviewer stops producing data and turns the question back to the candidate. She’s looking for some intuition and insights.

Candidate: Let's see, stainless steel. I would guess that the customers are varied: some may use small quantities of the product as a component in a larger product—tools or medical instruments, for example—and others would use sheets of it to make kitchen appliances and things like that.

This answer doesn't call for any mathematical gymnastics, highly analytical insights, or knowledge of the steel industry. However, it does demonstrate that the candidate can make good common sense observations about the world around him.

Interviewer: That's exactly right. So what does that suggest about customer requirements?

Now the interviewer pushes the candidate to take his observations a step deeper. What do they mean and what are the implications for the client?

Candidate: It suggests that the requirements are as varied as the uses for the product. So maybe our client can focus on one part of the industry and leave the rest to the top three players? But wait, how do we know our client can even make this product? Is the process similar to that of the shiny trim they make now?

Good, astute perception about the nature of the market. From here the candidate might be asked how he would determine whether there really is an opportunity in the marketplace. Or he might be given some additional complications and asked about the implications. Instead, he moves from examining the market opportunity to look at the client's ability to actually produce the goods. Note that the candidate is again asking questions.

Interviewer: That's a good question. When specialty stainless is manufactured, sheets of unfinished metal are fed through rollers that flatten out the sheets and smooth their finish. The more times the sheet is fed through the roller, the lighter the gauge of the stainless, and the smoother the finish. Specialty stainless requires extremely light gauges and smooth finishes, and therefore it requires many passes through the roller. The problem is that light gauge stainless is thin

and fragile, and easily damaged in this process. Shiny trim typically requires only one pass through the roller.

As is often the case in real consulting projects, the questions have elicited information that contains the seeds of a good, solid answer to the client's dilemma.

Candidate: So let me get this straight: specialty stainless is a fairly large market with moderate growth, dominated by a few large players, which have presumably mastered a relatively complex manufacturing process. Our client wants to diversify into this business from a much lower-tech and even commodity-like product line that's seen better days. Is that accurate?

The candidate uses a good tool here: summarizing and restating the information that he has pulled out. He checks with the interviewer to make sure that he has pulled out the right information.

Interviewer: That's pretty accurate.

Candidate: If I were the client I would give serious thought to a few issues before jumping in. First, will we be able to effectively manufacture specialty stainless? Do we have the appropriate capital equipment? How long will it take our employees to be trained in the new process? What kinds of costs are associated with the startup (training, scrap, machine time, etc.), and can these costs be recouped once the product is sold? How much technical innovation and investment are necessary to remain competitive, and do we have the necessary resources? The second area of concern for me is in marketing. Do we have the ability to find a customer base to sustain this business? And finally, how committed are the competitors to this business and what are they willing to do to keep us out? I guess, generally speaking, I have my doubts.

The candidate is now ready to pull the information together and offer a few pointers.

Interviewer: I can see that. It looks like you've covered most of the issues. Now let me tell you what they really did . . .

Note that the candidate actually offered very little advice throughout the case. Instead, he basically asked a series of targeted questions. One way he might have improved his answer is to have talked upfront about the framework for his inquiries. For example, he might have said that he would need to explore both the market opportunity and the client's ability to exploit that opportunity. Such a statement would have given the interviewer a better idea about where he was heading with his questions. The interviewer might also ask the candidate to brainstorm some additional growth opportunities—what do you think they might be?

Case 11

A large food manufacturer with dominant market share in rice cakes wants to increase the profitability of the product line. It is trying to decide whether to raise or lower the price. What are some of the things you would think about?

Here's a specific business problem with key strategic elements. This question could go to any type of candidate—undergrad, MBA, advanced-degree—but the expectations for the answer would be different. MBAs would be expected to offer an answer with more depth and understanding of business concepts. Undergrads and advanced-degree candidates would still be expected to hit on basic themes, but they might get a little more prompting from the interviewer.

Bad Answer 1

Candidate: Definitely don't raise the price! This is another case of the manufacturer trying to milk the consumer, and at some point, the consumer will rebel! This is exactly the behavior by manufacturers that put generic brands on the map. And lowering the price just erodes the value of the product in the consumer's mind. They should just hold price steady and think of some other way to improve profits—like lower costs or something.

Uh-oh! The interviewer is thinking that this candidate is really a consumer activist—and not a very bright one at that!

Interviewer: Are there any cases you can think of where a price increase would be justified?

The interviewer prompts the candidate to try to get her back on track.

Candidate: Well, sure. I mean manufacturers have to make money, right? So they should be able to raise their prices at the rate of inflation. No more, no less.

Okay, not a consumer activist—just not very bright.

Interviewer: I see.

Bad Answer 2

Candidate: Well, to increase profits you've got to raise the price. That way, the sales price will be greater than the cost, and profits will go up. Or, wait . . . let's see. How about if I draw a demand curve and figure this one out. Now, if the demand goes up, the price will go up. So, I've got to get the demand up, so there are several things to do here. You could advertise the product, you could do some other promotions, you could have a study done showing the health benefits of rice cakes. All these things would probably increase consumer demand for the product and thereby raise the price.

This is a sincere goof. The candidate immediately jumps on a solution (raise prices), then realizes that she hasn't hit on the answer. She backs up, twists around, struggles to put a framework in place, and ends up in a mess. The lesson here: if you aren't really sure of what you want to say, avoid the bait! Instead of jumping into a solution, it's far better to gather more information, or, alternately, to lay out a process for reaching the answer. Also, unless you're really familiar with a specific tool, you're probably better off not trying to use it. We guarantee you: it will be awfully hard to knock the rust out of your memory in the heat of an interview.

Good Answer

Candidate: You said they want to increase profitability on the rice cake product line. That brings us back to the old profit equation: profit = revenues – costs. Before jumping headfirst into the pricing question I'd want to take a look at the basics: costs and revenues. Is there any leverage on the cost side? In other words, can they reduce their cost structure (manufacturing, selling, distribution, G&A, etc.) so that they can increase profitability by operating more efficiently instead of passing a price increase on to the consumer?

Here's what the previous bad answer could have been. Instead of taking the bait, the candidate backs up, identifies a useful framework, and poses a couple of highly relevant questions.

Interviewer: That's a good fundamental question. But both the client and our consulting firm have examined the cost structure of rice cakes extensively, and it appears that they are currently operating pretty efficiently. In fact, we did a large cost reduction study for them about 18 months ago and successfully removed all the “fat” from the operation. So the cost side provides no leverage in increasing profitability.

The interviewer answers the candidate's question directly and helps focus the discussion further.

Candidate: Okay, then we'll focus on the revenue side, which is basically price and volume. Has the company examined attempting to increase volume without affecting price, through increased promotions or more shelf space, for example?

The candidate quickly jumps to the second piece of analysis and identifies a second relevant (and simple) framework: revenues = price X units.

Interviewer: The company feels that it has saturated the channel (i.e., shelf space is not a problem) and that it is getting all the possible mileage out of both consumer and trade promotions. Volume, therefore, will not be easy to increase without playing with price.

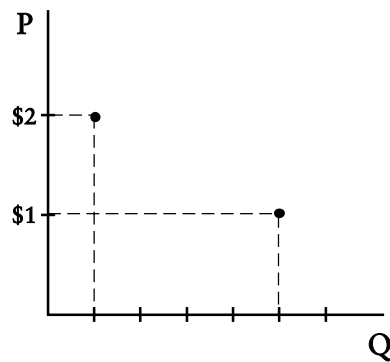
Okay, so the easy things have been ruled out.

Candidate: So price really is the only lever left. Well, okay. Then we need to figure out what the optimal price for rice cakes is. In other words, we need to set the price of rice cakes at the point where the profit is greatest.

One trick to buy a little more time in the interview—although you should be careful to not overuse it—is to give a quick summary of the situation or to repeat/confirm your understanding of the information conveyed by the interviewer.

Interviewer: Good. So how would you go about figuring that out?

Candidate: Well, in theory, each price point has a certain volume associated with it—that's called the rice cake demand curve. In general, there will be higher volume at lower price points, and lower volume at higher price points. To maximize revenue you would set the price at the point at which $P \times Q$ was greatest. So for example, if you could set the price at either \$1 or at \$2, and the demand associated with each price point was 500 units and 100 units respectively, then you'd set the price at \$1. Because even though the price is lower, the total revenue is greater at the \$1 price point. Graphically, it would look something like this:



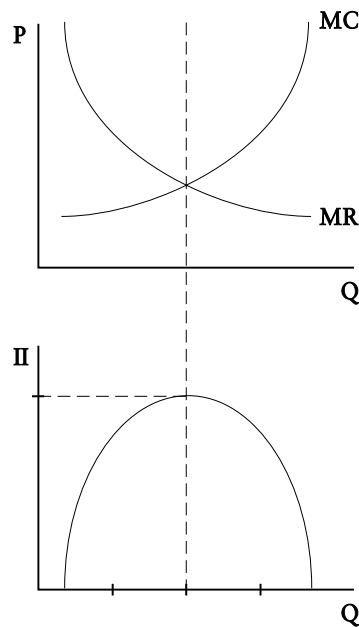
It's often an excellent idea to pull out pen and paper and draw a graph or figure if it helps you answer the question. Consultants really do like to use graphs, frameworks, and other visual tools. In this case, it would also be good to write out the revenue equation on the same sheet of paper. The candidate doesn't mention "price elasticity," but this is a basic concept that affects the overall revenue implications of the pricing strategy.

Interviewer: Well, that's a good start. But the company doesn't want to maximize revenue, necessarily. It wants to maximize profit. How does that change your answer?

Interviewers love to change the focus slightly or alter the assumptions to see whether you really understand the implications of your answer. If you do use a graph or other device, you can almost expect that the interviewer will ask you questions about how the chart would change under different circumstances.

Candidate: Right. Well, the concept is the same—except that, to figure out the maximum profit, you'll have to incorporate information about costs. In other words, you'll need to subtract the costs from the revenues. If you want to think about this graphically, put profits along the y-axis and price along the x-axis. Assuming this is a relatively typical product, with marginal costs of production that fall and then increase, you'll get a parabola like this.

The maximum profit on the product comes at the apex of the parabola. This marks the point at which the marginal cost of production equals the marginal revenue from each sale. Up to that point, you've been getting additional profit for each unit sold. To determine exactly where this point would be, you'd have to figure out your marginal cost curve. This should be possible if the client has good cost accounting systems in place. Since we're presumably dealing with some level of fixed capacity, the costs will likely rise as you try to squeeze more production out of the plant.



Again, graphs can help you explain your answer to your interviewer. If you do use them, it's a good idea to give a brief explanation of what you're drawing and the implications.

The trickier part is to determine the revenue side of the picture. This depends in large part on the behavior of your consumer. As we've already discussed, as the price for the rice cakes goes up, the revenue per cake rises, but the units sold will likely fall. How fast this effect occurs (i.e., the elasticity of demand for the product) will determine the degree to which you can raise the price.

The candidate has done a really good job of walking through a microeconomic analysis of how to maximize profits. Although she hasn't gone into a great level of detail, she has explained the basic concepts in terms that a client can understand.

Interviewer: That's an excellent textbook analysis of the problem. But now let's put ourselves out there in the marketplace. What happens if, based on your analysis, you jack up the price significantly?

The interviewer may or may not ask you to explicitly discuss real-world concerns as part of your analysis. Whether or not you're asked, it's often a good idea to keep these issues in mind. Remember, the most elegant academic analysis won't mean diddly to your client if they think you haven't understood the reality of their business.

Candidate: Well, assuming we've done a careful job analyzing the costs and consumers, profits should go up. Setting aside the question of whether we've done our analysis correctly, the other thing I'd be most concerned about is the competitive response to our moves. If we really are the dominant market player, we probably have some ability to set prices. However, our competitors will likely have a response. They may follow our price lead, or they may choose to compete against us on price or other aspects. As our profits go up, we can expect others to be more interested in the market and to try to compete with us more aggressively. Their success at this will depend in large part on exactly how much market power we have.

Interviewer: Good, well that's certainly something we'd want to look at in our analysis as well.

Case 12

A company has invented a lightbulb that lasts 50 times longer than ordinary lightbulbs but only costs 50 percent more to make. What should the retail price be if regular bulbs sell for \$1?

This is a brainteaser with a little bit of a strategy and economics twist. Although there are a number of reasonable answers to this problem, the interviewer is likely looking for both creativity and a sense of business. This question is good because it can be answered in varying levels of detail, depending on the candidate's background and inclinations.

Bad Answer

Candidate: If I were the company, I would charge a fortune! Maybe \$50 or \$100 for a bulb that lasted that long. Let's face it, soon enough someone will market a bulb that never burns out, and then they'll make the big money, so in the meantime this company should milk customers for as much as possible.

This applicant actually isn't totally off base. Indeed, he reveals one or two small insights. He seems to understand that an early mover can usually charge a premium for innovative products, but that subsequent producers will eventually drive the price down. However, he commits several fatal flaws. He starts spouting without really knowing; he gives an answer without any backup or analysis; and he seems to have a bad attitude. Together, or even separately, these mean that he won't be asked back for another round of interviews.

Good Answer

Candidate: This isn't quite as straightforward as it might seem at first. There are three different pieces I'd want to consider in developing my pricing strategy. First, I'd want to look at the economics of the pricing decision from the company's internal perspective. Second, I'd want to consider the customer's reaction to different pricing strategies. Finally, I'd want to think about the likely competitive response to the product and the pricing.

The candidate is off to a good start. He has clearly set forth a framework for his answer. Although he didn't use the C-word, his answer is taking shape as a 3C analysis (customer, company, competition). By listing the three areas he will be analyzing, he has given himself a roadmap for the answer. Also, if the interviewer wants to jump right in on a particular angle, she can easily do so (e.g., "Let's go straight to the competition. What do you think might happen?").

Candidate: Let's look at the economics of the pricing decision. Although the current market prices of the old bulb and other bulbs in the market are important reference points, they don't really tell us much about the economics for the new product. For one thing, we don't even know if the current bulb is actually priced correctly. From the company's internal perspective, it's important that we know the price at which the new product is a break-even proposition. From a purely microeconomic perspective, this will happen when the product sells at a price greater than its cost of production. (Actually, the marginal revenue should be greater than the marginal cost of production.) As long as this holds true, the company is making money on each bulb sold. Knowledge of these numbers will be especially important as we start to consider the impact of competition. However, it won't tell the company how to maximize its earnings from the new product.

The candidate begins with the first point in his framework: the company's internal perspective. He chooses to talk about microeconomics (other angles are also possible). This also helps him identify and discard the information about the current bulb's pricing because it's irrelevant to the point he is making here. One note of caution: in a real interview setting, it's entirely possible that the interviewer will choose to pursue the angle about marginal cost/marginal revenue and really test out the candidate's microeconomic knowledge. Therefore, if you do sprinkle a little theory on your answer, be prepared for the consequences!

Candidate: Fortunately for consultants, the world never quite works like it does in the textbooks. Therefore, beyond the cost structure, the company will need to understand how the consumer will react to different pricing strategies.

The company can look at pricing the lightbulb in at least two ways. First, it can price according to how much value the product gives to the consumer—aptly called value pricing. If the new bulb lasts 50 times longer than the original bulb, it can be said that the new bulb gives 50 times more value to the consumer, with value defined in this case as light bulb longevity. If the original bulb sells for \$1, then in the spirit of value pricing, the new bulb can sell for 50 times \$1, or \$50.

This is good. The candidate continues to draw on his framework as he moves through the answer. He explains “value pricing” and then goes on to state specifically what the product price would be under this strategy.

Candidate: Alternately, the company can simply look to maintain the margins it earns on the regular lightbulb, and price accordingly. In other words, if it costs 50 percent more to make the new bulb, to earn the same gross margins as on the original bulb, the company would have to charge 50 percent more, or \$1.50. In this way, the company could preserve a decent, if not exorbitant profit margin.

It’s always a good idea to use specific examples when answering a question. In this case, the candidate mentions specific figures to give the interviewer a more visual understanding of the proposed solution and confidence in his grasp of the simple math involved.

Candidate: Now, the different pricing strategies could have very different revenue implications, depending on the price and unit sales for the product. If the company opted for the first approach, the value pricing approach, unit sales would likely decline (because of the longer lasting life of the new bulb), but overall revenues might increase (because the price per unit is so much higher). If current customers merely switched over to the new bulb, there would soon be something close to a 50:1 drop in sales. (It would be slightly less than 50:1 because not all purchases are replacing bulbs that died of old age.) However, the new technology would also undoubtedly attract new customers. As purchasers of competing “old bulb” technology came over, the company’s market share would likely increase.

The candidate chooses to analyze the implications of one of his recommended pricing strategies. As he does here, it's important to draw implications from his recommended strategies. He also demonstrates several other good things here: an understanding of a basic business relationship (price \times units = revenues), the importance of other factors on customer behavior (replacement and substitution), and an ability to draw some quick common-sense implications of the proposed value pricing approach. He might also have discussed customers' purchasing behavior when faced with different pricing scenarios.

Candidate: I could talk about the implications of the other pricing strategy, but I want to touch briefly on the third area of analysis: competitor reactions. The appropriate pricing strategy will be greatly affected by the company's position vis-à-vis competitors. If the new bulb is a proprietary technology and it is the first one on the market, the company will likely be able to charge a premium for its technology. There is certainly a lot of value in a bulb that will last 50 times longer. Whether customers would be willing to pay 50 times the price of the old bulb is another question. However, they would almost certainly be willing to pay more than \$1.50 for the bulb. The company would be able to continue charging a premium until its competitors came in with a response: a substitute long-life product, a different pricing strategy on the old bulbs, or something of the sort.

Although the candidate chose to explain the logic behind his answer, he might also have used a few standard microeconomics graphs or charts demonstrating monopoly profits and consumer surplus. This might impress the interviewer, but more important, it might help clarify his answer. One other possible line of inquiry here would be for the interviewer to ask the candidate how he would research these questions. Good answers might involve doing customer research through surveys or focus groups. Note here that the interviewee did all the talking. This isn't likely to happen—the case is supposed to be a dialogue. But if you get a silent interviewer, don't worry. You'll be interrupted if you're way off course.

Resume Case Questions

Case 13

I see that you worked for Goldman Sachs before business school. Describe for me your most complex financial model. How did you structure it? With hindsight, what could you have done better?

This is a good, straightforward question for an MBA. Although the question would be slightly different, an undergraduate or non-MBA might also get a question like this based on his or her own experience, as reflected on the resume.

Bad Answers

A bad answer here would be one mired in technical or financial mumbo jumbo or, on the other hand, one that didn't go into quite enough detail. When talking someone through a model, it's easy to get trapped either discussing every line item or glossing over the details a little too much. Beware of either of these extremes. You want your interviewer to be able to follow your thought process through a complex set of variables, while keeping an eye on the bigger picture. Remember, you know this stuff like the back of your hand, but the interviewer is hearing it for the first time. Be logical!

Good Answer

Candidate: My most complex model was actually 10-year cash flow projection for a startup cellular telephone company. I worked on it when the industry was very young, so there wasn't much industry research available on how these companies would actually perform. The company had no cash flow, and there were no commonly used industry multiples to fall back on. As a result, I had to build

my model from the ground up. We were looking for a simple form of free cash flow, defined as EBIDT (earnings before interest, depreciation, and taxes) less capital expenditures. We assumed the company wouldn't be paying taxes for years to come because of the huge operating losses it would sustain from the depreciation expense associated with the startup of such a capital-intensive business.

This is an excellent start. Most important, the candidate has given a brief, one-sentence introduction that puts the interviewer in the appropriate time and place ("10-year cash flow projection for a startup cellular telephone company"). Always give the interviewer a brief topic sentence that sets the stage. After that, the candidate explains a few of the general features of the model. Although this level of explanation is appropriate for a consulting interviewer, advanced-degree candidates should be sure to explain any necessary technical aspects of their research in laymen's terms. For one thing, there's a chance your interviewer won't understand your research, and, for another, your interviewer will be checking you out to see if you look like you would be able to communicate in a business context.

Candidate: As with any cash flow model, I needed to look at both the revenues and the costs for the company. To project revenues, I needed to determine how many people would sign up for the service and at what price. I began with the population in each of the cellular markets for which the company had the rights, and I made a few general assumptions about how much of the population would actually sign up for the service (known as cellular "penetration"). I did this by researching the demographics of the regions, and based on household incomes and the concentration of various professions, I deduced what percentage of the population was likely to be early adopters of cellular service. I grew this percentage slowly for the first 5 years of the model, and more quickly in the last 5 years, assuming that as the technology became more accepted, penetration would increase. I also had to make assumptions about the price of cellular service, which interestingly, was projected to actually fall over the 10-year period.

The candidate does a good job of taking her interviewer step-by-step through the model. Again, an important factor in crafting a successful answer to this type of question is to explain it in a way that the interviewer can follow. In your consulting career, you'll be responsible for explaining models to clients, so this is a good test.

Candidate: For the cost side, I worked closely with the company's management to derive projections for their operating costs and their capital expenditure budget. The resulting cash flow model allowed us to structure Goldman's first cellular telephone deal and was used as a tool to educate other members of the deal's syndicate on the cellular industry. It's been used on subsequent deals.

With the revenue side explained, the candidate moves on to costs, following the outline she set up at the start. She also points out how the model was used. This is better than getting completely mired in the mechanics of the model. A note for PhDs: if you can think of a real world application or analogy for your research topics, even the most esoteric research will come to life.

Candidate: Unfortunately, I didn't have time to take the "Advanced Modeling in Excel" class offered at Goldman until after this deal was over. So with hindsight, I found lots of spreadsheet tricks I could have used to make my job easier—all of which I employed in the second iteration of the model when the company came back to refinance!

The candidate doesn't forget an important part of the initial question: how she could have done better.

Case 14

I see that you worked for Procter & Gamble in product management for Pampers Premium. Describe the market position of your product. What was the most significant contribution you made to the product? Assume you were VP of marketing at the biggest competitor; how would you respond?

This is a really typical resume question. Not only does the interviewer ask for details about one of your past projects, she asks what you would have done had your position or the circumstances been different. It may not be possible to prepare for every possible scenario related to every item on your resume, but consulting interviewers highly recommend that you go through every item on your resume before your interviews and jot down the basic outline of what happened. Nothing looks quite as bad as being unable to recall the superhuman feat to which a specific line item on your resume refers.

Bad Answer

Candidate: Pampers Premium is the top-of-the-line P&G diaper. It is meant for the consumer who believes she cannot spend too much on the comfort of her baby, and it has lots of bells and whistles that make it cost a lot more than the regular Pampers product. It has Velcro closures and a soft outer cover, which customers seem to like because it reminds them of cloth diapers. Pampers has actually been hurt by the recent resurgence in the usage of cloth diapers as a more environmentally conscious alternative to disposables and has spent a lot of money researching environmental impacts of both. They found that it is true that disposable diapers take a long time to degrade in landfills, but the bleaches and detergents used in the laundering of cloth diapers also have a detrimental effect on the environment.

All very nice information, but completely unrelated to the question.

Anyway, I crunched the numbers on a promotion for Pampers done through hospitals, and found that it was a good way to target new diaper users. If I were Huggies, I would probably cut price, just to steal market share away from Pampers.

When this candidate finally gets around to answering the question, the response is totally insufficient.

Good Answer

Candidate: Pampers Premium is the number-two premium brand of diapers, behind Huggies Supreme. Both brands are the Rolls-Royce of diapers: thin and ultra-absorbent with a clothlike cover and reusable Velcro closures, costing up to 40 percent more than regular diapers. P&G has invested heavily in the Pampers Premium product, allocating a sizable portion of its annual R&D budget to the product each year. However, despite the product’s “technical” advantages, it remains stuck in the number-two position behind Huggies, a Kimberly-Clark product that has enjoyed the benefits of an advertising and promotional blitz over the past 2 years. Heavy print advertising including coupons coupled with retailer incentives have propelled Huggies Supreme solidly into the number-one slot.

In this answer, the candidate immediately answers the interviewer’s question. He also gives a nice synopsis of why the brand is considered a “Rolls-Royce,” as well as a good description of the number-one brand and chief competitor.

Candidate: While I was at P&G, I helped assess a targeted consumer promotion in the midwestern United States. Focusing on maternity hospitals, the promotion included free samples and coupons for Pampers Premium packaged in a small diaper bag emblazoned with the slogan “The Best Way to Pamper Your Baby.” These bags were given to all departing maternity patients over a 6-month period in ten midwestern cities. I was responsible for determining the effectiveness of this campaign by determining the “lift” (the increase in sales) in

the ten targeted markets during and after the promotion. This required heavy data analysis and detailed utilization of Nielsen data sources, as well as field interviews of consumers and retailers. My analysis showed that this targeted promotional campaign provided significant lift (5 to 15 percent). My field research suggested that new mothers are a malleable decision-making unit and will purchase the products they believe their doctors and hospitals endorse, remaining fairly loyal to those products. Both the quantitative and qualitative research proved the effectiveness of this promotion, and I recommended that it be rolled out in more cities as soon as possible.

After describing the market position, the candidate immediately moves on to the next part of the question: his most significant contribution to the product. Never mind that the actual contribution might or might not have been of earth-shattering importance to the product.

Candidate: If I were the VP of marketing for Huggies, I would respond quickly. I would do a lift analysis of Pampers Premium over the time frame of the promotion (Nielsen data can be purchased by anyone), and once I was convinced of the effectiveness of the promotion, I would attempt to lock in agreements with maternity hospitals in other parts of the country. I recommended that P&G act quickly to capitalize on its first-mover advantage, to neutralize any head-to-head threat by Kimberly-Clark.

The answer is clear and to the point. It effectively conveys the required information in a manner that isn't too specific to be understood by an interviewer who may or may not have the dirt on the diaper industry.

Case 15

Describe some of the biggest challenges facing a new dean at Harvard Business School. How would you handle them if you were dean?

Case interviewers love to ask questions focused on college or business school administration, especially for undergrads and non-business school grad students. This topic is immediately accessible to candidates and often has interesting strategic dimensions.

Bad Answers

- His biggest challenge is how to improve the food at the dining hall. If I were him, I would just hire the chef from the Four Seasons. I mean, with all the tuition we pay . . .
You're obviously high maintenance (i.e., you just failed the airplane test).
- Why are they letting in all those young kids right out of college? They have nothing to contribute to the class. Dean Clark should reverse that policy ASAP!
A potentially valid issue, but said in a nagging and negative tone.
- Oh, don't even get me started. If I had only known about all his challenges, I'd have gone to Stanford. But I didn't get into Stanford. Which brings me to the complete injustice of the admissions process . . .
Naturally, the first part of this answer would appeal to any interviewer with a Stanford MBA, but then again, if you're interviewing at Harvard, chances are that you wouldn't have a Stanford interviewer. Besides, it's never a good idea to sound like you have a chip on your shoulder.

Good Answer

A good answer here has simplicity at its core. Don't try to cover all the issues facing HBS today, and don't try to solve them all with one-sentence platitudes. Pick two challenges, or at most three, and give some thought to how they might really be handled. Not by you, the student, but by you, the Dean. The interviewer here is trying to get you to role play the part of the Dean, just as in consulting you are often asked to role play the part of the client. So . . .

Candidate: I think the two most significant issues facing Dean Clark right now are (1) the perception in the corporate community that HBS is not changing with the times, and the resulting risk of “brand erosion,” and (2) student dissatisfaction with the academic curriculum and the quality of the HBS experience as a whole. Clark is obviously facing other important issues as well, but I believe that these are the most important because they affect the long-term viability of the school itself. Leaving them unaddressed could do significant damage to the school’s reputation among both CEOs and applicants.

It’s not necessary to choose a long list of issues or problems, or even to choose any specific problem. Especially for a question like this, there is no single right answer. However, it is good to pick a topic that is relevant and will provide enough substance for an analysis and discussion. The candidate picks two nice, meaty topics that focus on two different constituencies at HBS. She also adds a brief explanation of why she thinks they are important. One final note: after identifying the issues, she stops talking and waits for guidance from the consultant. Many candidates have a tendency to ramble during their answers. Interviewers tell us that a succinct answer—as long as it contains the right information—can be far more effective.

Interviewer: Okay, so you are Dean Clark. What would you do about them?

Candidate: Well, first let me give a couple of points of context. For one thing, the dean is the head of HBS the institution, and, as such, has important political and symbolic powers. That said, an academic institution—especially HBS—is composed of a number of different constituencies that are very powerful in their own right. Thus, it’s going to be important to involve the faculty, students, recruiters, alumni, and others in the decision-making process. Fortunately, all of these groups have a strong, vested interest in avoiding brand erosion of the HBS name. This brings me to a second critical contextual issue. HBS is really in a time of flux right now. Other business schools seem to be revamping their curricula, and HBS risks being labeled archaic if changes are not made, and

soon. Although it would be possible for me to dictate a new approach for the school, I believe that it would be better to set up a process that brings about more buy-in and support from the key constituencies.

There are many different approaches to this question. This candidate decides to talk about process. As a background, she identifies the context for the discussion. If there are key contextual issues that affect your answer, it is usually a good idea to identify them—don't just assume that your interviewer knows what you are thinking.

Interviewer: What sort of process would you establish?

An important part of any consulting study is setting up an effective work plan that will successfully and cost-effectively produce the data necessary to provide the answer to the problem. Here the interviewer pushes the candidate to explain just how she would go about the actual study.

Candidate: I would choose a task force of faculty members, recruiters, and students to map out the future of HBS. I would have them study the two issues I mentioned: one external, concerning the perceptions of HBS from the outside, and one internal, the experience of HBS students as they go through their MBA program at Harvard. I would also give them a few general boundaries to help frame their analysis and discussion—for example, I believe that HBS must maintain its position as the single best MBA program in the world. Then, I'd have the task force do some solid market research. The members should be out bending the ears of the top CEOs (and this is where Dean Clark can add lots of value), determining what companies today want from their MBA hires. And on the other side, they should be talking to lots of prospective and talented MBA students to figure out what they want out of an MBA program. Of course, current students are an invaluable source of information here, as are students at other MBA programs.

The candidate does a good job of pointing to her basic framework for the question: internal issue, external issue. She also outlines a process that would be relatively easy to implement and that incorporates her concern about involving the various constituencies.

Interviewer: Okay, so once all this research is done, what do you do with the information, Dean Clark?

The interviewer is eager to see whether the candidate has an orientation to action. Remember, static analysis is never enough to justify a consulting firm's wages. Nor is it enough to land you an offer.

Candidate: I have three jobs. The first is to facilitate the discussion of the data we have collected to forge a consensus on the future HBS. The second is to sell the vision to all of the key constituencies at the school. The third is to create an effective plan for implementing the vision and to put the right people in charge of getting these programs rolling. I think that all of these steps will benefit from a process like the one I have outlined, where the different constituencies are involved in analyzing and creating the solutions.

The candidate does a good job of framing her answer by using a specific number. By doing so she demonstrates that she thinks in a structured fashion. She also gives the interviewer a good idea about where she is going.

Interviewer: Okay, that's a good job on the process side of the question. But let's go back to one of your top concerns: brand erosion. What specific types of programs might be used to address this issue?

Since the candidate identified this as one of the two most pressing issues facing HBS, it's reasonable to assume that she has thoughts about what needs to be done. If you choose to offer a process-oriented answer such as this one, you can assume that interviewer may try to draw you into the specifics at some point in the interview.

Candidate: It's important to think about the reasons for the problem. As I mentioned, I think that HBS risks brand erosion if it isn't perceived as changing with the times. This could be coming from two things. First, HBS might not be changing with the times, in which case we need to be more responsive to the

needs of the workplace today. For example, if we hear from CEOs that MBAs need to have more hands-on operations training, then we could start a co-op program with participating local manufacturers. Second, it could be that we haven't done a good enough job publicizing our approach to management training and why it is the best training for today's managers. On that front, we could conduct and publicize research showing the changes in HBS's management training and how the program is helping to effectively train tomorrow's leaders. I suspect that a publicity campaign targeted at HBS alums would generate a lot of excitement and interest in the corporate community.

The candidate does a good job of tying the discussion in with her initial assertion. She also does a good job of moving from the general statement to specific examples. It's important to remember that the interviewer may jump in with a question or cut off the discussion at any point during your answer. Therefore, it's usually better to front-load the key information rather than getting bogged down in specific examples before moving on to another main point.

Interviewer: It sounds to me like Dean Clark has his work cut out for him.

Tips from Case-Interview Survivors

“In general, interviewers are looking for structure and closure. Justify your thinking and take a position. (If you’re hesitant to do so, the interviewer will make you!) Read the interviewer’s signals to see if you are headed in the right or wrong direction.”

“I recommend you read articles by those who are partners and work for your expected office before your interview, because they may be interviewer for you and, in this case, it’s really useful to better understand the interviewer’s current view.”

“As is written at the entrance to the Oracle in Delphi, ‘KNOW THYSELF’: You cannot BS recruiters into thinking you are something you are not. Take good inventory of your strengths; know and appreciate your weaknesses both in skills and resume holes. Given this information, you should definitely take charge in the in interview. Most interviewers are tired of the same old rigmarole, and if you prompt them to ask you questions that speak to your strengths, they will be happy to do so, and you will come out on top.”

“Practice, practice, practice! Absolutely the best way to get good at interviewing is to practice . . . a lot! The more interviews I had, the more comfortable I felt, and the better I became at answering the questions.”

“I was an engineering student applying for a business job, and the company said it would not be testing me on my business skills. This was not the case. Without having done many months of preparation, reading a textbook on strategic management, and reading books like Porter’s *Competitive Strategy* and

Hammer and Champy's re-engineering book, I may not have had enough background to answer the case studies in an organized, intelligent manner."

"If you are new to business-case interviews and you want a consulting job, ramp up a month before interviews and really practice those cases with someone who knows how it's done."

"Read the *Wall Street Journal* or *The Economist* around the time of your interviews. You're going to need to be up to speed on what's going on in the business world."

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25 Top Consulting Firms
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Top 25 Financial Services Firm

Who We Are

WetFeet is the trusted destination for job seekers to research companies and industries, and manage their careers. WetFeet Insider Guides provide you with inside information for a successful job search. At WetFeet, we do the work for you and present our results in an informative, credible, and entertaining way. Think of us as your own private research company whose primary mission is to assist you in making more informed career decisions.

WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

The case interview: analytical, quantitative, creative, challenging

... but isn't that what consulting is really about? That's why consulting recruiters use the case interview as a primary means of evaluating interviewees. This follow up to WetFeet's popular Ace Your Case guide provides 15 more case questions that you can use to practice and sharpen your case-cracking skills.

Each book in the Ace Your Case series offers

- An introduction to the case interview—its role in the recruiting process for consulting firms.
- An explanation of the most common case question types, from market-sizing questions to resume questions.
- Tips for handling each kind of question.
- Insight into consulting recruiters' interview objectives: how they're evaluating prospective employees.
- Practice questions you can complete on your own.
- Detailed examples of good and bad answers for each practice question, along with tips for improving your own answers and recovering from mistakes.

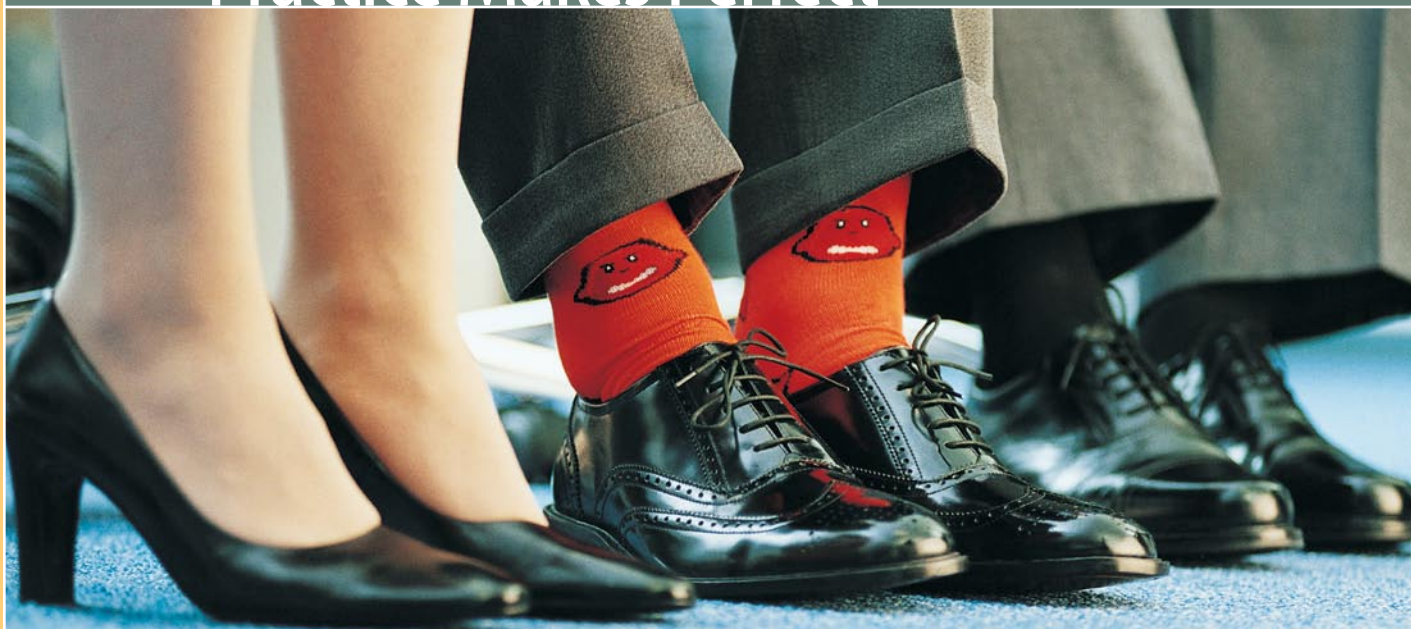


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Ace Your Case® III

Practice Makes Perfect



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2nd Edition

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Ace Your Case[®] II: Practice Makes Perfect

2nd Edition

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Ace Your Case III at a Glance

Case-by-Case Rules

Here's a summary of the different types of cases you'll find in this report, along with some rules that should help you ace your answer.

Market-Sizing Questions

- Use round numbers
- Show your work
- Use paper and calculator

Business Operations Questions

- Isolate the main issue
- Apply a framework
- Think “action”

Business Strategy Questions

- Think “frameworks”
- Ask questions
- Work from big to small

Resume Cases

- Know your story
- Keep the Parent Test in mind
- Let your excitement shine

The Interview Unplugged

- Overview
- The Case Interview

Overview

When it comes to preparing for your case interviews, there's one word and one word only: practice. By now, you're spending all of your spare time thinking about why Dell is getting into printers, why the utility industry is consolidating, and how much mustard is consumed in Idaho. Your family thinks you're strange, but you're on the right track. By now, you're probably even starting to enjoy thinking about these issues. Watch out: You might be turning into a consultant.

This guide is designed to be a companion volume to *Ace Your Case* and *Ace Your Case II*. It offers more-detailed explanations about different case types and more sample questions. We've also incorporated information from you, our customers, about what you're hearing in the cubicle. Many of our sample case questions here are based on real, live case questions that people received in their interviews last year.

For those who haven't seen our other case-interviewing guides, *Ace Your Case* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 3Cs and the 4Ps, not to mention the infamous Five Forces) that should help you attack your case questions. *Ace Your Case II* contains 15 specific case questions and detailed recommended answers.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If you find that our "good answer" differs from yours, see if there's something you can learn from our suggestions. But don't panic—there are usually

numerous ways to answer any case question. It's far more important to note the approach and the likely responses from the interviewer. As you sharpen those skills, keep thinking to yourself, "I love these case questions!" Pretty soon you'll find yourself talking like a consultant!

The Case Interview

Background

Many management consulting firms, especially the strategy firms (McKinsey, The Boston Consulting Group, Bain, Mercer, et al.) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as "case questions," are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four different categories of questions:

1. Market-sizing questions
2. Business operations questions
3. Business strategy questions
4. Resume questions

“ ”

Try to make the interview more of a dialogue between equals. Try to have fun.

(Note that we are not covering the brainteaser category in this Insider Guide. Consulting firms rarely ask brainteaser questions; other types of cases give much more insight into the type of thinking that makes a good consultant.)

Each of these prototypes has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain “rules of the road” that should help you successfully navigate the different types of questions. Don’t worry—you’ll never be asked to spit out a category name and serial number for the questions you receive in the interview cubicle. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn’t the top goal of the technique. According to insiders, case questions really do help them evaluate a candidate’s aptitude for consulting. What does that mean exactly? Whether you’re an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Analytical ability
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving

- Business intuition
- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting fits you. In particular, you must have good answers to two questions: Why do you want to be a consultant? And, why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates, MBAs, advanced-degree candidates, and experienced hires.

Undergraduates

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as are general business strategy problems. In the business strategy area, the companies and the topics may also seem a little more friendly; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular declining-profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences.

Interviewers tell us that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all the standard business-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: Rank amateurs are definitely not welcome. Thus, you must have a general understanding of basic business relationships (e.g., revenues – costs = profits), but don't get your knickers in a knot if you can't name even one of the Five Forces.

Here are a few real, live case questions fielded by our undergraduate customers:

- Your client, a tire manufacturer, is evaluating entry into a new market: the market for four-wheel-drive-vehicle tires. How do you estimate the size of the market?
- What's the weight of the Statue of Liberty?
- If a publishing company wanted to start a new interior decorating magazine, what would it have to think about?
- If you're working for General Mills, and Kellogg's introduces a frequent-buyer program, should you follow suit?

MBAs

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to get several levels down in the answer) and a real familiarity with business concepts. We understand that at least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real, live case questions fielded by our MBA customers:

- How many AA batteries are sold in Montana in a year?
- A bank wants to reduce costs and asks you for advice about closing a specific branch. What should you consider?
- A wealthy entrepreneur has just bought a baseball team, and he asks you for advice on how to show increased profits in a year. What do you suggest?
- A pharmaceutical company is considering changing its sales strategy from using a sales force with geographic territories to using specific locations. What financial analysis would you use to see if this is worthwhile?

Advanced-Degree Candidates (Non-MBAs)

Although consulting firms are attracting record numbers of MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their background.

Whether or not you enter a separate recruiting track, we understand from our customers that the format for the interviews is similar to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you queries. One slight difference is that, in addition to seeing whether or not you can handle the substance of the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don’t require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (your resume is usually a font of material), or they may resemble undergraduate case studies that check a person’s intuition, common sense, analytical skills, and problem-solving abilities.

According to interviewers at the firms, they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn’t necessarily incorporate all the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many windows are there in Mexico City?
- Question for someone who had majored in international relations: Why have missiles with MIRVed warheads caused the most trouble in arms-control discussions?
- An automobile insurance company has asked you to tell it why it has been experiencing a decline in profits.
- American Express has hired you to help it increase the profitability of the Amex Green Card. What do you advise doing?

Experienced Hires

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described in this report. According to WetFeet customers, experienced-hire candidates may or may not face a battery of case questions. There is no hard-and-fast rule, but it seems as though people with more experience (10-plus years), and people who have already worked for a name-brand consulting firm, are relatively unlikely to face a case as part of their review process. In contrast, people who have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e., expect lots of cases). In particular, if you are changing careers (e.g., moving from nonprofit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced-hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to their area of expertise.

Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences derive from the differences in the personalities and experiences of your interviewers. However, several firms have developed their own approach to the case interview. One variation involves giving a candidate a written case prior to the interview and asking him or her to prepare to discuss the case in detail during the interview. We understand that PricewaterhouseCoopers has given preprinted cases to candidates the night before an interview. Monitor Company has used a similar technique in which the candidate will be given materials before the interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem.

One other thing to keep in mind: Recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a "people issue" somewhere in the case. If you're talking with Deloitte Consulting, keep "operations" in mind as you craft an answer—and don't talk about how it's important to work only with the company's top management. And, if you're interviewing with Bain, remember how much importance the company attaches to "measurable results" and "data-driven" analysis.

Case-by-Case Rules

- Market-Sizing Cases
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward format (e.g., “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g., “Do you think Fidelity should come out with a mutual fund targeted at high-net-worth individuals?”) which requires the respondent to peel away the extraneous detail in order to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing in order to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer dude own? How often will he or she get a new one? Are there other big purchasers besides individual surfers? Is there a market for used boards?) You

would also need to make a few basic calculations (number of surfers X number of new boards per year + total quantity purchased by other types of customers, etc.). As you work through these issues, the interviewer would also get a glimpse of your common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas like California and Hawaii?)

“ ”

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, WetFeet customers with BAs and PhDs report receiving exactly the same market-sizing questions. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (i.e., market size) for the drug.

Manhandling Your Market-Sizing

Market-sizing questions can seem intimidating. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer. In fact, your interviewer doesn’t even care what the real number is. But remember, she does care about your ability to use logic, common sense, and creativity to get to a plausible answer. And she wants to

make sure you don't turn tail when you've got a few numbers to run. Which brings us to the Rules for Market Sizing Questions.

Rule 1: Use round numbers. Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of the United States? Two-hundred-fifty million, give or take.

Rule 2: Show your work. Case questions are the ultimate "show your work" questions. In fact, your exact answer matters less than the path that took you there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Write it down. If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from wiggling out, then by all means do it. Your interviewer will be more impressed if you are cool, calm, and collected, and if using props helps you, then go for it.

Business Operations Cases

Overview

A fair number of case questions cover operations issues. Given the existing economic environment, in fact, the mix of consulting business has shifted more towards operations and process focused cases, so be prepared for a business operations case. Broadly speaking, “operations” refers to all the things involved in running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company’s products and the systems used to track sales. Where strategy questions deal with the future direction of the firm (such as whether to enter a new line of business), operations deals with the day-to-day running of the business. It is a particularly fertile ground for consulting work, and for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company’s sales or profits have declined.

The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running a business (e.g., the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company’s profitability). In addition, operations questions require the candidate to demonstrate a good

grasp of process and an ability to sort through a pile of information and home in on the most important factors.

Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the “declining profits” questions are some of the most popular types of cases around, and almost all candidates can expect to get several of these. That said, MBAs are typically expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more-complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way, or, perhaps, the impact on the balance sheet of a certain type of financing. Undergraduates and non-MBA candidates still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect that the topic of the question be more familiar. For example, an undergraduate might be asked about the implications of launching a new national chain of restaurants. An MBA might be asked about factors that would allow a manufacturing operation to increase throughput.

Optimizing Your Business Operations Answers

Operations case questions are more complex than market-sizing questions. Not only do they typically require basic business knowledge (or, in place of that, a good deal of common sense), but they also frequently require the candidate to think like a detective. For example, the interviewer might ask why an airline has been losing money while its market share has increased. There could be many reasons for this: Revenues might be down (and that, in turn, might be caused

by any number of things, including ticket price wars, lower ridership, growing accounts payable, etc.), costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, etc.), or the airline could be operating more inefficiently (e.g, higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are a couple of rules you might want to keep in mind:

Rule No. 1: Isolate the main issue! Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you have zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

Rule 2: Apply a framework! Frameworks were made for cracking operations questions! They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

Rule 3: Think action! Unlike your market-sizing question or brainteaser, operations questions never end with a nice, neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: Revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired to give advice. As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

Business Strategy Cases

Overview

Business-strategy cases are the granddaddies, and demons, of the case-question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby allowing the interviewer to probe the candidate's abilities in a variety of areas. Again, strategy-case questions can run the gamut from complex, multi-industry, multi-national, multi-issue behemoths to a localized question with a pinpoint focus. Common types of strategy questions include advising a client about an acquisition, responding to a competitive move by another company in the industry, and evaluating opportunities for a new product introduction and pricing the product.

The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the most like the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation abilities.

Location

Strategy-case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward. For MBA candidates, they will frequently have several layers of issues, and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

Succeeding at the Strategy Stumpers

Because business strategy questions can involve many different elements, they can inspire fear in the weak of heart. Although it is true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can put all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multi-national corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit-card company should go into the Italian market when your best friend who interviewed immediately prior to you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this case book (and the other WetFeet Ace Your Case! Insider Guides), you're already a step ahead of the game. However, here are a couple of rules you'll want to keep in mind as you tackle your strategy-case questions.

Rule 1: Think frameworks! While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question and where you are going with your analysis. The best way to do this is to apply a framework to the problem. Just as with operations questions, this means setting out a plan of attack up front and following it through to conclusion. One other big benefit: Having a clear framework will help you organize your analysis.

Rule 2: Ask questions. Successful consulting is as much about asking the right question as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

Rule 3: Work from big to small. Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore, it's essential that you start by looking at the most significant issues first. Besides, this is a great discipline for future consultants. After all, the client will probably be paying for your time by the hour, so you'll want to make sure that you are really adding value.

Resume Cases

Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume. Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all the different positions on a rugby team, and the play strategy for each." Frequently, the interviewer will ask the candidate to walk through a previous work project or experience and explain how he or she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how he or she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded had a local computer store created a knock-off service and offered it at a lower price.

The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also provides a little variety throughout a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman's terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.

Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions; advanced-degree candidates can expect questions related to their previous research. We understand that resume cases are a particularly popular type of question for PhD students. Not only do they allow the candidate to avoid feeling like he or she has to master a whole new lexicon and body of frameworks, they test his or her communications skills.

Rocking Your Resume Case

Because the resume-case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

Rule 1: Know your story. Nothing will make you look worse—and help you find the door more quickly—than not knowing what you put on your own resume. Make sure you have reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

Rule 2: The Parent Test. This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is: Can you tell others about what you did without sending them into a coma? It may sound easy, but many people seem incapable of communicating

what they know. Our suggestion? Practice talking about your work as if you were telling your parents.

Rule 3: Let your excitement shine! This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

The Practice Range

- Market-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions

Market-Sizing Questions

Remember the rules for market-sizing questions:

1. Use round numbers.
2. Show your work.
3. Write it down.



Case 1

How many pieces of candy are given out on Halloween each year in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



Case 2

What is the average number of chairs in a house?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



Case 3

How many blue jeans are sold in the United States each year?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



Case 4

How many unique people attend events at the Rose Bowl every year?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Business Operations Questions

Remember the rules for business operations questions:

1. Isolate the main issue.
2. Apply a framework.
3. Think action.



Case 5

A leading breakfast cereal manufacturer has hired you to determine why its profits have taken a dive in the last year. What should it do to improve its performance?

Key questions to ask:

What are the main issues?



Case 5 (continued)

Key approaches/frameworks:

Possible courses of action:



Case 6

A regional bank interested in expanding beyond commercial banking services has merged with a major asset-management firm. They are struggling with post-merger integration and have hired you to help them. What issues would you address?

Key questions to ask:

What are the main issues?



Case 6 (continued)

Key approaches/frameworks:

Possible courses of action:



Case 7

The owner of a hip college hangout called “Beer, Spaghetti and Exotic Desserts” recently hired a new manager and bartender to address a slump in customer volume. Customer volume quickly turned around, but the owner has noticed that profits have dropped. What is wrong?

Key questions to ask:

What process would you use to investigate this question?

Where would you find the information you need?



Case 8

The Director of Purchasing for the aircraft maintenance division of a major airline has asked for your help. His supplier base has grown to more than 500 vendors, who supply approximately 100,000 different aircraft parts to the airline. He has realized that his supplier strategy is suboptimal, both from a cost and efficiency standpoint. How would you help him devise a supplier strategy?

Key questions to ask:

What are the main issues?



Case 8 (continued)

Key approaches/frameworks:

Possible courses of action:

Action recommendations:

Business Strategy Questions

Keep the rules for business strategy questions in mind:

1. Think framework.
2. Ask questions.
3. Work from small to big.



Case 9

A small manufacturer and distributor of women's surf clothes is considering selling to high-end boutiques and has hired you to help out. What kinds of issues would you think about to help it make the decision?

Key questions to ask:

What are the main issues?



Case 9 (continued)

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



Case 10

Your client is a large owner and operator of hotels and vacation properties. It also runs a highly successful rewards program that gives guests the opportunity to earn points for each stay. The company is considering partnering with small bed-and-breakfasts and offering guests the opportunity to earn points for stays at participating B&Bs as well. Should it go ahead with this partnership? What should it think about in order to make its decision?

Key questions to ask:

What are the main issues?



Case 10 (continued)

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



Case 11

A camera company has stumbled on a compound that helps extend the life of cut roses. It wants to know if it should introduce the product and how to price it. The firm has collected the following data and wants your assistance in analyzing the data and making a recommendation:

- One billion roses are purchased each year in the United States.
- The average rose costs \$2.
- There are 50 million unique buyers of roses.
- The chemical extends the life of cut roses by one week.
- There are five other products on the market that extend the life of cut roses from two to five days.
- Five grams per rose of the new chemical must be present in order to be effective.
- It costs \$0.02 per gram to manufacture the new chemical, including fixed and variable costs.

Key questions to ask:

What are the main issues?



Case 11 (continued)

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



Case 12

Your client is a large private equity firm. It is looking into “rolling up” the tow-truck industry; that is, buying many small- and medium-sized firms and combining them to create one, larger firm. It wants your help in assessing industry attractiveness.

Key questions to ask:

What are the main issues?

Outline for my answer:

Resume Questions

Remember the rules for resume questions:

1. Know your story
2. The Parent Test
3. Let your excitement shine



Case 13

After one year with our firm, what would our formal evaluation of your performance look like?

Nailing the Case

- Marketing-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions

Now it's time to walk through several answers to each of the questions given in the previous section. Although we believe that our recommended answers are good, we know that there are many other even better answers out there. Remember, though, the destination is often less important to your interviewer than the road you take to get there. With that in mind, smooth sailing! A quick note on the layout: Each question is followed by bad answers and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.

Market-Sizing Questions

Case 1

How many pieces of candy are given out on Halloween each year in the United States?

This is a straightforward market-sizing question, which would be good for undergraduates and advanced-degree candidates. It requires no special technical knowledge, and it focuses on a subject that is accessible—and hopefully enjoyed!—by everyone: Halloween candy.

Bad Answers

- 10 million.

It's never good to just give a specific number answer, even if you happen to know the right number. This is especially true if the question asks you to estimate the market size of a

product or industry in which you may have some experience, though hopefully the interviewer would be smart enough not to ask you such a question.

Rather, the interviewer is trying to see how you go about figuring out such an answer. After all, throughout your career as a consultant, you'll rarely find that you already know a needed number, and even if you do, you'll still have to show the client how you got the information.

- I never went trick-or-treating because I don't like candy.
Though your aversion to sweets may be admirable, you're going to have to answer the question anyway.
- I always got the most candy because I made my own costumes.
Bye bye.
- What does Halloween candy have to do with consulting?
Good question, bad answer.

Good Answer

Candidate: Interesting question. It appears to me that there are two ways of attacking this problem. The first way is to determine how many people go trick-or-treating and multiply that number by the average number of pieces of candy they collect on their rounds. This would estimate “demand.” The other way to answer the question is to estimate the “supply” side by determining how many houses give out candy every year, and multiplying that number by the number of pieces of candy each house distributes. Hopefully these two numbers will be about the same. Given our time constraints and the fact that I am more familiar with how many pieces of candy someone receives, I'd like to estimate the demand side.

The candidate has done a great job of providing an analytical framework of how she will attack the problem and outlined a couple of options for coming up with the answer. Further, the candidate has made a decision based on her experience: she is going to estimate the demand side. At this point, it's okay for the candidate to put the supply side question aside because the interviewer knows that she's acknowledged it; if the candidate had more time, she could do both. Nice start so far.

Candidate: Now, how many people go out trick-or-treating each year? First, let's figure out who is going trick-or-treating. Let's assume that you start trick-or-treating once you're five and you stop when you're 12. So our "market" is five to 12 year olds. Further, let's assume that the population of the United States is 250 million; what we need to estimate now is, of that 250 million, how many are five to 12 year olds. For the sake of argument, let's say that 25 million are in that age range—10 percent of the population. The way I got to this number was to assume that the average life expectancy is around 80, I'm looking at a seven-year age range, and there are more people at the lower end of the age spectrum than the higher end. Now what we need to do is determine what percentage of this 25 million goes out trick-or-treating on Halloween. I grew up in a neighborhood where almost everyone went trick-or-treating—maybe 75 percent of kids—but that seems really high to me, so let's say that 60 percent of kids in that age range collect candy each year. Conveniently, it also makes the math work. So there are 15 million kids who go out trick-or-treating.

Note what the candidate is doing. She is very logically breaking the problem down in pieces, narrowing the size of the market down. She is announcing assumptions to the interviewer, using round numbers, and basing her assumptions on previous experience. Remember: the accuracy of the assumptions is not as important as the analytic path the candidate takes to make them. And don't get caught up in the details—notice how the interviewer didn't try to disaggregate the percent of kids who go out trick-or-treating; the candidate may want to mention that it may differ by geography or location (urban vs. suburban vs. rural), but should leave it at that.

Candidate: So I have one of the key pieces of my equation; now I need to estimate how many pieces of candy each kid gets. The way I'm going to take a crack at this is to multiply the number of houses that each kid goes to by the average number of pieces of candy received per house.

Consultants are simple-minded people: keep the interviewer informed of where you've been and where you're going!

Candidate: When I went trick-or-treating, I probably went to 20 houses. The number of pieces of candy that I'd get from each house varied—for example, sometimes people would give out a large candy bar, others would give out lots of little pieces of candy. I'd say on average, I'd receive about five pieces of candy per house—again, this number will vary based on geography and location, but let's assume five pieces per house and 20 houses. Again, this makes the math easy: 100 pieces of candy per kid. Although I must admit when I think about dumping out my bag at the end of the night, 100 pieces seems high to me. But for now let's use that number. So 15 million kids times 100 pieces of candy is 1.5 billion pieces of candy. The way I would check this is to analyze the “supply” side and see if the numbers were close.

Note how the candidate is sanity checking her work and noting the places where numbers could be high or low and offering up a solution for checking the final result.

Case 2

What is the average number of chairs in a house?

This is a deceptively tricky question: though it centers around a topic accessible to everyone, it can get very detailed very quickly. Be careful in questions such as these that you continue to see the forest for the trees.

Bad Answers

- I haven't lived in a house for a while, but I can tell you how many chairs are in the average apartment.
Again, you're going to have to answer the question that was asked of you. Remember that it's not the accuracy of the final answer, but rather the logic and structure of the thought process that got you there.
- I'd say about 20.
Where'd this come from? How did you get there? Telling a consultant an answer without explaining how you got there is one way to bomb an interview.

Good Answer

Candidate: Well, I've never really thought about this, but let's take a crack at it. Here are a couple of things that come to mind. First of all, there are lots of different types of chairs. I'm going to assume that when you say chairs, you mean all kinds of chairs—dining room chairs, desk chairs, living room chairs, patio chairs, etc. Secondly, there are lots of different types of houses—small, medium, large—each with a different number of chairs. I'm also going to assume that we're excluding apartments, condos, and other types of residences in the analysis. So, to answer this question, I'm going to have to take the weighted average of the number of chairs in each house size.

This is a great start. The candidate has given an excellent overview of the problem; this establishes a lot of credibility with the interviewer. Additionally, the candidate has demonstrated an understanding of weighted averages, an oft-used analysis in consulting. When possible, try to show the interviewer early that you have cracked the case early by

providing an analytic framework. Also, note how the candidate has narrowed the scope by making some reasonable and simplifying assumptions.

Candidate: First, let's talk about the different types of houses. For simplicity sake, I'm going to assume that there are three "buckets" of housing—small, medium, and large. Most of the houses are going to fall into the medium category, and there are likely more small houses than large ones. So I'm going to say that 50 percent of houses fall into the "medium" category, 30 percent fall into the small category, and 20 percent fall into the large category. Now what I need to do is figure out how many chairs there are in each type of home. Let's start out by figuring out how many chairs are in a small house, and then move up progressively to estimate how many chairs are in the medium and large houses.

Again, the candidate has done a good job of keeping the interviewer informed of where he is going and making key assumptions along the way. Establishing three buckets of houses is reasonable—avoid making the problem more complicated, particularly since it appears that this case is going to require you to keep track of quite a few numbers. Also, building up the number of chairs from small house to large house allows the candidate to build upon earlier assumptions.

Candidate: So, small houses probably have two bedrooms, two bathrooms, a living room, dining room, a kitchen, and probably one other room and small front and back yards. Of those rooms, the bedrooms and bathrooms probably won't have any chairs, so we can forget about those rooms for the time being. Now, let's make assumptions for the following rooms: the living room will probably have one large chair, the dining room will probably have room for four chairs, the "other" room might have one desk chair, and let's assume that the back yard has a small outdoor table with four more chairs. So this is an average of 10 chairs in the small house category.



Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

The average medium house will probably have an extra bedroom, maybe another bathroom, and larger dining rooms, living rooms, and outdoor space. Again, let's assume that the bedroom and bathrooms have no chairs, so there is no difference there. There are probably six chairs at the dining room table and likely one additional chair in the living room, so that's an additional two indoor chairs. For the sake of argument, let's assume that there are an extra two outdoor chairs in a medium house. So that's a total of four extra chairs, or 14 chairs.

The candidate is progressing logically. Remember that the accuracy of the assumptions is not as critical as the logical path.

Candidate: The same analytic framework will apply to large houses. Large houses will have more bedrooms and bathrooms, and larger living rooms, dining rooms, and outdoor space. Let's assume that the same increase in the number of chairs exists—that there are four more chairs in these rooms. However, these houses may also have additional rooms, such as a den. Let's assume that there are three chairs in this room. This means that large houses have seven more chairs than medium houses, or 21 chairs. Therefore, the weighted average will be:

$$(10 \times 0.3) + (14 \times 0.5) + (21 \times 0.2) = 3 + 7 + 4.2 = 14.2 \text{ chairs}$$

Make sure that you've written your estimates down as you go, and write down the equation. Take your time figuring out the numbers. The interviewer would much rather wait while you do the math than have you be sloppy with the numbers.

Case 3

How many blue jeans are sold in the United States each year?

This is a straightforward question and there are several ways of answering it.

Bad Answers

- I used to work for a retail company, so I have a pretty good sense of how many jeans are sold.
As previously mentioned, the interviewer is not seeking a specific answer; rather, he or she is looking for how you think and make assumptions. You should use prior—and relevant—experience only for making logical assumptions and testing your final answer.
- I don't really know anything about the jeans market.
As a future consultant, you will often work in industries where you have no experience; this is part of the joy—and pain—of consulting. An answer like this signals to the interviewer that you are not comfortable working in this type of uncertain environment.

Good Answer

Candidate: So the question is how many pairs of jeans are purchased in the United States every year. There are a couple of ways of answering this question: one way would be to build from the ground up by estimating the jeans-wearing population and multiplying that number by the average number of new jeans each person buys each year. Another way would be to estimate the number of jeans that a single company makes each year and then multiply that by its market share. I'm going to try the first way because I think my estimates will be more accurate.

The candidate has given a preview of what she will be doing and also provided two ways of assessing the problem.

Candidate: Now, let's assume—for the sake of round numbers—that there are 250 million people in the United States. What percentage of the population buys jeans? Jeans seem to be a staple in most people's wardrobes, but for different reasons: for example, jeans are fashion statements for younger people, jeans

are leisure and comfort wear for middle-aged people, and are functional for a large set of workers—mechanics, farmers, etc. I've even seen babies wearing jeans! They are also available in a range of prices, so no one is really priced out of the entire jeans market. I'd say, then, that about 80 percent of people wear jeans; this makes the total jeans market 200 million. The next step will be to determine how many pairs of jeans these 200 million people buy.

What the candidate has done well here is provide some insight into the jeans market and let that insight drive the assumptions. As a result, the candidate demonstrates some business savvy and intuition around customer behavior and price sensitivity. Also, note that the use of 80 percent results in a nice round number and that the candidate provides the interviewer with a roadmap of where she is going next.

Candidate: My guess would be that the average jeans-wearer has approximately three pairs of jeans. I recognize that there will be a large range: some people will only have one pair, others will have a quite a few, based on their needs and what they wear jeans for, but an average of three sounds about reasonable to me. Of course, if I was looking for exact market sizing, I would segment the market much more and see how many jeans each segment purchases.

Though the candidate is clearly guessing, this is okay as long as the interviewer is aware how you the candidate would get more detailed if she needed to.

Candidate: The next analysis involves estimating how often people buy jeans. Again, this is going to depend on what people are wearing jeans for: those who wear jeans for style and fashion are likely to replenish more quickly than someone who wears jeans around the house only. But again I'm going to take a guess and say that the average jeans last around three years. Therefore, people are buying new jeans every three years, and if they have three pairs of jeans each, it follows that on average they will be buying one new pair of jeans each year. So if the entire population of jeans wearers buys one pair of jeans each year, there are about 200 million new jeans bought each year.

The candidate has done a nice job of summarizing the logical steps and highlighting key assumptions.

Case 4

How many unique people attend events at the Rose Bowl every year?

This is an example of a question where you may have to ask the interviewer a couple of questions to develop a good response. Do not be afraid to ask questions, even when you are given a market-sizing analysis. Note also the simplifying assumptions that the candidate makes to avoid getting mired in a lot of messy numbers.

Bad Answers

- I don't know what the Rose Bowl is, so I'm uncomfortable answering the question.
Don't show any trepidation about the question itself; you can figure it out!
- I don't like football.
Where did this come from? All this shows is negativity; maybe the interviewer played in college.

Good Answer

Candidate: Well, I'm not really familiar with the Rose Bowl. I've heard of it, but I'm not sure exactly what it is and what it's used for. Can you give me a little more information?

Asking questions is perfectly fine, and the interviewer would rather have you ask a couple of questions than blindly start trying to figure out the question.

Interviewer: The Rose Bowl is a large outdoor stadium in Pasadena, California, that is used for sporting events (UCLA plays its home football games there, there are a few large soccer matches, and occasionally the Rose Bowl hosts the Super Bowl) and concerts. It holds about 100,000 people.

Candidate: Okay, well let's take the two types of events in turn. First, I'll analyze the sporting events. There is only one college football game per week, half of the games are away games, and the season is about 12 games. I'm going to assume that all the games are sold out. This means that there are six home games for a total of 600,000 people. Now, a lot of people will go to all the games—let's say 50 percent of the stadium is filled with repeat visitors. So this means that, for the first game, there are 100,000 different people, and that for each of the next five games there are 50,000 new people. Therefore there are 350,000 different people who go to college football games at the Rose Bowl.

The candidate has organized the analysis well, discussing the sporting events separately from the concerts. He has also highlighted the key to this case—that there are repeat visitors that must be factored out of the analysis to avoid double counting. Remember: don't worry if you don't know how many games are in a college football season; you will not get dinged for this!

Candidate: Now let's move to the soccer matches. I'm less comfortable with soccer, but let's give it a shot. I'm going to guess that over the course of the year there are ten soccer matches, and that each soccer match gets about 60,000 people, because the United States in general is less rabid about soccer than college football. However, soccer fans themselves are very loyal, so let's say that two-thirds of the people are the same for each game. This means that there are 60,000 for the first game, and 20,000 new people in each of the next nine games for a total of 240,000 people (60,000 + 180,000).

If the Rose Bowl holds the Super Bowl, it will definitely be packed. As a simplifying assumption, I'm going to assume that there is no overlap between the Super Bowl crowd and the college football or soccer crowd. There probably is overlap in reality, but it may be small because the Super Bowl attracts a national crowd. So this means another 100,000 people.

The candidate has made some logical assumptions, one of which may be a stretch but which simplifies the analysis. As long as the candidate acknowledges that the assumption is simplistic, the interviewer should have no problem with it.

Candidate: So now let's move on to the concerts. I'm going to assume that there are about 50 concerts in the Rose Bowl every year, roughly one a week. Some will sell out, others will not. Let's say that the average attendance at these concerts is 80,000. So this means that there are 4,000,000 people that go to concerts at the Rose Bowl. Unlike sporting events, you're probably not going to get a lot of repeat visitors, so let's say that there is no overlap with either college football, soccer, the Super Bowl, or other concerts.

Therefore, we have 4,000,000 from concerts, 350,000 for college football, 240,000 for soccer, and 100,000 when the Super Bowl is in town. So I'd guess that about 4,690,000 different people per year visit the Rose Bowl.

The candidate has successfully avoided getting too detailed, which would create headaches in tracking all the numbers.

Business Operations Questions

Case 5

A leading breakfast cereal manufacturer has hired you to determine why its profits have taken a dive in the last year. What should it do to improve its performance?

This is a typical case of declining profits. The interviewer is exploring the candidate's understanding of basic business concepts and the logical components of operating a manufacturing business.

Bad Answer

Candidate: Breakfast cereal is a bad market to be in. Customers who used to buy high volumes of cereal for their daily dose have changed their ritual to the Starbuck's model. Consumers now go to coffee shops and drink coffee with a muffin or bagel. Again, it is a bad market to be in. My hunch is that demand has taken a nosedive and our client is becoming very unprofitable as a result.

Slow down. This candidate is jumping in way too fast and drawing conclusions prematurely. The logic isn't terrible, aside from the fact that the interviewer specifically mentioned the problem being in the recent year and the coffee shop trend began many years ago. The candidate has missed a key piece of information, which will be costly.

Interviewer: Let's take this one step at a time. The problem our client is experiencing has surfaced within the past year. Demand for cereal hit a plateau a couple years ago. Given this information, how would you structure your diagnosis of the root cause or causes of this problem?

One more chance! The interviewer is nicely shooting down the candidate's hasty jump toward conclusion, and specifically asking for the candidate to show a structured diagnosis.

Candidate: Okay, so the issue isn't on the customer side. So if revenues are not at issue, then I would look at the manufacturer's costs. The commodity markets for cereal ingredients, such as corn and wheat, have gone up in the last year—I have a buddy who trades commodities for Goldman Sachs and makes a zillion dollars a year—and so I would imagine this client is taking a bath on raw materials.

Strikes two, three, and four. You're out! No one said the problem wasn't on the revenue side. What about competitors stealing market share? What about customer preferences changing? Additionally, the interviewer is assessing the candidate's knowledge of commodity markets and certainly doesn't much care about the friend's high-paying job at Goldman. Further, the candidate has quickly revealed his ignorance that complex manufacturing plants are more dependent on managing intense fixed costs than anything. Not to say variable costs aren't also critical. In any event . . . see ya!

Good Answer

Candidate: If profits have dropped, then either revenues have decreased recently, costs have increased, or both. Let's start with revenues. Has there been a drop in revenues recently? Specifically, have any changes in sales volumes or product pricing occurred, which would bring revenues down?

The candidate has shown that she understands the profit equation. She then proceeds by confidently diving into revenues. Also, she asks the question of revenue decline while at the same time demonstrating her understanding of its components, price, and volume. She may have scored additional points by mentioning potential reasons for price and volume changes, but she may be focusing on just gathering information up front, which is fine.

Interviewer: Yes, there have been changes to the client's revenue picture. Sales have dropped by 5 percent. Pricing has not changed.

Candidate: Okay, if pricing has not changed, then volume of cereal sales has declined. Let's explore this in greater detail. A decline in volume could be tied to a shrinking cereal market or to a reduction in market share. Perhaps the market for cereal is on the decline, say due to an increase in substitute products at coffee shops, for example.

She is staying true to her structuring by methodically investigating the problem. At this point, she begins to point out possible levers to shrinking volume. In doing this, she shows two high-level areas potentially responsible, namely market share or market size. Further, she presents a creative and logical rationale for why the market may be shrinking.

Interviewer: That's an interesting hypothesis. While the market for cereal has declined in the last 10 years, it leveled off last year and thus a shrinking market does not seem to be our problem here.

Candidate: So our client has been losing market share. Let's consider the reasons for this by looking at competitors and customers. Let's look at competitors first. Have competitors made any major strategic moves recently that may cause customers to buy their cereal over our client's? For example, they may have stepped up marketing efforts, improved existing products, introduced new products better aligned with customers, or lowered their pricing. Have any of these things occurred?

Good. She took the clue to skip market size and move to market share. In doing so, she presents logical reasons why share may be dropping. This is always smart because it serves a dual purpose of demonstrating creative hypotheses, while proactively getting the interviewer to steer you closer to the correct path. She also shows part of the three C's framework by looking at competitors.

Interviewer: Interestingly enough, no. Competitors have not done a thing, but have picked up market share as you mentioned. What about customers?

The interviewer has noted the candidate's consideration of competitors, and is now steering her toward customers to gauge her hypotheses.

Candidate: I would want to assess not only end consumers, but retail customers like supermarkets, mass merchants, and membership clubs. I would segment the end consumers first, to see if there has been a shift in preferences away from our client's cereal types toward those of its competitors, say from sugar to healthy cereals.

Excellent. The candidate highlights that there are two very different groups of customers, the stores that sell cereal and the end consumer of cereal. She also introduces a segmentation strategy, the cornerstone of many consulting problem-solving techniques. In doing this, again, she presents a potential rationale for a shift in consumer preferences.

Interviewer: The client has done extensive market research and found no changes in consumer preferences. In fact, our client's brand has been and remains on top in the minds of consumers. What would you look at regarding retail customers?

The interviewer continues to steer the candidate through the possibilities.

Candidate: Well, considering we have lost market share in a nonshrinking market in which consumers favor our product brand, pricing, and selection over competitors, we may have a supply problem. Have our retail customers had problems with the product supply coming from our client?

The candidate effectively summarizes what she knows so far, showing the interviewer that she is staying on track and is noting clues along the way.

Interviewer: Yes. Stock-outs have been increasing over the last year and retail customers have become agitated with orders frequently not being fulfilled by our client. Specifically, of the five cereal products produced by our client, it is

only the “Amazing Flakes” line that is having problems. Unfortunately, this product is typically 60 percent of sales.

She is now on to something. But a bit of a curve ball has been thrown. The interviewer is now shifting away from the traditional drivers of revenue problems and toward the last of the three C's, the company and its operations. Further, the candidate is being asked to focus her analysis on one manufacturing line, most likely in the interest of time. This is undoubtedly meant to test the candidate's logic around manufacturing operations.

Candidate: Interesting. Okay, the revenue problem is neither customer nor competitor driven, but rather caused by our client's capacity to fulfill orders. Let's scrutinize our client's company to determine what the problem is. Not enough “Amazing Flakes” are being produced, so our client is capacity constrained. Either they have maxed out the production line's potential under efficient conditions and must expand, or something is going on with the line's efficiency. My hypothesis is that the line has stumbled in the last year, since we know that the size of the market has not grown and we assume that our client was able to supply enough “Amazing Flakes” in the past when the line was running well.

This is very good. The candidate shows an understanding of the two primary potential scenarios behind capacity problems. Better yet, she accesses earlier information about a flat market to hypothesize that the problem is one of efficiency and not plant size, since the client once could fulfill demand.

Interviewer: Good thinking. You are correct. Our client knows that expansion is not the answer, plus they are capital constrained as it is. They don't seem to be optimizing their plant's capacity on the Flakes line. Let's explore this. As you do, think about the capacity issue in terms of costs.

The interviewer is asking the candidate to directly talk about costs now. A very comprehensive case indeed!

Candidate: The cost structure of a manufacturing plant will be heavily weighted toward the fixed costs of plant and equipment, and therefore capacity utilization is key—especially if there is sufficient demand. We already know that there has been a drop in revenue, but given the link to our client’s capacity problem, the cost per unit has undoubtedly risen because fewer units are being spread out across the fixed assets. Variable costs—raw materials, for example—should also be scrutinized. Has there been any change in variable cost per unit?

Good demonstration of her understanding of fixed and variable costs as they relate to a capital-intensive manufacturing plant.

Interviewer: You are correct about fixed costs. In fact, the “Amazing Flakes” line was running at 90 percent of its potential last year, but now is being utilized only 70 percent of the time. Variable costs have also gone up per outputted unit, while suppliers of rice, vitamins, and sweeteners have not raised the prices they charge to our client.

Careful here. Variable costs have gone up per box of cereal, but suppliers have not raised prices. The interviewer is seeing whether the candidate can speak immediately to this dynamic. Also, the utilization numbers clearly illustrate an efficiency problem, confirming that the candidate is on the right track.

Candidate: Hmm. The “Amazing Flakes” line is in serious trouble. I would want to conduct a full analysis of the three major aspects of a manufacturing line: Utilization, throughput, and quality. In other words, we want our client to be up and running as much as possible, we want as many boxes of cereal being produced per unit of operating time as possible, and of those units, we want as little waste as possible. With utilization first, we know that the machines are not running 30 percent of the time. This could be due to labor strikes or unscheduled downtime for maintenance. The rise in variable costs indicates that there is a lot of wasted raw materials. Perhaps the machines are not calibrated correctly. How is throughput?

The candidate has impressively showed her understanding of the three logical aspects of a manufacturing line. Again, she is taking clues given to her to present some hypotheses around utilization and quality. This will show the interviewer her creative thinking, while getting the interviewer to reveal which hypotheses are going in the right direction.

Interviewer: Throughput is normal. Talk to me more about utilization. You are right about the machines being down for maintenance more often. What could be happening?

Candidate: Well, the machines may have not been overhauled correctly, they may be just wearing down from age, or maybe the management of the line is less effective than it used to be.

Interviewer: Good point. There was, in fact, a management change last year on the “Amazing Flakes” line.

Candidate: That may be the driver. What changes in management approach occurred with the switch? How about maintenance? The new manager may be doing something different that is resulting in more downtime. Is all the maintenance reactive to a machine after it breaks or is any preventive maintenance down.

The candidate continues to aggressively investigate, while suggesting possibilities along the way. A good combination of techniques that will pay dividends in the mind of the interviewer.

Interviewer: Interesting question. The new manager ceased what he considered the excessive and costly preventive maintenance imposed by the previous manager. But this seems to be a problem since the line is broken 30 percent of the time now.

Candidate: Ah. Yes, it is a problem, but both managers could be correct to some extent. The new manager claims it is not economical to do “excessive” preventive maintenance. The previous manager imposed this kind of mainte-

nance to avoid downtime. What I would do as their consultant is look at all machines on the line to determine failure history of each. I would also rank the level of impact each machine has on the line. I would institute regular and rigorous preventive maintenance on those machines with high-impact (i.e., those that single-handedly could result in line shutdown) and with high failure frequency. In that vein, I would avoid costly preventive maintenance on machines of lower criticality and less frequent mechanical problems. Ultimately, this will allow the client to maximize the value it draws from its fixed asset base in an environment of high demand.

The candidate respectfully hesitates to criticize the current or past decisions of client managers, and cleverly considers optimal and suboptimal aspects of both managers' maintenance strategies. The candidate displays a strong finish by taking the last clue and running with it toward a solid conclusion and recommendation. In doing so, she presents a logical framework of segmenting machines and ranking where each of them falls on scales of both impact and failure rate. She explains that it would be the results of this analysis that would guide the details of a final recommendation.

Case 6

A regional bank interested in expanding beyond commercial banking services has merged with a major asset management firm. They are struggling with post-merger integration and have hired you to help them. What issues would you address?

This question is less investigative in nature, but seeks to evaluate whether the candidate understands what challenges and critical areas a firm in a complex post-merger integration may face. The candidate is charged with structuring and displaying a comprehensive view of issues, as opposed to coming up with specific solutions.

Bad Answer

Candidate: I'll give it a shot, although I have absolutely no experience dealing with merger situations. Don't they usually bring in experts for something like this? I guess what I would do is make sure we get rid of excess people. Mergers are done for economies of scale and the only way to achieve that is to eliminate people. Certainly not a motivating thing for a consultant—I plan on focusing on growth strategy only. Anyway, I would also analyze competitors to make sure they are not trying to steal my customers during the transition period. I would also look at customers to ensure that they know what is going on and are not threatened by the merger in any way. So basically, my approach would use a three C's framework.

Not a strong beginning. No case is going to require that the candidate have situational expertise, but will be designed to see how the candidate thinks. This candidate wavers from the start and begins to make excuses right out of the gate. He also displays a limited view of what might motivate a merger other than to cut costs through economies of scale. A merger could be motivated by access to new customers, access to a specific expertise, geographical coverage, etc. Lastly, frameworks, when forced, will work against candidates. And never assume you know what kinds of cases you will be on. In a down economy, many of the cases done by operations and strategy consulting firms alike are cost-focused in nature.

Good Answer

Candidate: Interesting situation. Let me first give you a sense of how I would structure my approach, and then I will dive deeper into each issue. I would think about this challenge using both an external and internal perspective. Externally, I would consider the customer, first and foremost. I would also manage the impression by Wall Street regarding the merger. Internally, I would break my focus into five categories: organizational, cultural, technological, operational, and strategic.

The candidate lets the interviewer know how she plans on approaching the question. She lays out a simple, yet effective framework for considering the situation. She also lays out her planned areas of focus within both internal and external perspectives. This is valuable on two levels. First, it demonstrates thoughtful structure and gives the interviewer an opportunity to direct you down the most desirable path.

Interviewer: Sounds good. What would you think of first?

Candidate: I would think of the customer first. Depending on how communication has been handled to date, customers may not feel comfortable with the uncertainty that typically accompanies a merger. Risk of customer attrition must therefore be managed. Let's assume little has been done to date. I would first send announcements to my customers explaining the benefits of the merger and expressing our appreciation for their business. Some benefits may be bundled product offerings, access to a greater network of investment research, and better investment and banking rates. I would also have all relationship managers actively visiting and communicating with our most profitable customers. Finally, I may consider a brief survey to gauge customer concerns and preferences.

Smart to pick the customer first. All service businesses should start with the customer. She explains why there may be issues regarding customer satisfaction in the face of a merger, states an assumption, explains the business risk, and then proceeds to suggest several ideas to

addressing the problem. Remember, this is not as much of an investigative case, such as a profitability case, and so this sequence of points is exactly what the interviewer is seeking.

Interviewer: That's great so far. Your earlier point about managing Wall Street is an important one, but let's move on to internal challenges. What issues would you address around culture?

The interviewer wishes to redirect the candidate toward an internal perspective and is satisfied with the candidate having mentioned, and briefly touched upon, the external issues. Points are scored and focus is achieved.

Candidate: With any luck, the architects of the merger carefully evaluated cultural mix before the merger was transacted. Unfortunately, this is often one of the least considered and analyzed factors in a pre-merger situation. I would take a similar path to that taken with my customers. Both formal and informal communication is critical, and expectations, hopes and concerns must be heard and addressed. Additionally, I would encourage all managers to informally meet with employees to gauge potential issues, as well as to communicate corporate strategy. This open communication will help to diagnose cultural issues as they surface. They can then be prioritized and addressed accordingly.

Without being overly presumptuous, the candidate demonstrates some knowledge of typical merger pitfalls and uses this knowledge to logically prioritize her discussion points. Further, as she introduces culture into the discussion, she begins by suggesting the gathering of information, both formally and informally. All effective consulting cases are predicated on gathering sufficient data first, even if the answer seems clear.

Interviewer: You mentioned technology. What would need to be done around technology?

The interviewer is not gauging technical expertise, but the logical connection between technology and a successful and profitable business, especially through a merger transition.

Candidate: I would imagine that there are complicated customer systems that help both companies manage their customers, track profitability, store transaction histories, execute transactions, and so on. Customers may even have access to proprietary account reporting software. Having some experience with financial services, I know that companies often have old legacy systems that are not easily integrated with other legacy systems. I would evaluate the strategic and operational significance of the systems that exist across the two firms and work with in-house technology experts to assess integration options. Technology is a critical part of a merger integration to get right, as any problems in transaction execution, balance reporting or customer information could damage the firm's credibility with clients, perhaps irreparably.

The candidate provides logical examples and draws from previous experience to assist in tackling the situation. As a result, she gains credibility in her views and demonstrates resourcefulness.

Interviewer: What about operational issues? Give me a couple examples of what you would address operationally.

The interviewer seems satisfied with her briefly addressing culture and technology, and now moves the candidate on to operational issues.

Candidate: The merged firm will have to meet the challenge of presenting a seamless, consolidated service for what previously were two customer groups, one commercial banking and one asset management. It will be critical that customers see the company as one and not as two separate companies sharing the same name. Relationship managers will need to be trained across products so they can look out for the best interest of their clients. Call centers will need to function cohesively and may have to be combined geographically. Call center reps will need to have efficient access to accurate customer information, as well as be trained on how to use that information. For example, it makes strategic

sense to flag critical customers so call center reps can provide the appropriate level of service. To do this, it would be necessary to segment the new, combined customer group based on both current and future profitability.

The candidate continues to demonstrate the importance of looking through the customer's eyes. Good consultants must not be overly academic and inward-looking, but rather continuously take an "outside-in" perspective of the business. In doing this, she highlights a very important business point—and one that consultants frequently focus on—which is segmenting the "customer profitability gradient." Customers have varying levels of cost to support and subsequent levels of current and future profitability. These two sides of the customer equation must be used to prioritize a company's focus, as rarely are there enough resources to focus on all customers in the same way and with the same price points.

Interviewer: Yes, I agree. Good point. Since we are running short on time, briefly summarize remaining issues you would address.

The interviewer is satisfied and wants to wrap things up. The candidate has done well in moving through the question with structure and supporting detail. The interviewer wants her to broadly cover any remaining points—often an opportunity to obtain bonus points in the eyes of the interviewer.

Candidate: The organizational structure would need to be assessed. The merger is bound to result in overlap of functionality and a scenario of "too many cooks." Having complementary skill sets across the team would be a key objective. Also, it would be strategically important to analyze what products and services we want to emphasize most, so resources can be focused accordingly. And finally, if I was hired as a consultant to facilitate the integration, it would be absolutely critical to have a cross-functional merger task force made up of client employees dedicated to the effort. Our efforts would be governed by a strict project work plan, with clear timeframes and stated ownership.

Interviewer: Great job. That is a very comprehensive way to look at the problem.

Case 7

The owner of a hip college hangout called “Beer, Spaghetti and Exotic Desserts” recently hired a new manager and bartender to address a slump in customer volume. Customer volume quickly turned around, but the owner has noticed that profits have dropped. What is wrong?

This is an operations case dealing with declining profits. The interviewer has thrown in the additional twist of a business having strong customer volume at the same time as decreasing profits. The interviewer is assessing your ability to use a logical structure to methodically investigate the facts and uncover the solution.

Bad Answer

Candidate: Oh, that’s very straightforward. The problem is linked to the beer. The owner relies on alcohol to make a profit, I’m sure, but most college kids are under age. So while the new manager and bartender have figured out a way to bring more butts to the stools, those butts are too young to buy beer. Also, why would anyone want to have exotic desserts with such options as beer and spaghetti? Exotic desserts are to be savored after elegant, exotic entrées. The strategy just doesn’t make any sense to me.

Huh? The candidate entirely misses the point of demonstrating a structured thought process, by diving to an answer with careless assumptions and arrogant opinions. Remember, it’s the journey and not the destination that the interviewer is most concerned about. In addition, this candidate does not logically address the question of why profits would go down despite the fact that, regardless of beer drinkers, more customers in the restaurant will undoubtedly result in a jump in revenues. So why are profits actually reversing? He misses this concept entirely.

Good Answer

Candidate: Sounds like an interesting hangout spot. Since profit equals revenue minus costs, I would approach the problem by scrutinizing the

components of both. Let's tackle costs first, by considering both variable and fixed costs. Has there been a jump in rent, utilities, or employee compensation?

The candidate clearly lays out the profit equation—this should be automatic when receiving a profitability question. The candidate doesn't waver on where to start, but rather goes into costs, while at the same time demonstrating knowledge of cost components. Additionally, providing examples of specific cost items—as this candidate does—will win more points than simply asking if any costs went up, as it shows more comprehensive, proactive thinking.

Interviewer: Good thought, but no, rent and utilities are pretty much constant, and the owner is paying his new employees at the level of his previous ones.

Candidate: Let me assume that the costs of operating a restaurant are largely driven by the costs of ingredients. Has there been a change in unit costs for ingredients?

Consultants often have to make assumptions along the problem-solving path. You will win points as long as they are logical assumptions.

Interviewer: No.

Candidate: Okay. What about one-time, extraordinary expenses? For example, has there been any maintenance or construction done on the restaurant? Perhaps the owner purchased some new fixtures, tables, chairs, or cooking equipment.

Interviewer: There have been no one-time charges.

Candidate: Okay, let's talk about revenues. I would look at the two factors of revenue, namely volume and price. The new bartender and manager seem to have successfully brought in additional customers, so let's assume the volume of food and beer have gone up. What strategies have they implemented to do this? Perhaps they changed the product mix. Maybe the bartender has convinced the owner to carry more imported beers, for example, or the manager has added

exciting new options to the food menu. Additionally, it is possible that prices have come down on certain food items to an extent that does not offset the volume jump.

The candidate is methodically moving through his framework, while expanding upon it as he digs deeper. Once a framework is presented, it is important to show the interviewer that you have discipline to stick with it. His thought process is very clear as he hypothesizes, demonstrates cause-and-effect logic, and probes for more information from an interviewer who has not revealed much.

Interviewer: No new drinks nor food items have been introduced. The owner believes that the bartender has partially driven new business due to his friendliness, drink-serving speed, and over-the-top enthusiasm. But the bulk of the new volume is being attributed to the manager having introduced an “all you can eat” strategy for its homemade spaghetti. Prices did change, but they went up for spaghetti to directly offset the additional cost of serving more spaghetti to each customer. Other than that, prices have remained the same.

Ah, a new menu strategy. A clue! Be looking for them and you will have better luck spotting them. They will always come and they will be deliberate. Careful of false clues, though. A lack of clues up to this point has been to test the candidate's patience and resolve in moving through the framework. A logical response to this clue would be that an “all you can eat” approach results in providing more food and thus raises costs. Note that the interviewer preempts this response by mentioning an offsetting price rise to the spaghetti special. This signals that he wants the candidate to dig deeper and think creatively.

Candidate: Okay. So we have determined no change in fixed or variable unit costs, no one-time charges, a jump in customer volume, and a raise in spaghetti prices to offset a the rise in cost for customers eating more spaghetti. Something definitely changed, as we still have a drop in profits. The additional volume is clearly driven by the perceived value of the “all you can eat” spaghetti offering. So we assume most customers were eating spaghetti and not other entrees

offered. It is possible that the per-customer profit for other entrées is higher and therefore the owner is not enjoying the profits he may have seen before customers shifted to spaghetti?

The candidate efficiently scores on two levels here. First, he takes a step back to summarize what he has learned so far. This buys him time to think, while demonstrating that he is carefully and continuously considering all the evidence presented. He also shows logic in determining why volume has jumped, namely because of the menu change, while stating a further hypothesis around possible cannibalization of higher-margin entrées.

Interviewer: Good thought process. However, the margins on other entrées are the same or lower than that of the spaghetti. What else would you think about along those lines?

Again, the interviewer continues to present dead-ends in order to push the candidate's thinking. This is common among interviewers. Sometimes there may not even be an answer, but rather they just want to gauge your full capacity for coming up with additional hypotheses and ideas.

Candidate: You said they offered exotic desserts. How are the margins on the desserts?

Again, always be thinking about clues. The candidate has gone back to the very beginning of the case where the interviewer mentioned the name being "Beer, Spaghetti, and Exotic Desserts." Typically, a descriptive piece of information such as this is meant to help (and sometimes confuse) the candidate. Always be reflecting on and considering all pieces of information received along the way. If you are stumped, buy time by taking a timeout and summarizing what you know so far, as this candidate did earlier.

Interviewer: Good question. Dessert margins are extremely high. The dessert chef is highly skilled in exotic and artistically crafted desserts using inexpensive ingredients. Because of the uniqueness and quality of the desserts, the owner has found that customers are willing to pay high prices for them.

Candidate: Ah ha! There is your problem. An “all you can eat” offering of a food that is highly filling to begin with will result in nothing but extremely stuffed customers. When dessert rolls around—no pun intended—the customers will have no appetite to order high-margin desserts. As a result, I would advise the owner to remove the “all you can eat” strategy to bring customers back to eating high-margin deserts, even if it means a slight drop in volume.

Remember that the case should not end with the diagnosis of the problem, but with making a recommendation, even if obvious. You may also score bonus points by explaining what further analyses you would do if given more time. In this case however, little further analyses are needed.

Interviewer: Good job. That is exactly what the main problem was. Under further scrutiny, the owner found there to be one more problem with the business. Any thoughts on what else could be wrong?

Okay, the interviewer has noticed more time on the clock and has decided to push your thinking even further. Again, they tend to do this to measure your ability and appetite for pushing further, even when you feel you have arrived at a solution that seems good enough.

Candidate: How about beer? Alcohol is typically a high-margin item at any bar or restaurant. An increase in customers undoubtedly brought alcohol sales up. Was that the case?

Good. The candidate is not caught off guard, but rather jumps in with enthusiasm by making yet another logical point that extracts from clues in the initial case question.

Interviewer: Actually, no. Alcohol sales stayed the same, despite clearly more patrons sitting at the bar. Further, the owner’s costs paid to alcohol suppliers went up, despite the distribution of customers across beer selections not changing.

Candidate: Well, it sounds like your bartender was very friendly indeed. He was likely giving away comp drinks as a courtesy to customers, without understanding the economic ramifications of his actions to the business.

Interviewer: Correct. Good job!

Case 8

The Director of Purchasing for the aircraft maintenance division of a major airline has asked for your help. His supplier base has grown to more than 500 vendors, who supply approximately 100,000 different aircraft parts to the airline. He has realized that his supplier strategy is suboptimal, both from a cost and efficiency standpoint. How would you help him devise a supplier strategy?

This is a supply chain case that digs deep into how a company should optimize its strategy around suppliers. It is meant to assess the candidate's business logic in a complex supplier environment with a large supplier base, providing parts which range from the very simple to the very complex.

Bad Answer

Candidate: Handling such tremendous volume of parts and suppliers can only be managed through technology. I don't mean this as a cop-out, but it's true. I am sure the client has some technology in place, but they likely need to bring in an IT consulting firm to analyze and install systems to create the best overall solution. Basically, the client should try to weed out a large portion of the suppliers. If the client gives more business to a smaller number of suppliers, they will charge the client less. So it's also about scale economies. Scale economies and technology. That really would help the client out significantly.

Careful of the technology trap. Technology is not a panacea. Aside from that, the candidate has missed the objectives behind case interviews. The interviewer wants to see a structured

thought process. Sure, technology often plays a role in supply chain management, but this is not a technology question. The candidate needs to lay down a structure and then proceed with an analysis that illustrates strong business logic and demonstrates the way the candidate thinks. Scale economics is partly on the right track, but it would be more useful if the candidate elaborated with an example. Plus scale economics may not be relevant depending on types of parts and suppliers being considered.

Good Answer

Candidate: Wow, a lot of suppliers to handle, indeed! The first thing I would do is make sure I have all the necessary data consolidated in a database from which I can efficiently run spend analyses. From that I would segment the vast supplier base into manageable buckets from which to establish different purchasing strategies. An airplane is mixed with parts of different levels of criticality. The first bucket could consist of highly critical items linked to safety, such as navigation equipment, flight controls, and engine components. The second bucket could cover low-tech, commodity items such as basic nuts-and-bolts hardware, paint, wire, etc. The last bucket could contain items not critical to safety, but highly important to customer satisfaction, such as interior fabrics, seats, and in-flight entertainment systems.

Data management is critical given the scope of parts and the volume of suppliers who provide them. The candidate shows his understanding of this by suggesting the database. He then moves into his approach by discussing segmentation, both of parts and suppliers. This is a pervasive technique in consulting and critical to analyzing vast amounts of data. The candidate confidently settles on three “buckets” to work from and presents a logical rationale behind this segmentation. Overall, he is off to a good start by presenting a solid foundation from which to begin considering supplier strategies.

Interviewer: That seems like a good way to handle the mass of information. What would you do next?

Candidate: Once suppliers are segmented, I would establish decision criteria around what is important to the client in each of the three buckets. For highly critical items, logical criteria would be quality and reliability—cost would be secondary. Strong supplier support and priority service would also be important, so if an aircraft is grounded due to maintenance, they could be relied on to get it back flying as soon as possible. For commodity items, cost is a major concern. By definition, these items are straightforward to manufacture and can be bought from many different suppliers. The third bucket is trickier. The items are not safety critical, but will influence customers' desire to fly the airline over competitors, thus impacting revenue. Cost is a key criteria item, while ensuring innovative design that appeals to the customer.

Excellent. The candidate has gathered information, managed it through segmentation, and has now established decision criteria to guide strategy. He has thus presented a very structured approach that is logically sequenced. He has also linked supply-based decisions to the impact on revenues, namely grounded planes and customer choice.

Interviewer: That makes sense. Now what would you do?

Candidate: In each bucket I would next analyze the spend profile. Specifically, I would see how total costs are distributed across different parts and suppliers to understand what is driving the majority of my costs. This would allow me to focus my effort efficiently and not chase down cost reductions or quality enhancements for every part and every supplier, but rather just the primary ones.

These kinds of cases are very much about sifting through lots of data to pinpoint where the leverage is. His technique is correct. He is suggesting further segmentation within each parts category to identify the leverage. It is called the Pareto Principle—or more commonly, the 80/20 rule—and it refers to the common business fact that 80 percent of the value can be found in 20 percent of the factors, in this case it regards suppliers and parts.

Interviewer: That seems logical. Could you provide an example?

Candidate: Sure. Let's take the commodity bucket. Let's say that of 1,000 parts, I notice that 50 percent of total cost is spent on fuselage rivets, versus 1 percent on three-inch washers. I would thus scrutinize the suppliers of fuselage rivets and not washers. Then let's say that I see that 80 percent of the total spent on fuselage rivets goes to one supplier, whereas 20 percent goes to a remaining 24 suppliers of rivets. I may then focus any negotiating effort for a price reduction on the primary supplier and not all suppliers. An alternative strategy would be to tell all 25 suppliers that I am going to consolidate down to one primary and one secondary supplier of rivets. This would create a competitive bid situation, which will likely yield better pricing for our client. There would be great incentive for the suppliers to drop prices since they could win a large piece of our business, but also since picking up volume would lower their manufacturing costs by increasing capacity utilization and spreading out their fixed costs. I should note that the actual analysis would likely be more complex due to suppliers spanning across several different commodity types. Such a strategy may not work in other buckets if suppliers are differentiated, there are few suppliers, or switching costs are high for our client.

Always be prepared to elaborate with an example and to illustrate with numbers. Interviewers love it. It demonstrates further analytical horsepower. The candidate clearly illustrates the concept of the 80/20 rule here. He also shows an understanding of potential negotiating tactics available, given the example. In doing this he demonstrates a win-win approach by suggesting a supplier would have the incentive to lower prices, win more volume, and therefore benefit by covering more of its fixed costs. Additionally, being unsure of whether time is running out in the interview, he scores extra points by suggesting added complexity requiring consideration in a real life situation. If the interviewer wants more on that added complexity, he will ask for it and it won't be a strike against the candidate. Finally, he clearly points to drivers of the buyer-supplier balance of power, recognizing that strategies will differ depending on that balance.

Interviewer: You seem to have a good grasp of controlling supplier costs. You have laid out a good “buy for less” strategy for commodity suppliers. What other strategies might you consider to improve efficiency and cost across all buckets?

The interviewer seems content with the one strategy example for a specific bucket, and now wants to push your thinking further on general supplier optimization strategies that span all buckets.

Candidate: Inventory management is a critical factor across all buckets. If our client is out of stock of parts when they need them, it could result in costly grounded planes. Additionally, having too much inventory on hand results in high carrying costs. I would work closely with primary suppliers to ensure that the latest inventory management techniques, such as just-in-time and vendor-managed inventory, are in place. Technological tools can also be leveraged to improve coordination with suppliers, demand forecasting accuracy, logistical flows, and transactional efficiency. Also, if our client is part of an airline consortium, it would be valuable to leverage their overall buyer power and share best practices regarding supplier management. Lastly, I would involve suppliers in future solution design decisions to drive toward more standardization, simplified specifications, and rationalized requirements.

A discussion around supply chain is not complete without some mention of controlling the flow and timing of goods to the buyer. This candidate seems to have an additional grasp of some of the techniques out there, such as JIT and VMI (this terminology would not really be expected). Such complex supply chains will undoubtedly rely on effective use of technology to manage them. The candidate sees this, which will score him points, as well. Finally, the candidate goes above and beyond by speaking to the potential advantages of leveraging airline consortiums and involving suppliers as partners in design decisions—again a win-win perspective.

Interviewer: Good job.

Business Strategy Questions

Case 9

A small manufacturer and distributor of women's surf clothes is considering selling to high-end boutiques and has hired you to help out. What kinds of issues would you think about to help it make the decision?

This is a case about entry into new channels; the issues are similar to market entry cases.

Bad Answer

Candidate: Selling surf clothes in high-end boutiques seems like an absurd idea. I've never seen them in any boutiques I've been in. I'd tell the client not to do it.

What is the analysis based on?

Interviewer: Well, the client is fairly serious about it. The average selling price is much higher in boutiques than it is in surf shops, so it may represent an interesting opportunity.

The interviewer is giving the candidate a very clear hint, and is also providing her with some data that she will want to factor into your analysis. In these cases, take the hint and reconsider.

Candidate: Yeah, but I still don't think that it's a good idea. I just don't think that surf clothes and boutiques match. I bet if I talked with a bunch of my friends, they'd all say the same things.

The candidate has not taken the hint, and the interview is essentially over. It's important to avoid starting with a strong bias as you go into a case.

Interviewer: Oops! I forgot that I scheduled a conference call during this time. Maybe we could reschedule.

Or maybe not.

Good Answer

Candidate: I hate to sound overly structured, but I think the 3C framework will work nicely here, and help me to organize my thoughts and analysis. So I'll discuss the customer, the competition, and the company in that order. First, let's talk about some information that I would need about customers. Do people who shop at surf shops also visit boutiques? Or is the client trying to attract a new base of customers by selling through boutiques? In essence, what is the target market for both the surf shops and the boutiques and how do they overlap or differ? This would answer questions about cannibalization of the existing customer base.

This is a good use of a framework to set up the answer. When you so apply an off-the-shelf framework like the 3Cs, be sure that it is appropriate. Interviewers tell us that they really dislike it when candidates struggle to bend a problem to an ill-fitting framework.

Interviewer: Okay, so you would want to know about who is buying the clothes. In the apparel industry, there are really two sets of customers: the retailers and the consumers. What type of information would you want to know about the retailers?

The interviewer is leading the candidate down a specific path, so by all means she should follow it!

Candidate: Ah, good question, I need to consider the channel. First off, I'd want to know something about the size of the boutique market: is it big enough to sustain a new product introduction? Also, what are the economics of serving the boutique market? And, perhaps most importantly, would they be interested in buying our product? Is surf wear "in"?

Interviewer: All good questions. It turns out that the average selling price of clothing at boutiques is significantly higher than at surf shops—this shouldn't surprise anyone. Also, beach wear in general is “in” right now, and the client has a fresh, youthful brand. What concerns the boutiques, though, is price competition from other retailers: they do not want to see a piece of clothing that they sell at their store for sale at a surf shop for two-thirds the price. How does this impact the decision?

The interviewer is taking an active role in leading the discussion, even though he is starting to take the candidate away from his framework. Remember: being too rigid in your frameworks is almost as bad as using the wrong framework. It's doubtful that you will ever be able to march all the way through an interview by sticking to the same framework. Use it as a crutch when you get into trouble, but rely primarily on the interviewer—not the framework—to guide you.

Candidate: Well, the margins seem to be pretty good at the boutiques, assuming that costs to serve are relatively similar for surf shops and boutiques. And our brand and type of clothing seem to fit with their needs. The question will be avoiding channel conflict. There are a couple of ways to get around this. One is to simply avoid geographical overlap by selling to boutiques in one geography and surf shops in another. Another is to create a new line of clothing that is branded separately from the clothing the client sells to surf shops.

Interviewer: Good. What else would you want to know?

Now is the time when the candidate can get back to her framework. The interviewer is clearly satisfied with this line of analysis and is ready to move on.

Candidate: I would want to know about the competition. What types of surf clothing exist in boutiques now? This would help the client assess share of wallet at the boutiques and assist in profitability analysis. Also, what type of competition exists in surf shops? And what is the nature of that competition: is

it based on price, fashion, fit, quality, or other factors? If the client is successful in moving into boutiques, who is going to follow? Can the client establish any barriers to entry?

Interviewer: What type of barriers to entry are you thinking about?

Be careful which buzz words you use when using frameworks because interviewers will pounce on them and see if you know what you're talking about or if you're blindly trying to impress him.

Candidate: I was thinking about things such as a strong sales force, exclusive agreements, production scale.

Hopefully the candidate was actually thinking about these things. . . .

Interviewer: You mentioned the nature of the competition. How would you test whether or not the competitive environment within this new channel would be the same as the traditional surf shop channel?

Candidate: There may be examples of other channel expansions within the apparel industry that I could take a look at, but my operating assumption would be that because the same set of competitors would be involved, the nature of the competition would be the same.

Interviewer: Good. I want to touch upon how the company's operations would change to serve this new channel. What type of new capabilities do you think they would need to add?

The interviewer, again, is taking an active role in structuring the interview, and it's the candidate's role to take the lead.

Candidate: Well, I mentioned the sales force earlier. Because the buyers are likely different, the client would probably have to develop a new sales force targeted at this new channel. These sales representatives would need to have a

broader understanding of fashion trends and not just specialize on surf apparel trends. In addition, design and manufacturing processes may need to change—perhaps the boutiques require a different type of merchandise with more emphasis on fashion than on function. And, the client would need to assess capacity requirements: can existing capacity be used? Or do new plants need to be built?

Interviewer: Good analysis. Now let's talk a bit about your resume.

Case 10

Your client is a large owner and operator of hotels and vacation properties. It also runs a highly successful rewards program that gives guests the opportunity to earn points for each stay. The company is considering partnering with small bed-and-breakfasts and offering guests the opportunity to earn points for stays at participating B&Bs as well. Should it go ahead with this partnership? What should it think about in order to make its decision?

This is a classic strategy question: how to grow and how to grow profitably? There's clearly a lot of information missing, so half of the problem will involve getting the right information out of the interviewer.

Bad Answer

Candidate: Chances are that a lot of hotel chains have looked at this as an opportunity, and because they haven't done it, my inclination would be to say that it's probably not a good idea.

Don't lead off with a conclusion, because what the interviewer is looking for foremost is the thought process and logic for dissecting the question.

Interviewer: I don't know if that's true, but even if it is, the client believes that it has some strong competitive advantages that might make it successful.

The interviewer is leading the candidate to the trough, hoping he will drink!

Candidate: But there are thousands of B&Bs out there—there's no way that the client could sign up all of them, and only signing up a few would not be worth the time. The execution of the strategy would be very difficult.

The candidate has skipped to talking about the implementation and, while important, it is not the focus of the question. He also has not taken the clue and is going to have a very difficult time recovering to save himself.

Good Answer

Candidate: Well, we're going to want to weigh the advantages of such a program against its costs and risks. First, I'd like to ask a couple of questions. First, what types of customers does the client target? Second, what types of hotels does the client operate? And third, I want to get a sense of how the proposed partnership might operate; I need to address what the revenue and cost structure would look like.

This is a much better and safer approach. The candidate has set up a loose framework (cost-benefit analysis) and has probed for more information. It's a good rule of thumb to force yourself to ask a question of your interviewer after hearing a case. It will almost never hurt you to do so, and will allow you a little more time to prepare your own thoughts.

Interviewer: Let me answer the third question first. The way the program would work—and it's your job to determine if there are any other ways to structure the flow of funds—is that each B&B would pay the client an annual membership fee to be part of the network. Customers would then be able to earn reward points each time they stayed at the B&Bs, and also redeem their points at these participating B&Bs. In return, the client would provide them with access to the centralized reservation service and allow them to advertise the fact that they are part of our network.

Candidate: And would members of the reward program be able to stay for free at the participating B&Bs?

This question demonstrates understanding of the program and shows that the candidate has been listening attentively.

Interviewer: Good question. That's up for discussion. Now you also asked some questions about the customer base. What specific information are you looking for and why do you want to know about it?

Beware of asking questions only to fill time. Interviewers want to know that you're thinking before you're talking.

Candidate: What I'm looking for there is a sense of overlap between the customers in the reward program and those who visit B&Bs. We need this to get a rough estimate of demand.

Interviewer: I see. The client owns and operates higher end hotels that are primarily used for business purposes. The average customer is wealthy, lives in the suburbs, and travels significantly. The customer base is highly loyal and redeems points on vacations. Moreover, the customer plans vacations around his or her ability to redeem points for free stays; as an example, a customer will go to Park City instead of Vail for a ski vacation if he or she is able to stay for free.

The interviewer has revealed a lot of information about customers and customer preferences. It's important to note that some of the data that the interviewer gives you will be more relevant than others; it's your responsibility to sift through it.

Candidate: Interesting. Because the customers are redeeming their points on vacation, I'm going to assume that they're not currently staying at B&Bs, because they can't redeem their points there. But would they stay at B&Bs if they could, or are they so used to large hotels and all of the modern amenities that are associated with them that these customers would not stay at B&Bs?

This is the appropriate time to start making assumptions; the candidate has demonstrated an understanding of the situation and has asked a lot of questions. Something to think about: If you're halfway through your allotted time and you're still only asking questions, you may want to think about initial conclusions to focus your analysis and line of questioning. The interviewer will challenge your assumptions if she disagrees with them.

Interviewer: Another good question. The client recently conducted a survey that said that customers are seeking less adventurous vacations and are staying closer to home. They prefer a quieter, more removed setting.

Candidate: Which is what a B&B offers, I imagine. So there is demand for the program, at least from the existing base of reward program members.

The candidate has established a lot of credibility with the interviewer by immediately incorporating the information given and linking it to her line of logic.

Interviewer: It appears so.

This is a critical time in the interview. The candidate has made some initial conclusions, but the interviewer is not going to provide guidance on where to go next.

Candidate: But what we must also consider is whether or not there would be demand for the B&Bs for this program. Reward program members, it seems, would only be staying at B&Bs if they could stay for free by using points, so the B&B owners would be providing a room for free. If all they get from the client is access to a reservation system, which we've already established wouldn't be that useful if the B&B is only being used for free stays, it doesn't sound like a very compelling value proposition.

This is a nice summary of how a B&B owner might react to the proposed partnership arrangement and also shows that the candidate remembers the structure of the program that the interviewer gave at the outset.

Interviewer: I agree. But from our client's perspective, I hear you saying that it may be an attractive program because it responds well to customer priorities. What could our client do with the structure of the program to make it more attractive to the B&Bs?

The interviewer is clearly impressed with the candidate's analysis thus far and has asked her to consider restructuring the initial proposal. If you get into these types of details during a case interview, it's a signal that you've done very well.

Candidate: Well, the client is going to have to make the financials much more attractive to the B&B owners. The client could reimburse the B&B owners for the cost of the room or pay the B&Bs an annual fee instead of vice versa. Of course, these costs would need to be weighed against the revenue the client would receive for offering the program, which is the estimated increase in number of paid stays at the client's hotel network.

There are a lot of other potential adjustments to the program: for example, midweek stays only when the B&Bs are likely not at capacity (and therefore not losing marginal revenue), requiring a three-night minimum where the customer pays for two nights, and so on. Don't make a laundry list; the interviewer would rather hear how you would analyze whether or not your idea will work.

Interviewer: Great. Let's move on to another case.

Case 11

A camera company has stumbled on a compound that helps extend the life of cut roses. It wants to know if it should introduce the product and how to price it. The firm has collected the following data and wants your assistance in analyzing the data and making a recommendation:

- One billion roses are purchased each year in the United States.
- The average rose costs \$2.
- There are 50 million unique buyers of roses.
- The chemical extends the life of cut roses by one week.
- There are five other products on the market that extend the life of cut roses from two to five days.
- Five grams per rose of the new chemical must be present in order to be effective.
- It costs \$0.02 per gram to manufacture the new chemical, including fixed and variable costs.

Pricing cases are very common. It is also common that the interviewer will give you a lot of information upfront. If the interviewer doesn't give you a sheet of paper with the data, make sure you write it down. Also, understand that there is likely going to be more data that you're going to need to gather as you go along. Because the interviewer is specifically asking for the price of the product, you're going to need to perform a pricing analysis, based on the benefit created by the product and an estimate of how much of the benefit the company can capture.

Bad Answer

Candidate: The market is \$2 billion, which seems pretty big to me. However, it's a camera company we're talking about, and they probably don't have a lot of experience in this area, so maybe they should consider selling the product to someone with more experience.

It's always dangerous to jump to conclusions so quickly. The interviewer has given the candidate a lot of information, and obviously expects him to do more with it than multiply the number of roses by the average cost of the rose. And though it might be a good idea to talk about execution, leave this to the end of the discussion.

Interviewer: Interesting thoughts, but I'd like to focus on the viability of the product and its price. Does the data shed any insight into whether the client should commercialize it?

The candidate is getting one more chance.

Candidate: Okay. There are five competitors out there, which is a lot, and our product is only marginally better than theirs, so it's going to be pretty tough to get share without really lowering the price, so I don't think that it's going to be profitable.

Snap judgments are never a good idea. Real clients pay consultants a lot of money to be thoughtful. This interview is over.

Good Answer

Candidate: Before we get to pricing, I want to talk about market sizing: is the market big enough to be attractive? If the market is attractive, then I'll talk about pricing and, since you gave me cost information, we can talk about profitability. If the product is viable, then we'll investigate what the competition looks like and whether or not the company has the capabilities to execute.

A nicely structured overview. Note that there is a decision tree here: if the market is big enough and the product is profitable, then the candidate will discuss the competitive environment and implementation.

Interviewer: Sounds good to me.

Candidate: First, the market size. The annual market size is \$2 billion, which is certainly not small. Do we have any idea about growth rates?

Interviewer: The cut roses market has been growing at about 5 percent per year and is expected to continue to do so.

Candidate: Okay, so we have a pretty large market with solid—if not spectacular—growth. Seems too big to ignore. So I'll move onto the profitability of the product.

As a rule of thumb, market sizes in strategy questions will always be big enough. Otherwise, the case ends here and the interviewer will not get any real insight into the candidate's analytical skills.

Candidate: The way I'm going to approach the pricing of the product is to assess how much value our product creates for customers, and then use the data you gave me about value capture to determine the price. The benefit that the product creates for customers is that it extends the life of cut roses by a week. To quantify the benefit, though, I need to know the percentage increase in life: what is the average life of cut roses without any chemical supplement?

The candidate is thinking out loud and explaining exactly where he's going. This gives the interviewer a chance to see the candidate's logic and redirect if necessary.

Interviewer: About a week.

Candidate: Okay, so we're essentially doubling the life of the roses. I'm going to assume, therefore, that we're doubling the "value" of the roses to the customer, though this may be overstating things because the perceived value to the customer may decrease over time. Now I need to get a sense of the current "value" of the roses to the customer to quantify the delta. From the data you gave me, there are 50 million buyers of roses buying one billion roses, or 20

roses per buyer. Each buyer is spending \$40 on roses per year, which I can equate to be the perceived value. If the chemical is doubling their value, then the new perceived value of roses per buyer per year will be \$80. The value the product is creating is \$2 per rose. These numbers seem a little strange—how am I doing?

A little advice: It's okay if the analysis that you're doing seems a little awkward to you and the numbers a little out of whack. The interviewer is testing your ability to manipulate a data set. But if you feel uncomfortable, check in with the interviewer, like the candidate has done here.

Interviewer: I think your assumption that we're going to double the value of the roses is a little off. The client has done a little research and found out that by doubling the life of the rose it only creates about \$0.50 of value per rose. Most of the perceived value to the customer is wrapped up in buying the roses and enjoying them for the first couple of days.

Remember, this is a two-way street. The interviewer is there to help you and will appreciate your sanity checking your own analysis.

Candidate: That feels a little better to me. So the product could theoretically be priced at \$0.50, assuming that the client is able to capture all of the value created by the product. But this is probably unlikely. Are there other examples of recently introduced products that could be used as benchmarks?

The candidate is suggesting a means to gauge price range for the product by conducting a specific analysis. This will resonate strongly with the interviewer.

Interviewer: Products that have been priced in the manner you are suggesting—“value pricing”—have captured anywhere from 25 percent to 75 percent of the value they create.

Candidate: Okay, let's take the average and assume that our product will capture 50 percent of the value. So we price it at \$0.25 per rose.

Interviewer: And what does this imply about the profitability of the product?

Candidate: Well, it costs \$0.02 per gram to make the chemical, or \$0.10 to create enough chemical to sustain one rose. This means that our margin would be about \$0.15 per rose.

Interviewer: Are there other costs that we need to consider?

This is certainly a leading question—the answer is going to be a categorical “yes.”

Candidate: Ah, you gave me manufacturing costs. There are probably distribution costs, packaging, sales, and indirect costs that are going to be associated with the product. Do we have an estimate on what those might be?

Interviewer: All other costs are another \$0.02 per gram.

Candidate: So now we're up to costs of \$0.20 per five grams. This makes our margin \$0.05 per 5 grams, or 20 percent. The profitability seems viable, so now we need to consider the competitive environment. You mentioned five other competitors. Can you tell me anything more about the individual competitors or the nature of the competition?

The candidate has wrapped up the profitability analysis and made the logical jump to talking about the competitive environment, consistent with your initial framework. At this point, he is probably a little tired from the profitability analysis, so it's a good time to ask an open-ended question.

Interviewer: Competition is fierce. The largest competitor has well-established distribution agreements and a strong brand. It has a history of engaging in price wars. In fact, prices of similar products have fallen 30 percent over the last year and several other companies have exited the market.

Candidate: Well, this doesn't sound too promising. And, given that the client is a camera company and may not have any experience with this type of product or the market, maybe it's not such a good idea to enter the market. Plus, it may distract management attention from other, more core products.

The new information about the competitive environment does indeed change the analysis. The candidate has done a good job of incorporating it quickly into his own thinking; it's also always a good idea to discuss the opportunity cost of a new product or service, as he's done here by mentioning management focus.

Interviewer: I agree. But at the same time you've concluded that it's a potentially profitable product. Can you think of ways the client could capture any of the value or is it a lost cause?

Again, a leading question. The interviewer is testing the candidate's creativity.

Candidate: Well, one idea might be to sell the product to an existing player. Another might be to go after different customers—for example, sell it to flower store owners. And a third idea might be to invest in research to see if the product has any other uses.

The candidate has passed the creativity test nicely.

Interviewer: Good thinking. I think you did a fine job on the case.

Case 12

Your client is a large private equity firm. It is looking into “rolling up” the tow-truck industry; that is, buying many small- and medium-sized firms and combining them to create one, larger firm. It wants your help in assessing industry attractiveness.

Don't be intimidated by the jargon. This is a classic industry attractiveness question and should be treated as such.

Bad Answer

Candidate: I'm going to use the 3C framework for this case: company, competition, and cost. First, I'm going to talk about the existing tow truck companies, then the competition between them, and finally the cost of purchasing the individual firms.

The candidate has awkwardly tried to apply a framework that doesn't work in this case. The 3C framework should be used for new market opportunity questions, which is not the case in this example. The interviewer is going to be wary.

Interviewer: What the client really wants to know about is the attractiveness of the industry; you've mentioned a couple of the aspects, but I didn't hear anything about customers or barriers to entry. Should we be considering those things as well?

This is one nice interviewer. She is almost spoon-feeding the candidate a framework, which the candidate should easily recognize.

Candidate: I'll get to that at the end; I've never been a consultant before, so I'm not too familiar with the frameworks. The 3C framework is one that works for me, so if you don't mind I'm going to stick with it, even though it might be a little messy.

Hopefully the candidate didn't make quotation marks with her fingers when she said "framework." Interviewers are looking for your ability to be flexible and comfortable with new problems. Don't force-fit a framework.

Good Answer

Candidate: The client has asked me to assess industry attractiveness. This seems like a pretty good opportunity to use Porter's Five Forces. So I'm going to follow that framework. First, the buyers: what is the relative power of customers? Well, when you get your car towed, you certainly feel powerless!

Humor is a little risky, but may break the ice a bit if you think the interviewer will enjoy the levity.

Candidate: I do think, though, that this is important. Customers need to get their car back, and must pay the exorbitant fees that are required to get their car out of the lot. In addition, they are somewhat price insensitive and willing to pay whatever it takes to retrieve their car. So, from a bargaining power of suppliers' perspective, the industry is fairly attractive.

The candidate has given a brief—but effective—overview of one of the Five Forces and come to a logical conclusion. Analysis of all of the categories can take a while, so it's to your benefit to move quickly and let the interviewer stop you in areas where she wants more analysis.

Interviewer: Sounds good to me. What's next?

Candidate: Let's talk about the bargaining power of suppliers. Again, I don't see suppliers having a lot of bargaining power over the tow truck firms. I'm defining the suppliers as the companies that make the tow trucks. I'm also assuming that there are several manufacturers of those trucks. Is this correct?

Interviewer: That's a good assumption. There are quite a few firms that manufacture tow trucks.

Candidate: What about labor? Are there unions that I need to be concerned about?

Interviewer: How does this relate to suppliers?

Candidate: Well, if one union supplies all of the labor, for example, it will be able to exercise a significant amount of control over the labor force, which is one of the key “supplies” that a tow truck firm needs to operate.

The candidate has demonstrated a broad understanding of supplier power.

Interviewer: In the geography where the client is looking to roll up the industry, there are no unions.

Candidate: Okay. So, similar to buyer power, there doesn’t seem to be a lot of supplier power in this industry.

It’s a good idea to summarize whenever you come to the end of a line of logic and, when relevant, relate it to other conclusions that you’ve drawn during your analysis. This gives you a chance to take a breath, and also gives the interviewer a window to ask follow up questions. If the interviewer does not ask any questions, you can feel confident that you are doing a good job thus far.

Interviewer: I agree.

In this case, silence is golden.

Candidate: Next, I’m going to tackle barriers to entry. High barriers to entry may mean large initial capital investments, complicated technology, complex manufacturing processes, or regulatory barriers. Now let’s see if any of these apply to the tow truck industry. In terms of capital requirements, new entrants certainly need a couple of trucks. In addition, the new firm would need access to real estate to store the vehicles once they are towed. Can you tell me how

this works? Do firms own their own storage lots? Lease them? Are there central lots?

The candidate has given a nice definition of barriers to entry and is now addressing them in turn. This demonstrates an understanding of the concept and the ability to take a piece of the framework and apply it. It also helps the candidate organize her thoughts. And remember: ask questions!

Interviewer: The answer is yes. Some own their own lots, others lease. But the majority of vehicles are taken to central lots owned by the municipality. All vehicles that are towed from city streets are taken to these central lots, and you have to have a contract with the municipality in order to bring vehicles there.

Notice how a simple question has revealed some significant insights into how the industry operates. The interviewer is rewarding the candidate for asking the right questions.

Candidate: So the vehicles that are brought to other locations have been towed off privately held property?

Interviewer: Correct. As an example, if you get your car towed from a mall parking lot, it will be brought directly to the towing company's lot.

Candidate: Okay, so we've just identified another barrier to entry—having a contract with the city. How hard is it to get these?

Interviewer: They're not easy to come by, and you have to pay the municipality an arm and a leg to have access to these central lots.

Candidate: Interesting. So this is a pretty significant barrier to entry, which, from our client's point of view, makes the industry fairly attractive.

The candidate is thinking about what the analysis means for the client. Whenever possible, think about client implications and state them clearly and explicitly.

Interviewer: Good. I think we've done a good job of thinking about barriers to entry.

A sign to move on.

Candidate: We still have to talk about substitutes and competition. Let me address substitutes first. Here, I think the industry is going to be less attractive to the client because towing is really a commodity business. There is certainly no brand loyalty, and little differentiation between the services provided: in the mind of the customer, one tow truck company is the same as another.

This analysis is fairly straightforward, and the candidate has done a good job of hitting the high points without going into too much detail.

Interviewer: Makes sense to me; I've never heard of someone talk about brand loyalty and tow truck companies in the same breath.

A consultant's feeble attempt at humor.

Candidate: Finally, we get to competition, or rivalry among firms. Based on the analysis of substitutes that I just did, I imagine that there is a lot of competition because the product is not unique.

Interviewer: What type of competition, specifically?

Candidate: For commodity products, competition typically revolves around price.

Interviewer: But you mentioned at the beginning of the case that buyers are fairly cost insensitive.

The interviewer has moved into a different mode and is now challenging the candidate. If you get into one of these situations, do not take this as a sign that you are doing poorly. The interviewer is trying to see how you react to a more direct line of questioning. Just keep your cool.

Candidate: I think in this case the price competition would mostly be around how much the tow truck companies would pay for the right to tow. We mentioned the contracts with the city earlier, but I imagine that tow truck companies must pay for access to vehicles that are towed from malls, accident scenes, etc.

The candidate has kept his cool and explained exactly what he means about price competition. The candidate has also made some reasonable assumptions about how the industry might work—even if it is completely off, the logic is rational, and this is all the interviewer cares about.

Interviewer: I see what you mean, though isn't this at some level a discussion of supplier power since these industry participants are supplying the tow truck companies with the right to tow?

The interviewer is now playing "bad cop" and trying to fluster the candidate by telling him that he forgot about a key supplier. This will happen: don't worry about it.

Candidate: Yeah, I guess you're right. I'm glad we at least got to it, though.

Interviewer: So what does this mean for our client?

Candidate: It means that the industry—at least from a competitive point of view—is unattractive. So if I can summarize, the industry is attractive from a buyer power and barrier to entry perspective. It is less attractive in terms of substitutes, competition and, in light of the analysis we just did, supplier power.

Interviewer: So, what would you tell the client?

Candidate: Overall, the industry is unattractive and the client should not seek to roll up the industry.

To the interviewer, the final conclusion is much less important than the subsequent analysis.

Resume Questions

Case 13

After one year with our firm, what would our formal evaluation of your performance look like?

This is merely a creative way of asking the very typical interview question regarding your strengths and areas of improvement. The twist is responding creatively, while having some perspective of a timeframe that is a year away. Resume questions primarily aim to gauge your fit within the culture of the organization. Assessing the poise and maturity with which you answer this question is a classic way to measure fit. Additionally, make sure to know the “between the lines” messages of your resume in anticipation of what they may already suspect as a gap with the requirements of an effective consultant in their particular firm.

Bad Answer

Candidate: Comprehensive strengths, no weaknesses! Just kidding. Seriously though, my evaluation would be focused around strengths. It would highlight my superiority in structuring financial analyses, my position at the top of my consulting class, and my ability to tee-up future business opportunities with senior clients. It would also express my strong ability to solve complex quantitative and qualitative problems. As for weaknesses, they wouldn't be around skills so much. I guess I am a perfectionist. I also find it frustrating to problem solve with a group of people. Too many cooks and too inefficient! I am at my best blazing ahead on my own.

Yikes! Cocky humor is risky and will turn people off. Arrogance is unimpressive, even if you perceive your interviewer to be a tad arrogant. Confidence and a positive tone are most effective. With his attitude of superiority, this candidate would quickly alienate his colleagues

anyway, which deteriorates firm culture. He has also expressed ignorance toward the job description. No fresh MBA or undergrad is going to directly sell future business opportunities with senior clients. Their role is to provide good consulting results in order to open the door for partners to discuss future opportunities. Oh, and please, please either don't use the "perfectionist" line or find a better way of saying it. Finally, when discussing areas of development (don't call them weaknesses), talk to addressable items and not deeper personality issues that directly conflict with the nature of consulting.

Good Answer

Candidate: That's a very interesting question. For sake of argument, let me start by briefly laying a foundation of consulting activities I may be evaluated on during that first year. Given my four years' experience at Merrill Lynch, my desire to stay involved in financial services as a consultant, and the increasing operations and strategy work your firm is doing in this space, let's assume this area of activity for my case work.

The candidate does a good job at laying some context with logical assumptions that have the additional benefit of illustrating his knowledge in the kind of work the firm does. He immediately displays a structured approach, even with a somewhat conversational resume question.

Candidate: Let me cover strengths first. First, I am confident that my evaluation would highlight creative thought leadership. Given my experience in financial services and the nature of the project-oriented work I did at Merrill, both in operations and strategy, I will be proficient in finding leverage points and framing the resulting implications in a language the client understands. Also, it will highlight my strong ability for identifying actionable solutions. I spent a year leading a special-project team in Merrill's fixed income operations group, which was very successful due to laying out actionable steps, while effectively managing the 80/20 rule. Finally, my evaluation would highlight my strength in client relations. I enjoy working with people and have effectively interacted with people across many functions and levels in my past experiences.

This is something I will thrive at in serving consulting clients. I believe these strengths will make me a strong contributor to your firm, as consultants need to think creatively, recommend actionable solutions, and have strong rapport and credibility with clients.

The candidate does a great job on many levels. He starts with the strengths first to immediately develop a positive tone. The answer he gives is structured (with a good ending summation) and draws from past project work while establishing relevancy and linkages to consulting. The candidate illustrates skills in leadership, client relations, working in teams, thinking creatively, being action oriented, and managing the all-important 80/20 rule—each important traits of a successful consultant. Depending on time allotment, this candidate could have even gone into more detail in describing his work at Merrill.

Candidate: As I think about improvement opportunities, a couple things come to mind. Consultants convey many of their research, findings, and recommendations in slide presentations. As such, this is a critical art to master. I haven't had a lot of experience in this and will likely have room to improve the packaging of my work. I would address this by writing slides, soliciting feedback, and looking over past presentations that had real client impact. Additionally, my experience to date has had me rolling up my sleeves and doing the execution myself. While I know consultants often get involved in implementation, it is very important to educate the client along the way so they are self-sufficient in the long run. This education mode is something I will improve on over time, as well.

The candidate presents a thoughtful answer that points to fairly common issues among new consultants and that doesn't raise any serious concerns. Both issues are addressable with time. More importantly, the candidate impressively talks to how he would go about addressing the improvement opportunities. Again, showing his orientation for action. Finally, both points further illustrate his understanding of consulting, which is far favorable to a candidate who does not know what he or she is getting into.

Case 14

I see that you worked at a dot com for a year, before moving to a large bank for two years. What do you see as the pros and cons for you of working in a large organization versus a small organization? What would you bring to consulting from your experiences in two very different working environments?

Whether the job history of an MBA or the internship per academic history of an undergrad, the underlying takeaway is the same. The interviewer is probing linkages and consistency throughout the resume, and how the mix of activities has yielded an interest in consulting. Most interviewers are more interested in the person and their story (e.g., motivations, past decisions, professional interests) when conducting resume interviews than in discussing specific bullet points (which they will have already read and evaluated on their own). They are carefully searching to answer not only whether you are right for consulting, but whether consulting is right for you. It is important to be ready to speak to any seemingly inconsistent steps along the chronology of your resume; whether you go from banking to a dot com or banking to the Peace Corps.

Bad Answer

Candidate: Large organizations are too structured. Things take a long time to get accomplished and strategic decisions get stuck in bureaucratic bottlenecks. They also have so many divisions, groups, and layers of decision making, that communication is always suboptimal. Small companies require employees to do everything from fixing the copy machine to ordering supplies to drawing up a strategic plan and executing it. Plus, unless you are among the top brass, you will not reap the rewards if they begin to rocket into financial success. Pros? I would say job security is a pro at a large company and small companies offer employees more access to senior management. My experiences in both environments would make me a good consultant because I have a first-hand sense of these pros and cons.

Pros are a good place to start, rather than cons. But this is the least of the candidate's concerns. He clearly had some bad experiences and is displaying a bitter attitude. His assertions are harsh generalizations about both environments, which may make the interviewer question his interest in the consulting firm itself. The main problem with this answer is it is more accusatory than getting to the pros and cons as they specifically apply to the kind of person the candidate is. Finally, the candidate gave a non-answer for the last part of the question.

Good Answer

Candidate: Recognizing that all organizations are different, I will speak to what I observed in my experiences. I had a very valuable experience at the dot com, both in good times and bad. Entrepreneurship was a pervasive attitude in the company and each individual was encouraged to run with his ideas. This was a good fit for me, as it generated passion and a sense of ownership that made the mission to build something from nothing quite a motivating adventure. I found it a challenge, however, to grow under extreme uncertainty and lack of financial resources. This was a distraction at first and ultimately led to our demise.

Good start. The candidate begins by avoiding generalizations, disclaiming that all organizations are different—Microsoft would not consider itself a typical large company, for example. He also recognizes the positive value of good and bad experiences to a person's development. He clearly highlights the motivating effect on him of an entrepreneurial environment, and then explains, without appearing negative, the challenges of uncertainty and access to capital.

Candidate: As I considered career options, I wanted to maintain the entrepreneurial atmosphere, but in a more structured environment where there was access to capital and a strong support network to feed growth. I found a small incubator group in a large bank and accepted a position where I could leverage my dot com experience in helping grow small companies in our portfolio, while helping to build the group from the ground up. It really was the best of both worlds for me at first. Being a large organization, there were many business

groups with different agendas and priorities that were not effectively communicated. Ultimately the incubator was not absorbed effectively into the organization because of perceived conflicts of interest and a general lack of appetite for a changed business model.

The candidate draws a clear linkage of moving from the dot com to the large bank. He also shows his creativity in finding a startup-like opportunity under the umbrella of a large, resource-rich organization. He goes on to explain the difficulty the company had with accepting change and ironing out real or perceived conflicts of interest across different groups.

Candidate: My experiences taught me a lot. They taught me that I like working on small teams with a clean slate from which to creatively build an optimal path forward. I also found that despite what happened to the incubator group, I enjoyed the feeling of being supported by a larger organization with sufficient resources. Working on a project-by-project basis in small teams within a large consulting firm will meet my interests well. My experiences afford me the ability to work well in small teams and address many different problem types. Additionally, I would bring a strong desire for helping ensure that communication lines are open and efficient across consulting teams and industry practices within the firm, to leverage resources and avoid clashes in strategic directions. Finally, having worked in large and small environments, I would be able to interact effectively with various sizes of client organizations.

The candidate finishes strongly by explaining what he got from his experiences and why it is driving his interest in consulting. He goes on to highlight what of his past experiences he brings to consulting, thus positioning his situation in a unique, value-added way.

Case 15

I see you led a cross-functional merger integration team at General Electric. What is your leadership style?

This is a common yet highly important resume question. The interviewer is trying to gauge how you will structure and lead team-based projects (or modules within a project), how you will develop and motivate others around you (peers, managers, and subordinates alike), and how you will interact with client employees. At the same time, the interviewer is indirectly seeking some description of the specific merger project listed on the resume.

Bad Answer

Candidate: I like to avoid the team dynamic of having too many people providing too many ideas and solutions. I thus like to make it clear that I am leading the project and that while open to suggestions, I will make the final decisions on how we attack a problem. I have found that when people are left to their own devices, projects can skew out of focus and become overwhelming to control. I hold people accountable for their actions and find that to be very motivating.

This candidate is a bit aggressive in his leadership style. He does not demonstrate a strong sense of teamwork. He also does not seem to understand that such leadership tactics used in his previous organization may not work well in a consulting environment. Consulting teams consist of several highly motivated, self-starting, and intelligent people who typically function most effectively under a more collaborative style of leadership. It is important to frame your experiences and style in the context of the position for which you are being evaluated. This candidate also failed to speak about his experience leading the merger team.

Good Answer

Candidate: I first try to learn a little about my teammates. This was critical in leading the cross-functional team at GE, as learning the strengths and experiences of team members from marketing, R&D, IT, sales, and customer support, gave me a comprehensive picture of what needed to be done. This allowed me to carefully structure a work plan with logically assigned roles and under reasonable timeframes. I also find that when a team is part of the plan creation process, they will be more motivated in executing against it.

Good beginning. The candidate seems to be illustrating his style by going down a chronological path of leading a project team. He also brings his experience directly into his answer, while explaining the benefits of his technique. Overall, this candidate clearly conveys that he is a team player.

After putting the plan together, I like to present it to the team for discussion and to clarify primary objectives and action items. I then follow up with team members individually to gauge what they are looking to get out of the project, if they are happy with their role, and if they are clear on deliverables and timeframes. I then let them go at it, without micromanaging their activity. Frequent updates with the team are critical, as I strive to maintain open lines of communication to facilitate knowledge sharing and establish a collaborative team dynamic. In my experience at GE, this allowed me to redirect when necessary and ensured that we were all on the same page. As the project progresses and deliverables start to come in from team members, I like to offer feedback and mentorship so they are able to develop their skill sets in real time. Having said all that, I believe it is important to have some fun along the way. At GE, we would try to have a team event weekly, such as eating at a nice restaurant, playing volleyball, or going to a show together.

The candidate clearly articulated his collaborative style that believes in open communication, encouragement, and feedback. He also made it clear that he has a very tactical style (e.g., plans, deliverables, stated objectives, roles). He has highlighted parts of his style most relevant to the tactical, team-oriented nature of consulting. Plus he expressed the importance of fun, a necessity if one is to enjoy the intense demands of consulting.

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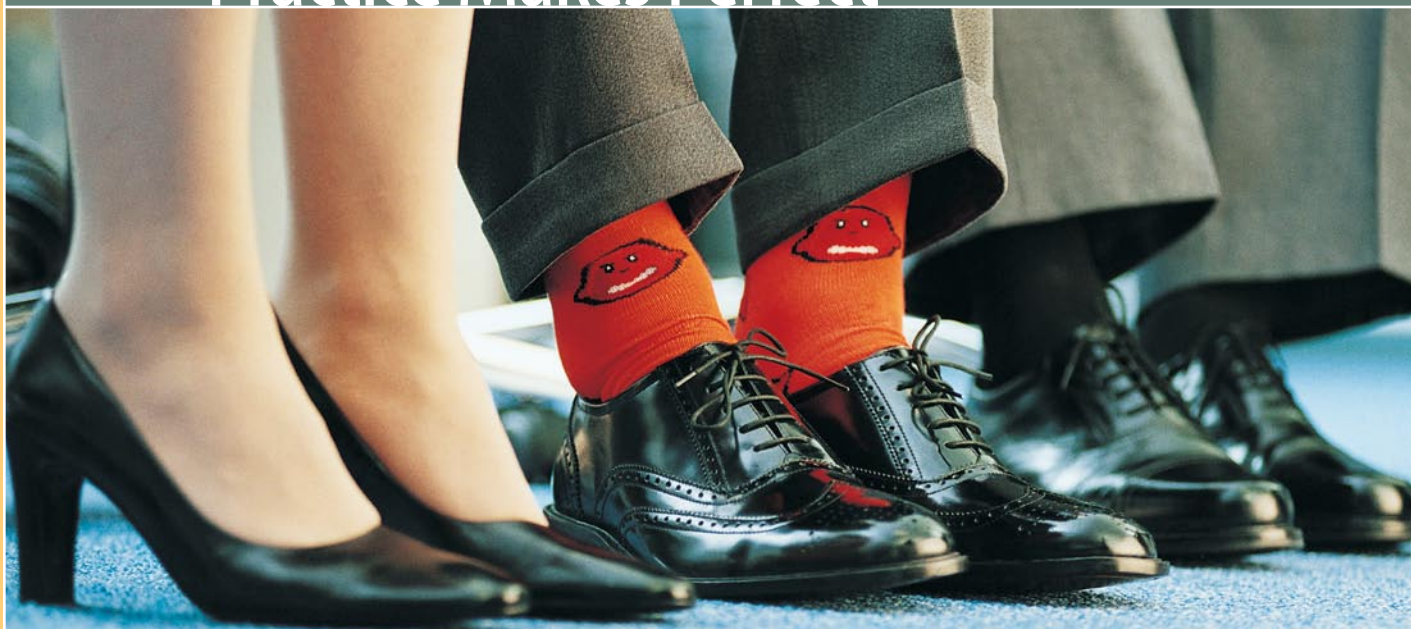
About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

Ace Your Case® III

Practice Makes Perfect



WetFeet Insider Guide

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Ace Your Case[®] II: Practice Makes Perfect

2nd Edition

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Ace Your Case III at a Glance

Case-by-Case Rules

Here's a summary of the different types of cases you'll find in this report, along with some rules that should help you ace your answer.

Market-Sizing Questions

- Use round numbers
- Show your work
- Use paper and calculator

Business Operations Questions

- Isolate the main issue
- Apply a framework
- Think “action”

Business Strategy Questions

- Think “frameworks”
- Ask questions
- Work from big to small

Resume Cases

- Know your story
- Keep the Parent Test in mind
- Let your excitement shine

The Interview Unplugged

- Overview
- The Case Interview

Overview

When it comes to preparing for your case interviews, there's one word and one word only: practice. By now, you're spending all of your spare time thinking about why Dell is getting into printers, why the utility industry is consolidating, and how much mustard is consumed in Idaho. Your family thinks you're strange, but you're on the right track. By now, you're probably even starting to enjoy thinking about these issues. Watch out: You might be turning into a consultant.

This guide is designed to be a companion volume to *Ace Your Case* and *Ace Your Case II*. It offers more-detailed explanations about different case types and more sample questions. We've also incorporated information from you, our customers, about what you're hearing in the cubicle. Many of our sample case questions here are based on real, live case questions that people received in their interviews last year.

For those who haven't seen our other case-interviewing guides, *Ace Your Case* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 3Cs and the 4Ps, not to mention the infamous Five Forces) that should help you attack your case questions. *Ace Your Case II* contains 15 specific case questions and detailed recommended answers.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If you find that our "good answer" differs from yours, see if there's something you can learn from our suggestions. But don't panic—there are usually

numerous ways to answer any case question. It's far more important to note the approach and the likely responses from the interviewer. As you sharpen those skills, keep thinking to yourself, "I love these case questions!" Pretty soon you'll find yourself talking like a consultant!

The Case Interview

Background

Many management consulting firms, especially the strategy firms (McKinsey, The Boston Consulting Group, Bain, Mercer, et al.) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as "case questions," are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four different categories of questions:

1. Market-sizing questions
2. Business operations questions
3. Business strategy questions
4. Resume questions

“ ”

Try to make the interview more of a dialogue between equals. Try to have fun.

(Note that we are not covering the brainteaser category in this Insider Guide. Consulting firms rarely ask brainteaser questions; other types of cases give much more insight into the type of thinking that makes a good consultant.)

Each of these prototypes has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain “rules of the road” that should help you successfully navigate the different types of questions. Don’t worry—you’ll never be asked to spit out a category name and serial number for the questions you receive in the interview cubicle. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn’t the top goal of the technique. According to insiders, case questions really do help them evaluate a candidate’s aptitude for consulting. What does that mean exactly? Whether you’re an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Analytical ability
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving

- Business intuition
- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting fits you. In particular, you must have good answers to two questions: Why do you want to be a consultant? And, why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates, MBAs, advanced-degree candidates, and experienced hires.

Undergraduates

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as are general business strategy problems. In the business strategy area, the companies and the topics may also seem a little more friendly; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular declining-profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences.

Interviewers tell us that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all the standard business-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: Rank amateurs are definitely not welcome. Thus, you must have a general understanding of basic business relationships (e.g., revenues – costs = profits), but don't get your knickers in a knot if you can't name even one of the Five Forces.

Here are a few real, live case questions fielded by our undergraduate customers:

- Your client, a tire manufacturer, is evaluating entry into a new market: the market for four-wheel-drive-vehicle tires. How do you estimate the size of the market?
- What's the weight of the Statue of Liberty?
- If a publishing company wanted to start a new interior decorating magazine, what would it have to think about?
- If you're working for General Mills, and Kellogg's introduces a frequent-buyer program, should you follow suit?

MBAs

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to get several levels down in the answer) and a real familiarity with business concepts. We understand that at least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real, live case questions fielded by our MBA customers:

- How many AA batteries are sold in Montana in a year?
- A bank wants to reduce costs and asks you for advice about closing a specific branch. What should you consider?
- A wealthy entrepreneur has just bought a baseball team, and he asks you for advice on how to show increased profits in a year. What do you suggest?
- A pharmaceutical company is considering changing its sales strategy from using a sales force with geographic territories to using specific locations. What financial analysis would you use to see if this is worthwhile?

Advanced-Degree Candidates (Non-MBAs)

Although consulting firms are attracting record numbers of MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their background.

Whether or not you enter a separate recruiting track, we understand from our customers that the format for the interviews is similar to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you queries. One slight difference is that, in addition to seeing whether or not you can handle the substance of the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don’t require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (your resume is usually a font of material), or they may resemble undergraduate case studies that check a person’s intuition, common sense, analytical skills, and problem-solving abilities.

According to interviewers at the firms, they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn’t necessarily incorporate all the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many windows are there in Mexico City?
- Question for someone who had majored in international relations: Why have missiles with MIRVed warheads caused the most trouble in arms-control discussions?
- An automobile insurance company has asked you to tell it why it has been experiencing a decline in profits.
- American Express has hired you to help it increase the profitability of the Amex Green Card. What do you advise doing?

Experienced Hires

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described in this report. According to WetFeet customers, experienced-hire candidates may or may not face a battery of case questions. There is no hard-and-fast rule, but it seems as though people with more experience (10-plus years), and people who have already worked for a name-brand consulting firm, are relatively unlikely to face a case as part of their review process. In contrast, people who have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e., expect lots of cases). In particular, if you are changing careers (e.g., moving from nonprofit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced-hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to their area of expertise.

Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences derive from the differences in the personalities and experiences of your interviewers. However, several firms have developed their own approach to the case interview. One variation involves giving a candidate a written case prior to the interview and asking him or her to prepare to discuss the case in detail during the interview. We understand that PricewaterhouseCoopers has given preprinted cases to candidates the night before an interview. Monitor Company has used a similar technique in which the candidate will be given materials before the interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem.

One other thing to keep in mind: Recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a "people issue" somewhere in the case. If you're talking with Deloitte Consulting, keep "operations" in mind as you craft an answer—and don't talk about how it's important to work only with the company's top management. And, if you're interviewing with Bain, remember how much importance the company attaches to "measurable results" and "data-driven" analysis.

Case-by-Case Rules

- Market-Sizing Cases
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward format (e.g., “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g., “Do you think Fidelity should come out with a mutual fund targeted at high-net-worth individuals?”) which requires the respondent to peel away the extraneous detail in order to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing in order to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer dude own? How often will he or she get a new one? Are there other big purchasers besides individual surfers? Is there a market for used boards?) You

would also need to make a few basic calculations (number of surfers X number of new boards per year + total quantity purchased by other types of customers, etc.). As you work through these issues, the interviewer would also get a glimpse of your common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas like California and Hawaii?)

“ ”

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, WetFeet customers with BAs and PhDs report receiving exactly the same market-sizing questions. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (i.e., market size) for the drug.

Manhandling Your Market-Sizing

Market-sizing questions can seem intimidating. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer. In fact, your interviewer doesn’t even care what the real number is. But remember, she does care about your ability to use logic, common sense, and creativity to get to a plausible answer. And she wants to

make sure you don't turn tail when you've got a few numbers to run. Which brings us to the Rules for Market Sizing Questions.

Rule 1: Use round numbers. Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of the United States? Two-hundred-fifty million, give or take.

Rule 2: Show your work. Case questions are the ultimate "show your work" questions. In fact, your exact answer matters less than the path that took you there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Write it down. If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from wiggling out, then by all means do it. Your interviewer will be more impressed if you are cool, calm, and collected, and if using props helps you, then go for it.

Business Operations Cases

Overview

A fair number of case questions cover operations issues. Given the existing economic environment, in fact, the mix of consulting business has shifted more towards operations and process focused cases, so be prepared for a business operations case. Broadly speaking, “operations” refers to all the things involved in running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company’s products and the systems used to track sales. Where strategy questions deal with the future direction of the firm (such as whether to enter a new line of business), operations deals with the day-to-day running of the business. It is a particularly fertile ground for consulting work, and for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company’s sales or profits have declined.

The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running a business (e.g., the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company’s profitability). In addition, operations questions require the candidate to demonstrate a good

grasp of process and an ability to sort through a pile of information and home in on the most important factors.

Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the “declining profits” questions are some of the most popular types of cases around, and almost all candidates can expect to get several of these. That said, MBAs are typically expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more-complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way, or, perhaps, the impact on the balance sheet of a certain type of financing. Undergraduates and non-MBA candidates still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect that the topic of the question be more familiar. For example, an undergraduate might be asked about the implications of launching a new national chain of restaurants. An MBA might be asked about factors that would allow a manufacturing operation to increase throughput.

Optimizing Your Business Operations Answers

Operations case questions are more complex than market-sizing questions. Not only do they typically require basic business knowledge (or, in place of that, a good deal of common sense), but they also frequently require the candidate to think like a detective. For example, the interviewer might ask why an airline has been losing money while its market share has increased. There could be many reasons for this: Revenues might be down (and that, in turn, might be caused

by any number of things, including ticket price wars, lower ridership, growing accounts payable, etc.), costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, etc.), or the airline could be operating more inefficiently (e.g, higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are a couple of rules you might want to keep in mind:

Rule No. 1: Isolate the main issue! Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you have zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

Rule 2: Apply a framework! Frameworks were made for cracking operations questions! They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

Rule 3: Think action! Unlike your market-sizing question or brainteaser, operations questions never end with a nice, neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: Revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired to give advice. As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

Business Strategy Cases

Overview

Business-strategy cases are the granddaddies, and demons, of the case-question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby allowing the interviewer to probe the candidate's abilities in a variety of areas. Again, strategy-case questions can run the gamut from complex, multi-industry, multi-national, multi-issue behemoths to a localized question with a pinpoint focus. Common types of strategy questions include advising a client about an acquisition, responding to a competitive move by another company in the industry, and evaluating opportunities for a new product introduction and pricing the product.

The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the most like the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation abilities.

Location

Strategy-case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward. For MBA candidates, they will frequently have several layers of issues, and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

Succeeding at the Strategy Stumpers

Because business strategy questions can involve many different elements, they can inspire fear in the weak of heart. Although it is true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can put all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multi-national corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit-card company should go into the Italian market when your best friend who interviewed immediately prior to you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this case book (and the other WetFeet Ace Your Case! Insider Guides), you're already a step ahead of the game. However, here are a couple of rules you'll want to keep in mind as you tackle your strategy-case questions.

Rule 1: Think frameworks! While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question and where you are going with your analysis. The best way to do this is to apply a framework to the problem. Just as with operations questions, this means setting out a plan of attack up front and following it through to conclusion. One other big benefit: Having a clear framework will help you organize your analysis.

Rule 2: Ask questions. Successful consulting is as much about asking the right question as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

Rule 3: Work from big to small. Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore, it's essential that you start by looking at the most significant issues first. Besides, this is a great discipline for future consultants. After all, the client will probably be paying for your time by the hour, so you'll want to make sure that you are really adding value.

Resume Cases

Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume. Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all the different positions on a rugby team, and the play strategy for each." Frequently, the interviewer will ask the candidate to walk through a previous work project or experience and explain how he or she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how he or she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded had a local computer store created a knock-off service and offered it at a lower price.

The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also provides a little variety throughout a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman's terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.

Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions; advanced-degree candidates can expect questions related to their previous research. We understand that resume cases are a particularly popular type of question for PhD students. Not only do they allow the candidate to avoid feeling like he or she has to master a whole new lexicon and body of frameworks, they test his or her communications skills.

Rocking Your Resume Case

Because the resume-case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

Rule 1: Know your story. Nothing will make you look worse—and help you find the door more quickly—than not knowing what you put on your own resume. Make sure you have reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

Rule 2: The Parent Test. This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is: Can you tell others about what you did without sending them into a coma? It may sound easy, but many people seem incapable of communicating

what they know. Our suggestion? Practice talking about your work as if you were telling your parents.

Rule 3: Let your excitement shine! This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

The Practice Range

- Market-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions

Market-Sizing Questions

Remember the rules for market-sizing questions:

1. Use round numbers.
2. Show your work.
3. Write it down.



Case 1

How many pieces of candy are given out on Halloween each year in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



Case 2

What is the average number of chairs in a house?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



Case 3

How many blue jeans are sold in the United States each year?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



Case 4

How many unique people attend events at the Rose Bowl every year?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Business Operations Questions

Remember the rules for business operations questions:

1. Isolate the main issue.
2. Apply a framework.
3. Think action.



Case 5

A leading breakfast cereal manufacturer has hired you to determine why its profits have taken a dive in the last year. What should it do to improve its performance?

Key questions to ask:

What are the main issues?



Case 5 (continued)

Key approaches/frameworks:

Possible courses of action:



Case 6

A regional bank interested in expanding beyond commercial banking services has merged with a major asset-management firm. They are struggling with post-merger integration and have hired you to help them. What issues would you address?

Key questions to ask:

What are the main issues?



Case 6 (continued)

Key approaches/frameworks:

Possible courses of action:



Case 7

The owner of a hip college hangout called “Beer, Spaghetti and Exotic Desserts” recently hired a new manager and bartender to address a slump in customer volume. Customer volume quickly turned around, but the owner has noticed that profits have dropped. What is wrong?

Key questions to ask:

What process would you use to investigate this question?

Where would you find the information you need?



Case 8

The Director of Purchasing for the aircraft maintenance division of a major airline has asked for your help. His supplier base has grown to more than 500 vendors, who supply approximately 100,000 different aircraft parts to the airline. He has realized that his supplier strategy is suboptimal, both from a cost and efficiency standpoint. How would you help him devise a supplier strategy?

Key questions to ask:

What are the main issues?



Case 8 (continued)

Key approaches/frameworks:

Possible courses of action:

Action recommendations:

Business Strategy Questions

Keep the rules for business strategy questions in mind:

1. Think framework.
2. Ask questions.
3. Work from small to big.



Case 9

A small manufacturer and distributor of women's surf clothes is considering selling to high-end boutiques and has hired you to help out. What kinds of issues would you think about to help it make the decision?

Key questions to ask:

What are the main issues?



Case 9 (continued)

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



Case 10

Your client is a large owner and operator of hotels and vacation properties. It also runs a highly successful rewards program that gives guests the opportunity to earn points for each stay. The company is considering partnering with small bed-and-breakfasts and offering guests the opportunity to earn points for stays at participating B&Bs as well. Should it go ahead with this partnership? What should it think about in order to make its decision?

Key questions to ask:

What are the main issues?



Case 10 (continued)

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



Case 11

A camera company has stumbled on a compound that helps extend the life of cut roses. It wants to know if it should introduce the product and how to price it. The firm has collected the following data and wants your assistance in analyzing the data and making a recommendation:

- One billion roses are purchased each year in the United States.
- The average rose costs \$2.
- There are 50 million unique buyers of roses.
- The chemical extends the life of cut roses by one week.
- There are five other products on the market that extend the life of cut roses from two to five days.
- Five grams per rose of the new chemical must be present in order to be effective.
- It costs \$0.02 per gram to manufacture the new chemical, including fixed and variable costs.

Key questions to ask:

What are the main issues?



Case 11 (continued)

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



Case 12

Your client is a large private equity firm. It is looking into “rolling up” the tow-truck industry; that is, buying many small- and medium-sized firms and combining them to create one, larger firm. It wants your help in assessing industry attractiveness.

Key questions to ask:

What are the main issues?

Outline for my answer:

Resume Questions

Remember the rules for resume questions:

1. Know your story
2. The Parent Test
3. Let your excitement shine



Case 13

After one year with our firm, what would our formal evaluation of your performance look like?



Case 14

I see that you worked at a dot com for a year, before moving to a large bank for two years. What do you see as the pros and cons for you of working in a large organization vs. a small organization? What would you bring to consulting from your experiences in two very different working environments?

Nailing the Case

- Marketing-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions

Now it's time to walk through several answers to each of the questions given in the previous section. Although we believe that our recommended answers are good, we know that there are many other even better answers out there. Remember, though, the destination is often less important to your interviewer than the road you take to get there. With that in mind, smooth sailing! A quick note on the layout: Each question is followed by bad answers and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.

Market-Sizing Questions

Case 1

How many pieces of candy are given out on Halloween each year in the United States?

This is a straightforward market-sizing question, which would be good for undergraduates and advanced-degree candidates. It requires no special technical knowledge, and it focuses on a subject that is accessible—and hopefully enjoyed!—by everyone: Halloween candy.

Bad Answers

- 10 million.

It's never good to just give a specific number answer, even if you happen to know the right number. This is especially true if the question asks you to estimate the market size of a

product or industry in which you may have some experience, though hopefully the interviewer would be smart enough not to ask you such a question.

Rather, the interviewer is trying to see how you go about figuring out such an answer. After all, throughout your career as a consultant, you'll rarely find that you already know a needed number, and even if you do, you'll still have to show the client how you got the information.

- I never went trick-or-treating because I don't like candy.
Though your aversion to sweets may be admirable, you're going to have to answer the question anyway.
- I always got the most candy because I made my own costumes.
Bye bye.
- What does Halloween candy have to do with consulting?
Good question, bad answer.

Good Answer

Candidate: Interesting question. It appears to me that there are two ways of attacking this problem. The first way is to determine how many people go trick-or-treating and multiply that number by the average number of pieces of candy they collect on their rounds. This would estimate “demand.” The other way to answer the question is to estimate the “supply” side by determining how many houses give out candy every year, and multiplying that number by the number of pieces of candy each house distributes. Hopefully these two numbers will be about the same. Given our time constraints and the fact that I am more familiar with how many pieces of candy someone receives, I'd like to estimate the demand side.

The candidate has done a great job of providing an analytical framework of how she will attack the problem and outlined a couple of options for coming up with the answer. Further, the candidate has made a decision based on her experience: she is going to estimate the demand side. At this point, it's okay for the candidate to put the supply side question aside because the interviewer knows that she's acknowledged it; if the candidate had more time, she could do both. Nice start so far.

Candidate: Now, how many people go out trick-or-treating each year? First, let's figure out who is going trick-or-treating. Let's assume that you start trick-or-treating once you're five and you stop when you're 12. So our "market" is five to 12 year olds. Further, let's assume that the population of the United States is 250 million; what we need to estimate now is, of that 250 million, how many are five to 12 year olds. For the sake of argument, let's say that 25 million are in that age range—10 percent of the population. The way I got to this number was to assume that the average life expectancy is around 80, I'm looking at a seven-year age range, and there are more people at the lower end of the age spectrum than the higher end. Now what we need to do is determine what percentage of this 25 million goes out trick-or-treating on Halloween. I grew up in a neighborhood where almost everyone went trick-or-treating—maybe 75 percent of kids—but that seems really high to me, so let's say that 60 percent of kids in that age range collect candy each year. Conveniently, it also makes the math work. So there are 15 million kids who go out trick-or-treating.

Note what the candidate is doing. She is very logically breaking the problem down in pieces, narrowing the size of the market down. She is announcing assumptions to the interviewer, using round numbers, and basing her assumptions on previous experience. Remember: the accuracy of the assumptions is not as important as the analytic path the candidate takes to make them. And don't get caught up in the details—notice how the interviewer didn't try to disaggregate the percent of kids who go out trick-or-treating; the candidate may want to mention that it may differ by geography or location (urban vs. suburban vs. rural), but should leave it at that.

Candidate: So I have one of the key pieces of my equation; now I need to estimate how many pieces of candy each kid gets. The way I'm going to take a crack at this is to multiply the number of houses that each kid goes to by the average number of pieces of candy received per house.

Consultants are simple-minded people: keep the interviewer informed of where you've been and where you're going!

Candidate: When I went trick-or-treating, I probably went to 20 houses. The number of pieces of candy that I'd get from each house varied—for example, sometimes people would give out a large candy bar, others would give out lots of little pieces of candy. I'd say on average, I'd receive about five pieces of candy per house—again, this number will vary based on geography and location, but let's assume five pieces per house and 20 houses. Again, this makes the math easy: 100 pieces of candy per kid. Although I must admit when I think about dumping out my bag at the end of the night, 100 pieces seems high to me. But for now let's use that number. So 15 million kids times 100 pieces of candy is 1.5 billion pieces of candy. The way I would check this is to analyze the “supply” side and see if the numbers were close.

Note how the candidate is sanity checking her work and noting the places where numbers could be high or low and offering up a solution for checking the final result.

Case 2

What is the average number of chairs in a house?

This is a deceptively tricky question: though it centers around a topic accessible to everyone, it can get very detailed very quickly. Be careful in questions such as these that you continue to see the forest for the trees.

Bad Answers

- I haven't lived in a house for a while, but I can tell you how many chairs are in the average apartment.
Again, you're going to have to answer the question that was asked of you. Remember that it's not the accuracy of the final answer, but rather the logic and structure of the thought process that got you there.
- I'd say about 20.
Where'd this come from? How did you get there? Telling a consultant an answer without explaining how you got there is one way to bomb an interview.

Good Answer

Candidate: Well, I've never really thought about this, but let's take a crack at it. Here are a couple of things that come to mind. First of all, there are lots of different types of chairs. I'm going to assume that when you say chairs, you mean all kinds of chairs—dining room chairs, desk chairs, living room chairs, patio chairs, etc. Secondly, there are lots of different types of houses—small, medium, large—each with a different number of chairs. I'm also going to assume that we're excluding apartments, condos, and other types of residences in the analysis. So, to answer this question, I'm going to have to take the weighted average of the number of chairs in each house size.

This is a great start. The candidate has given an excellent overview of the problem; this establishes a lot of credibility with the interviewer. Additionally, the candidate has demonstrated an understanding of weighted averages, an oft-used analysis in consulting. When possible, try to show the interviewer early that you have cracked the case early by

providing an analytic framework. Also, note how the candidate has narrowed the scope by making some reasonable and simplifying assumptions.

Candidate: First, let's talk about the different types of houses. For simplicity sake, I'm going to assume that there are three "buckets" of housing—small, medium, and large. Most of the houses are going to fall into the medium category, and there are likely more small houses than large ones. So I'm going to say that 50 percent of houses fall into the "medium" category, 30 percent fall into the small category, and 20 percent fall into the large category. Now what I need to do is figure out how many chairs there are in each type of home. Let's start out by figuring out how many chairs are in a small house, and then move up progressively to estimate how many chairs are in the medium and large houses.

Again, the candidate has done a good job of keeping the interviewer informed of where he is going and making key assumptions along the way. Establishing three buckets of houses is reasonable—avoid making the problem more complicated, particularly since it appears that this case is going to require you to keep track of quite a few numbers. Also, building up the number of chairs from small house to large house allows the candidate to build upon earlier assumptions.

Candidate: So, small houses probably have two bedrooms, two bathrooms, a living room, dining room, a kitchen, and probably one other room and small front and back yards. Of those rooms, the bedrooms and bathrooms probably won't have any chairs, so we can forget about those rooms for the time being. Now, let's make assumptions for the following rooms: the living room will probably have one large chair, the dining room will probably have room for four chairs, the "other" room might have one desk chair, and let's assume that the back yard has a small outdoor table with four more chairs. So this is an average of 10 chairs in the small house category.



Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

The average medium house will probably have an extra bedroom, maybe another bathroom, and larger dining rooms, living rooms, and outdoor space. Again, let's assume that the bedroom and bathrooms have no chairs, so there is no difference there. There are probably six chairs at the dining room table and likely one additional chair in the living room, so that's an additional two indoor chairs. For the sake of argument, let's assume that there are an extra two outdoor chairs in a medium house. So that's a total of four extra chairs, or 14 chairs.

The candidate is progressing logically. Remember that the accuracy of the assumptions is not as critical as the logical path.

Candidate: The same analytic framework will apply to large houses. Large houses will have more bedrooms and bathrooms, and larger living rooms, dining rooms, and outdoor space. Let's assume that the same increase in the number of chairs exists—that there are four more chairs in these rooms. However, these houses may also have additional rooms, such as a den. Let's assume that there are three chairs in this room. This means that large houses have seven more chairs than medium houses, or 21 chairs. Therefore, the weighted average will be:

$$(10 \times 0.3) + (14 \times 0.5) + (21 \times 0.2) = 3 + 7 + 4.2 = 14.2 \text{ chairs}$$

Make sure that you've written your estimates down as you go, and write down the equation. Take your time figuring out the numbers. The interviewer would much rather wait while you do the math than have you be sloppy with the numbers.

Case 3

How many blue jeans are sold in the United States each year?

This is a straightforward question and there are several ways of answering it.

Bad Answers

- I used to work for a retail company, so I have a pretty good sense of how many jeans are sold.
As previously mentioned, the interviewer is not seeking a specific answer; rather, he or she is looking for how you think and make assumptions. You should use prior—and relevant—experience only for making logical assumptions and testing your final answer.
- I don't really know anything about the jeans market.
As a future consultant, you will often work in industries where you have no experience; this is part of the joy—and pain—of consulting. An answer like this signals to the interviewer that you are not comfortable working in this type of uncertain environment.

Good Answer

Candidate: So the question is how many pairs of jeans are purchased in the United States every year. There are a couple of ways of answering this question: one way would be to build from the ground up by estimating the jeans-wearing population and multiplying that number by the average number of new jeans each person buys each year. Another way would be to estimate the number of jeans that a single company makes each year and then multiply that by its market share. I'm going to try the first way because I think my estimates will be more accurate.

The candidate has given a preview of what she will be doing and also provided two ways of assessing the problem.

Candidate: Now, let's assume—for the sake of round numbers—that there are 250 million people in the United States. What percentage of the population buys jeans? Jeans seem to be a staple in most people's wardrobes, but for different reasons: for example, jeans are fashion statements for younger people, jeans

are leisure and comfort wear for middle-aged people, and are functional for a large set of workers—mechanics, farmers, etc. I've even seen babies wearing jeans! They are also available in a range of prices, so no one is really priced out of the entire jeans market. I'd say, then, that about 80 percent of people wear jeans; this makes the total jeans market 200 million. The next step will be to determine how many pairs of jeans these 200 million people buy.

What the candidate has done well here is provide some insight into the jeans market and let that insight drive the assumptions. As a result, the candidate demonstrates some business savvy and intuition around customer behavior and price sensitivity. Also, note that the use of 80 percent results in a nice round number and that the candidate provides the interviewer with a roadmap of where she is going next.

Candidate: My guess would be that the average jeans-wearer has approximately three pairs of jeans. I recognize that there will be a large range: some people will only have one pair, others will have a quite a few, based on their needs and what they wear jeans for, but an average of three sounds about reasonable to me. Of course, if I was looking for exact market sizing, I would segment the market much more and see how many jeans each segment purchases.

Though the candidate is clearly guessing, this is okay as long as the interviewer is aware how you the candidate would get more detailed if she needed to.

Candidate: The next analysis involves estimating how often people buy jeans. Again, this is going to depend on what people are wearing jeans for: those who wear jeans for style and fashion are likely to replenish more quickly than someone who wears jeans around the house only. But again I'm going to take a guess and say that the average jeans last around three years. Therefore, people are buying new jeans every three years, and if they have three pairs of jeans each, it follows that on average they will be buying one new pair of jeans each year. So if the entire population of jeans wearers buys one pair of jeans each year, there are about 200 million new jeans bought each year.

The candidate has done a nice job of summarizing the logical steps and highlighting key assumptions.

Case 4

How many unique people attend events at the Rose Bowl every year?

This is an example of a question where you may have to ask the interviewer a couple of questions to develop a good response. Do not be afraid to ask questions, even when you are given a market-sizing analysis. Note also the simplifying assumptions that the candidate makes to avoid getting mired in a lot of messy numbers.

Bad Answers

- I don't know what the Rose Bowl is, so I'm uncomfortable answering the question.
Don't show any trepidation about the question itself; you can figure it out!
- I don't like football.
Where did this come from? All this shows is negativity; maybe the interviewer played in college.

Good Answer

Candidate: Well, I'm not really familiar with the Rose Bowl. I've heard of it, but I'm not sure exactly what it is and what it's used for. Can you give me a little more information?

Asking questions is perfectly fine, and the interviewer would rather have you ask a couple of questions than blindly start trying to figure out the question.

Interviewer: The Rose Bowl is a large outdoor stadium in Pasadena, California, that is used for sporting events (UCLA plays its home football games there, there are a few large soccer matches, and occasionally the Rose Bowl hosts the Super Bowl) and concerts. It holds about 100,000 people.

Candidate: Okay, well let's take the two types of events in turn. First, I'll analyze the sporting events. There is only one college football game per week, half of the games are away games, and the season is about 12 games. I'm going to assume that all the games are sold out. This means that there are six home games for a total of 600,000 people. Now, a lot of people will go to all the games—let's say 50 percent of the stadium is filled with repeat visitors. So this means that, for the first game, there are 100,000 different people, and that for each of the next five games there are 50,000 new people. Therefore there are 350,000 different people who go to college football games at the Rose Bowl.

The candidate has organized the analysis well, discussing the sporting events separately from the concerts. He has also highlighted the key to this case—that there are repeat visitors that must be factored out of the analysis to avoid double counting. Remember: don't worry if you don't know how many games are in a college football season; you will not get dinged for this!

Candidate: Now let's move to the soccer matches. I'm less comfortable with soccer, but let's give it a shot. I'm going to guess that over the course of the year there are ten soccer matches, and that each soccer match gets about 60,000 people, because the United States in general is less rabid about soccer than college football. However, soccer fans themselves are very loyal, so let's say that two-thirds of the people are the same for each game. This means that there are 60,000 for the first game, and 20,000 new people in each of the next nine games for a total of 240,000 people (60,000 + 180,000).

If the Rose Bowl holds the Super Bowl, it will definitely be packed. As a simplifying assumption, I'm going to assume that there is no overlap between the Super Bowl crowd and the college football or soccer crowd. There probably is overlap in reality, but it may be small because the Super Bowl attracts a national crowd. So this means another 100,000 people.

The candidate has made some logical assumptions, one of which may be a stretch but which simplifies the analysis. As long as the candidate acknowledges that the assumption is simplistic, the interviewer should have no problem with it.

Candidate: So now let's move on to the concerts. I'm going to assume that there are about 50 concerts in the Rose Bowl every year, roughly one a week. Some will sell out, others will not. Let's say that the average attendance at these concerts is 80,000. So this means that there are 4,000,000 people that go to concerts at the Rose Bowl. Unlike sporting events, you're probably not going to get a lot of repeat visitors, so let's say that there is no overlap with either college football, soccer, the Super Bowl, or other concerts.

Therefore, we have 4,000,000 from concerts, 350,000 for college football, 240,000 for soccer, and 100,000 when the Super Bowl is in town. So I'd guess that about 4,690,000 different people per year visit the Rose Bowl.

The candidate has successfully avoided getting too detailed, which would create headaches in tracking all the numbers.

Business Operations Questions

Case 5

A leading breakfast cereal manufacturer has hired you to determine why its profits have taken a dive in the last year. What should it do to improve its performance?

This is a typical case of declining profits. The interviewer is exploring the candidate's understanding of basic business concepts and the logical components of operating a manufacturing business.

Bad Answer

Candidate: Breakfast cereal is a bad market to be in. Customers who used to buy high volumes of cereal for their daily dose have changed their ritual to the Starbuck's model. Consumers now go to coffee shops and drink coffee with a muffin or bagel. Again, it is a bad market to be in. My hunch is that demand has taken a nosedive and our client is becoming very unprofitable as a result.

Slow down. This candidate is jumping in way too fast and drawing conclusions prematurely. The logic isn't terrible, aside from the fact that the interviewer specifically mentioned the problem being in the recent year and the coffee shop trend began many years ago. The candidate has missed a key piece of information, which will be costly.

Interviewer: Let's take this one step at a time. The problem our client is experiencing has surfaced within the past year. Demand for cereal hit a plateau a couple years ago. Given this information, how would you structure your diagnosis of the root cause or causes of this problem?

One more chance! The interviewer is nicely shooting down the candidate's hasty jump toward conclusion, and specifically asking for the candidate to show a structured diagnosis.

Candidate: Okay, so the issue isn't on the customer side. So if revenues are not at issue, then I would look at the manufacturer's costs. The commodity markets for cereal ingredients, such as corn and wheat, have gone up in the last year—I have a buddy who trades commodities for Goldman Sachs and makes a zillion dollars a year—and so I would imagine this client is taking a bath on raw materials.

Strikes two, three, and four. You're out! No one said the problem wasn't on the revenue side. What about competitors stealing market share? What about customer preferences changing? Additionally, the interviewer is assessing the candidate's knowledge of commodity markets and certainly doesn't much care about the friend's high-paying job at Goldman. Further, the candidate has quickly revealed his ignorance that complex manufacturing plants are more dependent on managing intense fixed costs than anything. Not to say variable costs aren't also critical. In any event . . . see ya!

Good Answer

Candidate: If profits have dropped, then either revenues have decreased recently, costs have increased, or both. Let's start with revenues. Has there been a drop in revenues recently? Specifically, have any changes in sales volumes or product pricing occurred, which would bring revenues down?

The candidate has shown that she understands the profit equation. She then proceeds by confidently diving into revenues. Also, she asks the question of revenue decline while at the same time demonstrating her understanding of its components, price, and volume. She may have scored additional points by mentioning potential reasons for price and volume changes, but she may be focusing on just gathering information up front, which is fine.

Interviewer: Yes, there have been changes to the client's revenue picture. Sales have dropped by 5 percent. Pricing has not changed.

Candidate: Okay, if pricing has not changed, then volume of cereal sales has declined. Let's explore this in greater detail. A decline in volume could be tied to a shrinking cereal market or to a reduction in market share. Perhaps the market for cereal is on the decline, say due to an increase in substitute products at coffee shops, for example.

She is staying true to her structuring by methodically investigating the problem. At this point, she begins to point out possible levers to shrinking volume. In doing this, she shows two high-level areas potentially responsible, namely market share or market size. Further, she presents a creative and logical rationale for why the market may be shrinking.

Interviewer: That's an interesting hypothesis. While the market for cereal has declined in the last 10 years, it leveled off last year and thus a shrinking market does not seem to be our problem here.

Candidate: So our client has been losing market share. Let's consider the reasons for this by looking at competitors and customers. Let's look at competitors first. Have competitors made any major strategic moves recently that may cause customers to buy their cereal over our client's? For example, they may have stepped up marketing efforts, improved existing products, introduced new products better aligned with customers, or lowered their pricing. Have any of these things occurred?

Good. She took the clue to skip market size and move to market share. In doing so, she presents logical reasons why share may be dropping. This is always smart because it serves a dual purpose of demonstrating creative hypotheses, while proactively getting the interviewer to steer you closer to the correct path. She also shows part of the three C's framework by looking at competitors.

Interviewer: Interestingly enough, no. Competitors have not done a thing, but have picked up market share as you mentioned. What about customers?

The interviewer has noted the candidate's consideration of competitors, and is now steering her toward customers to gauge her hypotheses.

Candidate: I would want to assess not only end consumers, but retail customers like supermarkets, mass merchants, and membership clubs. I would segment the end consumers first, to see if there has been a shift in preferences away from our client's cereal types toward those of its competitors, say from sugar to healthy cereals.

Excellent. The candidate highlights that there are two very different groups of customers, the stores that sell cereal and the end consumer of cereal. She also introduces a segmentation strategy, the cornerstone of many consulting problem-solving techniques. In doing this, again, she presents a potential rationale for a shift in consumer preferences.

Interviewer: The client has done extensive market research and found no changes in consumer preferences. In fact, our client's brand has been and remains on top in the minds of consumers. What would you look at regarding retail customers?

The interviewer continues to steer the candidate through the possibilities.

Candidate: Well, considering we have lost market share in a nonshrinking market in which consumers favor our product brand, pricing, and selection over competitors, we may have a supply problem. Have our retail customers had problems with the product supply coming from our client?

The candidate effectively summarizes what she knows so far, showing the interviewer that she is staying on track and is noting clues along the way.

Interviewer: Yes. Stock-outs have been increasing over the last year and retail customers have become agitated with orders frequently not being fulfilled by our client. Specifically, of the five cereal products produced by our client, it is

only the “Amazing Flakes” line that is having problems. Unfortunately, this product is typically 60 percent of sales.

She is now on to something. But a bit of a curve ball has been thrown. The interviewer is now shifting away from the traditional drivers of revenue problems and toward the last of the three C's, the company and its operations. Further, the candidate is being asked to focus her analysis on one manufacturing line, most likely in the interest of time. This is undoubtedly meant to test the candidate's logic around manufacturing operations.

Candidate: Interesting. Okay, the revenue problem is neither customer nor competitor driven, but rather caused by our client's capacity to fulfill orders. Let's scrutinize our client's company to determine what the problem is. Not enough “Amazing Flakes” are being produced, so our client is capacity constrained. Either they have maxed out the production line's potential under efficient conditions and must expand, or something is going on with the line's efficiency. My hypothesis is that the line has stumbled in the last year, since we know that the size of the market has not grown and we assume that our client was able to supply enough “Amazing Flakes” in the past when the line was running well.

This is very good. The candidate shows an understanding of the two primary potential scenarios behind capacity problems. Better yet, she accesses earlier information about a flat market to hypothesize that the problem is one of efficiency and not plant size, since the client once could fulfill demand.

Interviewer: Good thinking. You are correct. Our client knows that expansion is not the answer, plus they are capital constrained as it is. They don't seem to be optimizing their plant's capacity on the Flakes line. Let's explore this. As you do, think about the capacity issue in terms of costs.

The interviewer is asking the candidate to directly talk about costs now. A very comprehensive case indeed!

Candidate: The cost structure of a manufacturing plant will be heavily weighted toward the fixed costs of plant and equipment, and therefore capacity utilization is key—especially if there is sufficient demand. We already know that there has been a drop in revenue, but given the link to our client’s capacity problem, the cost per unit has undoubtedly risen because fewer units are being spread out across the fixed assets. Variable costs—raw materials, for example—should also be scrutinized. Has there been any change in variable cost per unit?

Good demonstration of her understanding of fixed and variable costs as they relate to a capital-intensive manufacturing plant.

Interviewer: You are correct about fixed costs. In fact, the “Amazing Flakes” line was running at 90 percent of its potential last year, but now is being utilized only 70 percent of the time. Variable costs have also gone up per outputted unit, while suppliers of rice, vitamins, and sweeteners have not raised the prices they charge to our client.

Careful here. Variable costs have gone up per box of cereal, but suppliers have not raised prices. The interviewer is seeing whether the candidate can speak immediately to this dynamic. Also, the utilization numbers clearly illustrate an efficiency problem, confirming that the candidate is on the right track.

Candidate: Hmm. The “Amazing Flakes” line is in serious trouble. I would want to conduct a full analysis of the three major aspects of a manufacturing line: Utilization, throughput, and quality. In other words, we want our client to be up and running as much as possible, we want as many boxes of cereal being produced per unit of operating time as possible, and of those units, we want as little waste as possible. With utilization first, we know that the machines are not running 30 percent of the time. This could be due to labor strikes or unscheduled downtime for maintenance. The rise in variable costs indicates that there is a lot of wasted raw materials. Perhaps the machines are not calibrated correctly. How is throughput?

The candidate has impressively showed her understanding of the three logical aspects of a manufacturing line. Again, she is taking clues given to her to present some hypotheses around utilization and quality. This will show the interviewer her creative thinking, while getting the interviewer to reveal which hypotheses are going in the right direction.

Interviewer: Throughput is normal. Talk to me more about utilization. You are right about the machines being down for maintenance more often. What could be happening?

Candidate: Well, the machines may have not been overhauled correctly, they may be just wearing down from age, or maybe the management of the line is less effective than it used to be.

Interviewer: Good point. There was, in fact, a management change last year on the “Amazing Flakes” line.

Candidate: That may be the driver. What changes in management approach occurred with the switch? How about maintenance? The new manager may be doing something different that is resulting in more downtime. Is all the maintenance reactive to a machine after it breaks or is any preventive maintenance down.

The candidate continues to aggressively investigate, while suggesting possibilities along the way. A good combination of techniques that will pay dividends in the mind of the interviewer.

Interviewer: Interesting question. The new manager ceased what he considered the excessive and costly preventive maintenance imposed by the previous manager. But this seems to be a problem since the line is broken 30 percent of the time now.

Candidate: Ah. Yes, it is a problem, but both managers could be correct to some extent. The new manager claims it is not economical to do “excessive” preventive maintenance. The previous manager imposed this kind of mainte-

nance to avoid downtime. What I would do as their consultant is look at all machines on the line to determine failure history of each. I would also rank the level of impact each machine has on the line. I would institute regular and rigorous preventive maintenance on those machines with high-impact (i.e., those that single-handedly could result in line shutdown) and with high failure frequency. In that vein, I would avoid costly preventive maintenance on machines of lower criticality and less frequent mechanical problems. Ultimately, this will allow the client to maximize the value it draws from its fixed asset base in an environment of high demand.

The candidate respectfully hesitates to criticize the current or past decisions of client managers, and cleverly considers optimal and suboptimal aspects of both managers' maintenance strategies. The candidate displays a strong finish by taking the last clue and running with it toward a solid conclusion and recommendation. In doing so, she presents a logical framework of segmenting machines and ranking where each of them falls on scales of both impact and failure rate. She explains that it would be the results of this analysis that would guide the details of a final recommendation.

Case 6

A regional bank interested in expanding beyond commercial banking services has merged with a major asset management firm. They are struggling with post-merger integration and have hired you to help them. What issues would you address?

This question is less investigative in nature, but seeks to evaluate whether the candidate understands what challenges and critical areas a firm in a complex post-merger integration may face. The candidate is charged with structuring and displaying a comprehensive view of issues, as opposed to coming up with specific solutions.

Bad Answer

Candidate: I'll give it a shot, although I have absolutely no experience dealing with merger situations. Don't they usually bring in experts for something like this? I guess what I would do is make sure we get rid of excess people. Mergers are done for economies of scale and the only way to achieve that is to eliminate people. Certainly not a motivating thing for a consultant—I plan on focusing on growth strategy only. Anyway, I would also analyze competitors to make sure they are not trying to steal my customers during the transition period. I would also look at customers to ensure that they know what is going on and are not threatened by the merger in any way. So basically, my approach would use a three C's framework.

Not a strong beginning. No case is going to require that the candidate have situational expertise, but will be designed to see how the candidate thinks. This candidate wavers from the start and begins to make excuses right out of the gate. He also displays a limited view of what might motivate a merger other than to cut costs through economies of scale. A merger could be motivated by access to new customers, access to a specific expertise, geographical coverage, etc. Lastly, frameworks, when forced, will work against candidates. And never assume you know what kinds of cases you will be on. In a down economy, many of the cases done by operations and strategy consulting firms alike are cost-focused in nature.

Good Answer

Candidate: Interesting situation. Let me first give you a sense of how I would structure my approach, and then I will dive deeper into each issue. I would think about this challenge using both an external and internal perspective. Externally, I would consider the customer, first and foremost. I would also manage the impression by Wall Street regarding the merger. Internally, I would break my focus into five categories: organizational, cultural, technological, operational, and strategic.

The candidate lets the interviewer know how she plans on approaching the question. She lays out a simple, yet effective framework for considering the situation. She also lays out her planned areas of focus within both internal and external perspectives. This is valuable on two levels. First, it demonstrates thoughtful structure and gives the interviewer an opportunity to direct you down the most desirable path.

Interviewer: Sounds good. What would you think of first?

Candidate: I would think of the customer first. Depending on how communication has been handled to date, customers may not feel comfortable with the uncertainty that typically accompanies a merger. Risk of customer attrition must therefore be managed. Let's assume little has been done to date. I would first send announcements to my customers explaining the benefits of the merger and expressing our appreciation for their business. Some benefits may be bundled product offerings, access to a greater network of investment research, and better investment and banking rates. I would also have all relationship managers actively visiting and communicating with our most profitable customers. Finally, I may consider a brief survey to gauge customer concerns and preferences.

Smart to pick the customer first. All service businesses should start with the customer. She explains why there may be issues regarding customer satisfaction in the face of a merger, states an assumption, explains the business risk, and then proceeds to suggest several ideas to

addressing the problem. Remember, this is not as much of an investigative case, such as a profitability case, and so this sequence of points is exactly what the interviewer is seeking.

Interviewer: That's great so far. Your earlier point about managing Wall Street is an important one, but let's move on to internal challenges. What issues would you address around culture?

The interviewer wishes to redirect the candidate toward an internal perspective and is satisfied with the candidate having mentioned, and briefly touched upon, the external issues. Points are scored and focus is achieved.

Candidate: With any luck, the architects of the merger carefully evaluated cultural mix before the merger was transacted. Unfortunately, this is often one of the least considered and analyzed factors in a pre-merger situation. I would take a similar path to that taken with my customers. Both formal and informal communication is critical, and expectations, hopes and concerns must be heard and addressed. Additionally, I would encourage all managers to informally meet with employees to gauge potential issues, as well as to communicate corporate strategy. This open communication will help to diagnose cultural issues as they surface. They can then be prioritized and addressed accordingly.

Without being overly presumptuous, the candidate demonstrates some knowledge of typical merger pitfalls and uses this knowledge to logically prioritize her discussion points. Further, as she introduces culture into the discussion, she begins by suggesting the gathering of information, both formally and informally. All effective consulting cases are predicated on gathering sufficient data first, even if the answer seems clear.

Interviewer: You mentioned technology. What would need to be done around technology?

The interviewer is not gauging technical expertise, but the logical connection between technology and a successful and profitable business, especially through a merger transition.

Candidate: I would imagine that there are complicated customer systems that help both companies manage their customers, track profitability, store transaction histories, execute transactions, and so on. Customers may even have access to proprietary account reporting software. Having some experience with financial services, I know that companies often have old legacy systems that are not easily integrated with other legacy systems. I would evaluate the strategic and operational significance of the systems that exist across the two firms and work with in-house technology experts to assess integration options. Technology is a critical part of a merger integration to get right, as any problems in transaction execution, balance reporting or customer information could damage the firm's credibility with clients, perhaps irreparably.

The candidate provides logical examples and draws from previous experience to assist in tackling the situation. As a result, she gains credibility in her views and demonstrates resourcefulness.

Interviewer: What about operational issues? Give me a couple examples of what you would address operationally.

The interviewer seems satisfied with her briefly addressing culture and technology, and now moves the candidate on to operational issues.

Candidate: The merged firm will have to meet the challenge of presenting a seamless, consolidated service for what previously were two customer groups, one commercial banking and one asset management. It will be critical that customers see the company as one and not as two separate companies sharing the same name. Relationship managers will need to be trained across products so they can look out for the best interest of their clients. Call centers will need to function cohesively and may have to be combined geographically. Call center reps will need to have efficient access to accurate customer information, as well as be trained on how to use that information. For example, it makes strategic

sense to flag critical customers so call center reps can provide the appropriate level of service. To do this, it would be necessary to segment the new, combined customer group based on both current and future profitability.

The candidate continues to demonstrate the importance of looking through the customer's eyes. Good consultants must not be overly academic and inward-looking, but rather continuously take an "outside-in" perspective of the business. In doing this, she highlights a very important business point—and one that consultants frequently focus on—which is segmenting the "customer profitability gradient." Customers have varying levels of cost to support and subsequent levels of current and future profitability. These two sides of the customer equation must be used to prioritize a company's focus, as rarely are there enough resources to focus on all customers in the same way and with the same price points.

Interviewer: Yes, I agree. Good point. Since we are running short on time, briefly summarize remaining issues you would address.

The interviewer is satisfied and wants to wrap things up. The candidate has done well in moving through the question with structure and supporting detail. The interviewer wants her to broadly cover any remaining points—often an opportunity to obtain bonus points in the eyes of the interviewer.

Candidate: The organizational structure would need to be assessed. The merger is bound to result in overlap of functionality and a scenario of "too many cooks." Having complementary skill sets across the team would be a key objective. Also, it would be strategically important to analyze what products and services we want to emphasize most, so resources can be focused accordingly. And finally, if I was hired as a consultant to facilitate the integration, it would be absolutely critical to have a cross-functional merger task force made up of client employees dedicated to the effort. Our efforts would be governed by a strict project work plan, with clear timeframes and stated ownership.

Interviewer: Great job. That is a very comprehensive way to look at the problem.

Case 7

The owner of a hip college hangout called “Beer, Spaghetti and Exotic Desserts” recently hired a new manager and bartender to address a slump in customer volume. Customer volume quickly turned around, but the owner has noticed that profits have dropped. What is wrong?

This is an operations case dealing with declining profits. The interviewer has thrown in the additional twist of a business having strong customer volume at the same time as decreasing profits. The interviewer is assessing your ability to use a logical structure to methodically investigate the facts and uncover the solution.

Bad Answer

Candidate: Oh, that’s very straightforward. The problem is linked to the beer. The owner relies on alcohol to make a profit, I’m sure, but most college kids are under age. So while the new manager and bartender have figured out a way to bring more butts to the stools, those butts are too young to buy beer. Also, why would anyone want to have exotic desserts with such options as beer and spaghetti? Exotic desserts are to be savored after elegant, exotic entrées. The strategy just doesn’t make any sense to me.

Hub? The candidate entirely misses the point of demonstrating a structured thought process, by diving to an answer with careless assumptions and arrogant opinions. Remember, it’s the journey and not the destination that the interviewer is most concerned about. In addition, this candidate does not logically address the question of why profits would go down despite the fact that, regardless of beer drinkers, more customers in the restaurant will undoubtedly result in a jump in revenues. So why are profits actually reversing? He misses this concept entirely.

Good Answer

Candidate: Sounds like an interesting hangout spot. Since profit equals revenue minus costs, I would approach the problem by scrutinizing the

components of both. Let's tackle costs first, by considering both variable and fixed costs. Has there been a jump in rent, utilities, or employee compensation?

The candidate clearly lays out the profit equation—this should be automatic when receiving a profitability question. The candidate doesn't waver on where to start, but rather goes into costs, while at the same time demonstrating knowledge of cost components. Additionally, providing examples of specific cost items—as this candidate does—will win more points than simply asking if any costs went up, as it shows more comprehensive, proactive thinking.

Interviewer: Good thought, but no, rent and utilities are pretty much constant, and the owner is paying his new employees at the level of his previous ones.

Candidate: Let me assume that the costs of operating a restaurant are largely driven by the costs of ingredients. Has there been a change in unit costs for ingredients?

Consultants often have to make assumptions along the problem-solving path. You will win points as long as they are logical assumptions.

Interviewer: No.

Candidate: Okay. What about one-time, extraordinary expenses? For example, has there been any maintenance or construction done on the restaurant? Perhaps the owner purchased some new fixtures, tables, chairs, or cooking equipment.

Interviewer: There have been no one-time charges.

Candidate: Okay, let's talk about revenues. I would look at the two factors of revenue, namely volume and price. The new bartender and manager seem to have successfully brought in additional customers, so let's assume the volume of food and beer have gone up. What strategies have they implemented to do this? Perhaps they changed the product mix. Maybe the bartender has convinced the owner to carry more imported beers, for example, or the manager has added

exciting new options to the food menu. Additionally, it is possible that prices have come down on certain food items to an extent that does not offset the volume jump.

The candidate is methodically moving through his framework, while expanding upon it as he digs deeper. Once a framework is presented, it is important to show the interviewer that you have discipline to stick with it. His thought process is very clear as he hypothesizes, demonstrates cause-and-effect logic, and probes for more information from an interviewer who has not revealed much.

Interviewer: No new drinks nor food items have been introduced. The owner believes that the bartender has partially driven new business due to his friendliness, drink-serving speed, and over-the-top enthusiasm. But the bulk of the new volume is being attributed to the manager having introduced an “all you can eat” strategy for its homemade spaghetti. Prices did change, but they went up for spaghetti to directly offset the additional cost of serving more spaghetti to each customer. Other than that, prices have remained the same.

Ah, a new menu strategy. A clue! Be looking for them and you will have better luck spotting them. They will always come and they will be deliberate. Careful of false clues, though. A lack of clues up to this point has been to test the candidate's patience and resolve in moving through the framework. A logical response to this clue would be that an “all you can eat” approach results in providing more food and thus raises costs. Note that the interviewer preempts this response by mentioning an offsetting price rise to the spaghetti special. This signals that he wants the candidate to dig deeper and think creatively.

Candidate: Okay. So we have determined no change in fixed or variable unit costs, no one-time charges, a jump in customer volume, and a raise in spaghetti prices to offset a the rise in cost for customers eating more spaghetti. Something definitely changed, as we still have a drop in profits. The additional volume is clearly driven by the perceived value of the “all you can eat” spaghetti offering. So we assume most customers were eating spaghetti and not other entrees

offered. It is possible that the per-customer profit for other entrées is higher and therefore the owner is not enjoying the profits he may have seen before customers shifted to spaghetti?

The candidate efficiently scores on two levels here. First, he takes a step back to summarize what he has learned so far. This buys him time to think, while demonstrating that he is carefully and continuously considering all the evidence presented. He also shows logic in determining why volume has jumped, namely because of the menu change, while stating a further hypothesis around possible cannibalization of higher-margin entrées.

Interviewer: Good thought process. However, the margins on other entrées are the same or lower than that of the spaghetti. What else would you think about along those lines?

Again, the interviewer continues to present dead-ends in order to push the candidate's thinking. This is common among interviewers. Sometimes there may not even be an answer, but rather they just want to gauge your full capacity for coming up with additional hypotheses and ideas.

Candidate: You said they offered exotic desserts. How are the margins on the desserts?

Again, always be thinking about clues. The candidate has gone back to the very beginning of the case where the interviewer mentioned the name being "Beer, Spaghetti, and Exotic Desserts." Typically, a descriptive piece of information such as this is meant to help (and sometimes confuse) the candidate. Always be reflecting on and considering all pieces of information received along the way. If you are stumped, buy time by taking a timeout and summarizing what you know so far, as this candidate did earlier.

Interviewer: Good question. Dessert margins are extremely high. The dessert chef is highly skilled in exotic and artistically crafted desserts using inexpensive ingredients. Because of the uniqueness and quality of the desserts, the owner has found that customers are willing to pay high prices for them.

Candidate: Ah ha! There is your problem. An “all you can eat” offering of a food that is highly filling to begin with will result in nothing but extremely stuffed customers. When dessert rolls around—no pun intended—the customers will have no appetite to order high-margin desserts. As a result, I would advise the owner to remove the “all you can eat” strategy to bring customers back to eating high-margin deserts, even if it means a slight drop in volume.

Remember that the case should not end with the diagnosis of the problem, but with making a recommendation, even if obvious. You may also score bonus points by explaining what further analyses you would do if given more time. In this case however, little further analyses are needed.

Interviewer: Good job. That is exactly what the main problem was. Under further scrutiny, the owner found there to be one more problem with the business. Any thoughts on what else could be wrong?

Okay, the interviewer has noticed more time on the clock and has decided to push your thinking even further. Again, they tend to do this to measure your ability and appetite for pushing further, even when you feel you have arrived at a solution that seems good enough.

Candidate: How about beer? Alcohol is typically a high-margin item at any bar or restaurant. An increase in customers undoubtedly brought alcohol sales up. Was that the case?

Good. The candidate is not caught off guard, but rather jumps in with enthusiasm by making yet another logical point that extracts from clues in the initial case question.

Interviewer: Actually, no. Alcohol sales stayed the same, despite clearly more patrons sitting at the bar. Further, the owner’s costs paid to alcohol suppliers went up, despite the distribution of customers across beer selections not changing.

Candidate: Well, it sounds like your bartender was very friendly indeed. He was likely giving away comp drinks as a courtesy to customers, without understanding the economic ramifications of his actions to the business.

Interviewer: Correct. Good job!

Case 8

The Director of Purchasing for the aircraft maintenance division of a major airline has asked for your help. His supplier base has grown to more than 500 vendors, who supply approximately 100,000 different aircraft parts to the airline. He has realized that his supplier strategy is suboptimal, both from a cost and efficiency standpoint. How would you help him devise a supplier strategy?

This is a supply chain case that digs deep into how a company should optimize its strategy around suppliers. It is meant to assess the candidate's business logic in a complex supplier environment with a large supplier base, providing parts which range from the very simple to the very complex.

Bad Answer

Candidate: Handling such tremendous volume of parts and suppliers can only be managed through technology. I don't mean this as a cop-out, but it's true. I am sure the client has some technology in place, but they likely need to bring in an IT consulting firm to analyze and install systems to create the best overall solution. Basically, the client should try to weed out a large portion of the suppliers. If the client gives more business to a smaller number of suppliers, they will charge the client less. So it's also about scale economies. Scale economies and technology. That really would help the client out significantly.

Careful of the technology trap. Technology is not a panacea. Aside from that, the candidate has missed the objectives behind case interviews. The interviewer wants to see a structured

thought process. Sure, technology often plays a role in supply chain management, but this is not a technology question. The candidate needs to lay down a structure and then proceed with an analysis that illustrates strong business logic and demonstrates the way the candidate thinks. Scale economics is partly on the right track, but it would be more useful if the candidate elaborated with an example. Plus scale economics may not be relevant depending on types of parts and suppliers being considered.

Good Answer

Candidate: Wow, a lot of suppliers to handle, indeed! The first thing I would do is make sure I have all the necessary data consolidated in a database from which I can efficiently run spend analyses. From that I would segment the vast supplier base into manageable buckets from which to establish different purchasing strategies. An airplane is mixed with parts of different levels of criticality. The first bucket could consist of highly critical items linked to safety, such as navigation equipment, flight controls, and engine components. The second bucket could cover low-tech, commodity items such as basic nuts-and-bolts hardware, paint, wire, etc. The last bucket could contain items not critical to safety, but highly important to customer satisfaction, such as interior fabrics, seats, and in-flight entertainment systems.

Data management is critical given the scope of parts and the volume of suppliers who provide them. The candidate shows his understanding of this by suggesting the database. He then moves into his approach by discussing segmentation, both of parts and suppliers. This is a pervasive technique in consulting and critical to analyzing vast amounts of data. The candidate confidently settles on three “buckets” to work from and presents a logical rationale behind this segmentation. Overall, he is off to a good start by presenting a solid foundation from which to begin considering supplier strategies.

Interviewer: That seems like a good way to handle the mass of information. What would you do next?

Candidate: Once suppliers are segmented, I would establish decision criteria around what is important to the client in each of the three buckets. For highly critical items, logical criteria would be quality and reliability—cost would be secondary. Strong supplier support and priority service would also be important, so if an aircraft is grounded due to maintenance, they could be relied on to get it back flying as soon as possible. For commodity items, cost is a major concern. By definition, these items are straightforward to manufacture and can be bought from many different suppliers. The third bucket is trickier. The items are not safety critical, but will influence customers' desire to fly the airline over competitors, thus impacting revenue. Cost is a key criteria item, while ensuring innovative design that appeals to the customer.

Excellent. The candidate has gathered information, managed it through segmentation, and has now established decision criteria to guide strategy. He has thus presented a very structured approach that is logically sequenced. He has also linked supply-based decisions to the impact on revenues, namely grounded planes and customer choice.

Interviewer: That makes sense. Now what would you do?

Candidate: In each bucket I would next analyze the spend profile. Specifically, I would see how total costs are distributed across different parts and suppliers to understand what is driving the majority of my costs. This would allow me to focus my effort efficiently and not chase down cost reductions or quality enhancements for every part and every supplier, but rather just the primary ones.

These kinds of cases are very much about sifting through lots of data to pinpoint where the leverage is. His technique is correct. He is suggesting further segmentation within each parts category to identify the leverage. It is called the Pareto Principle—or more commonly, the 80/20 rule—and it refers to the common business fact that 80 percent of the value can be found in 20 percent of the factors, in this case it regards suppliers and parts.

Interviewer: That seems logical. Could you provide an example?

Candidate: Sure. Let's take the commodity bucket. Let's say that of 1,000 parts, I notice that 50 percent of total cost is spent on fuselage rivets, versus 1 percent on three-inch washers. I would thus scrutinize the suppliers of fuselage rivets and not washers. Then let's say that I see that 80 percent of the total spent on fuselage rivets goes to one supplier, whereas 20 percent goes to a remaining 24 suppliers of rivets. I may then focus any negotiating effort for a price reduction on the primary supplier and not all suppliers. An alternative strategy would be to tell all 25 suppliers that I am going to consolidate down to one primary and one secondary supplier of rivets. This would create a competitive bid situation, which will likely yield better pricing for our client. There would be great incentive for the suppliers to drop prices since they could win a large piece of our business, but also since picking up volume would lower their manufacturing costs by increasing capacity utilization and spreading out their fixed costs. I should note that the actual analysis would likely be more complex due to suppliers spanning across several different commodity types. Such a strategy may not work in other buckets if suppliers are differentiated, there are few suppliers, or switching costs are high for our client.

Always be prepared to elaborate with an example and to illustrate with numbers. Interviewers love it. It demonstrates further analytical horsepower. The candidate clearly illustrates the concept of the 80/20 rule here. He also shows an understanding of potential negotiating tactics available, given the example. In doing this he demonstrates a win-win approach by suggesting a supplier would have the incentive to lower prices, win more volume, and therefore benefit by covering more of its fixed costs. Additionally, being unsure of whether time is running out in the interview, he scores extra points by suggesting added complexity requiring consideration in a real life situation. If the interviewer wants more on that added complexity, he will ask for it and it won't be a strike against the candidate. Finally, he clearly points to drivers of the buyer-supplier balance of power, recognizing that strategies will differ depending on that balance.

Interviewer: You seem to have a good grasp of controlling supplier costs. You have laid out a good “buy for less” strategy for commodity suppliers. What other strategies might you consider to improve efficiency and cost across all buckets?

The interviewer seems content with the one strategy example for a specific bucket, and now wants to push your thinking further on general supplier optimization strategies that span all buckets.

Candidate: Inventory management is a critical factor across all buckets. If our client is out of stock of parts when they need them, it could result in costly grounded planes. Additionally, having too much inventory on hand results in high carrying costs. I would work closely with primary suppliers to ensure that the latest inventory management techniques, such as just-in-time and vendor-managed inventory, are in place. Technological tools can also be leveraged to improve coordination with suppliers, demand forecasting accuracy, logistical flows, and transactional efficiency. Also, if our client is part of an airline consortium, it would be valuable to leverage their overall buyer power and share best practices regarding supplier management. Lastly, I would involve suppliers in future solution design decisions to drive toward more standardization, simplified specifications, and rationalized requirements.

A discussion around supply chain is not complete without some mention of controlling the flow and timing of goods to the buyer. This candidate seems to have an additional grasp of some of the techniques out there, such as JIT and VMI (this terminology would not really be expected). Such complex supply chains will undoubtedly rely on effective use of technology to manage them. The candidate sees this, which will score him points, as well. Finally, the candidate goes above and beyond by speaking to the potential advantages of leveraging airline consortiums and involving suppliers as partners in design decisions—again a win-win perspective.

Interviewer: Good job.

Business Strategy Questions

Case 9

A small manufacturer and distributor of women's surf clothes is considering selling to high-end boutiques and has hired you to help out. What kinds of issues would you think about to help it make the decision?

This is a case about entry into new channels; the issues are similar to market entry cases.

Bad Answer

Candidate: Selling surf clothes in high-end boutiques seems like an absurd idea. I've never seen them in any boutiques I've been in. I'd tell the client not to do it.

What is the analysis based on?

Interviewer: Well, the client is fairly serious about it. The average selling price is much higher in boutiques than it is in surf shops, so it may represent an interesting opportunity.

The interviewer is giving the candidate a very clear hint, and is also providing her with some data that she will want to factor into your analysis. In these cases, take the hint and reconsider.

Candidate: Yeah, but I still don't think that it's a good idea. I just don't think that surf clothes and boutiques match. I bet if I talked with a bunch of my friends, they'd all say the same things.

The candidate has not taken the hint, and the interview is essentially over. It's important to avoid starting with a strong bias as you go into a case.

Interviewer: Oops! I forgot that I scheduled a conference call during this time. Maybe we could reschedule.

Or maybe not.

Good Answer

Candidate: I hate to sound overly structured, but I think the 3C framework will work nicely here, and help me to organize my thoughts and analysis. So I'll discuss the customer, the competition, and the company in that order. First, let's talk about some information that I would need about customers. Do people who shop at surf shops also visit boutiques? Or is the client trying to attract a new base of customers by selling through boutiques? In essence, what is the target market for both the surf shops and the boutiques and how do they overlap or differ? This would answer questions about cannibalization of the existing customer base.

This is a good use of a framework to set up the answer. When you so apply an off-the-shelf framework like the 3Cs, be sure that it is appropriate. Interviewers tell us that they really dislike it when candidates struggle to bend a problem to an ill-fitting framework.

Interviewer: Okay, so you would want to know about who is buying the clothes. In the apparel industry, there are really two sets of customers: the retailers and the consumers. What type of information would you want to know about the retailers?

The interviewer is leading the candidate down a specific path, so by all means she should follow it!

Candidate: Ah, good question, I need to consider the channel. First off, I'd want to know something about the size of the boutique market: is it big enough to sustain a new product introduction? Also, what are the economics of serving the boutique market? And, perhaps most importantly, would they be interested in buying our product? Is surf wear "in"?

Interviewer: All good questions. It turns out that the average selling price of clothing at boutiques is significantly higher than at surf shops—this shouldn't surprise anyone. Also, beach wear in general is “in” right now, and the client has a fresh, youthful brand. What concerns the boutiques, though, is price competition from other retailers: they do not want to see a piece of clothing that they sell at their store for sale at a surf shop for two-thirds the price. How does this impact the decision?

The interviewer is taking an active role in leading the discussion, even though he is starting to take the candidate away from his framework. Remember: being too rigid in your frameworks is almost as bad as using the wrong framework. It's doubtful that you will ever be able to march all the way through an interview by sticking to the same framework. Use it as a crutch when you get into trouble, but rely primarily on the interviewer—not the framework—to guide you.

Candidate: Well, the margins seem to be pretty good at the boutiques, assuming that costs to serve are relatively similar for surf shops and boutiques. And our brand and type of clothing seem to fit with their needs. The question will be avoiding channel conflict. There are a couple of ways to get around this. One is to simply avoid geographical overlap by selling to boutiques in one geography and surf shops in another. Another is to create a new line of clothing that is branded separately from the clothing the client sells to surf shops.

Interviewer: Good. What else would you want to know?

Now is the time when the candidate can get back to her framework. The interviewer is clearly satisfied with this line of analysis and is ready to move on.

Candidate: I would want to know about the competition. What types of surf clothing exist in boutiques now? This would help the client assess share of wallet at the boutiques and assist in profitability analysis. Also, what type of competition exists in surf shops? And what is the nature of that competition: is

it based on price, fashion, fit, quality, or other factors? If the client is successful in moving into boutiques, who is going to follow? Can the client establish any barriers to entry?

Interviewer: What type of barriers to entry are you thinking about?

Be careful which buzz words you use when using frameworks because interviewers will pounce on them and see if you know what you're talking about or if you're blindly trying to impress him.

Candidate: I was thinking about things such as a strong sales force, exclusive agreements, production scale.

Hopefully the candidate was actually thinking about these things. . . .

Interviewer: You mentioned the nature of the competition. How would you test whether or not the competitive environment within this new channel would be the same as the traditional surf shop channel?

Candidate: There may be examples of other channel expansions within the apparel industry that I could take a look at, but my operating assumption would be that because the same set of competitors would be involved, the nature of the competition would be the same.

Interviewer: Good. I want to touch upon how the company's operations would change to serve this new channel. What type of new capabilities do you think they would need to add?

The interviewer, again, is taking an active role in structuring the interview, and it's the candidate's role to take the lead.

Candidate: Well, I mentioned the sales force earlier. Because the buyers are likely different, the client would probably have to develop a new sales force targeted at this new channel. These sales representatives would need to have a

broader understanding of fashion trends and not just specialize on surf apparel trends. In addition, design and manufacturing processes may need to change—perhaps the boutiques require a different type of merchandise with more emphasis on fashion than on function. And, the client would need to assess capacity requirements: can existing capacity be used? Or do new plants need to be built?

Interviewer: Good analysis. Now let's talk a bit about your resume.

Case 10

Your client is a large owner and operator of hotels and vacation properties. It also runs a highly successful rewards program that gives guests the opportunity to earn points for each stay. The company is considering partnering with small bed-and-breakfasts and offering guests the opportunity to earn points for stays at participating B&Bs as well. Should it go ahead with this partnership? What should it think about in order to make its decision?

This is a classic strategy question: how to grow and how to grow profitably? There's clearly a lot of information missing, so half of the problem will involve getting the right information out of the interviewer.

Bad Answer

Candidate: Chances are that a lot of hotel chains have looked at this as an opportunity, and because they haven't done it, my inclination would be to say that it's probably not a good idea.

Don't lead off with a conclusion, because what the interviewer is looking for foremost is the thought process and logic for dissecting the question.

Interviewer: I don't know if that's true, but even if it is, the client believes that it has some strong competitive advantages that might make it successful.

The interviewer is leading the candidate to the trough, hoping he will drink!

Candidate: But there are thousands of B&Bs out there—there's no way that the client could sign up all of them, and only signing up a few would not be worth the time. The execution of the strategy would be very difficult.

The candidate has skipped to talking about the implementation and, while important, it is not the focus of the question. He also has not taken the clue and is going to have a very difficult time recovering to save himself.

Good Answer

Candidate: Well, we're going to want to weigh the advantages of such a program against its costs and risks. First, I'd like to ask a couple of questions. First, what types of customers does the client target? Second, what types of hotels does the client operate? And third, I want to get a sense of how the proposed partnership might operate; I need to address what the revenue and cost structure would look like.

This is a much better and safer approach. The candidate has set up a loose framework (cost-benefit analysis) and has probed for more information. It's a good rule of thumb to force yourself to ask a question of your interviewer after hearing a case. It will almost never hurt you to do so, and will allow you a little more time to prepare your own thoughts.

Interviewer: Let me answer the third question first. The way the program would work—and it's your job to determine if there are any other ways to structure the flow of funds—is that each B&B would pay the client an annual membership fee to be part of the network. Customers would then be able to earn reward points each time they stayed at the B&Bs, and also redeem their points at these participating B&Bs. In return, the client would provide them with access to the centralized reservation service and allow them to advertise the fact that they are part of our network.

Candidate: And would members of the reward program be able to stay for free at the participating B&Bs?

This question demonstrates understanding of the program and shows that the candidate has been listening attentively.

Interviewer: Good question. That's up for discussion. Now you also asked some questions about the customer base. What specific information are you looking for and why do you want to know about it?

Beware of asking questions only to fill time. Interviewers want to know that you're thinking before you're talking.

Candidate: What I'm looking for there is a sense of overlap between the customers in the reward program and those who visit B&Bs. We need this to get a rough estimate of demand.

Interviewer: I see. The client owns and operates higher end hotels that are primarily used for business purposes. The average customer is wealthy, lives in the suburbs, and travels significantly. The customer base is highly loyal and redeems points on vacations. Moreover, the customer plans vacations around his or her ability to redeem points for free stays; as an example, a customer will go to Park City instead of Vail for a ski vacation if he or she is able to stay for free.

The interviewer has revealed a lot of information about customers and customer preferences. It's important to note that some of the data that the interviewer gives you will be more relevant than others; it's your responsibility to sift through it.

Candidate: Interesting. Because the customers are redeeming their points on vacation, I'm going to assume that they're not currently staying at B&Bs, because they can't redeem their points there. But would they stay at B&Bs if they could, or are they so used to large hotels and all of the modern amenities that are associated with them that these customers would not stay at B&Bs?

This is the appropriate time to start making assumptions; the candidate has demonstrated an understanding of the situation and has asked a lot of questions. Something to think about: If you're halfway through your allotted time and you're still only asking questions, you may want to think about initial conclusions to focus your analysis and line of questioning. The interviewer will challenge your assumptions if she disagrees with them.

Interviewer: Another good question. The client recently conducted a survey that said that customers are seeking less adventurous vacations and are staying closer to home. They prefer a quieter, more removed setting.

Candidate: Which is what a B&B offers, I imagine. So there is demand for the program, at least from the existing base of reward program members.

The candidate has established a lot of credibility with the interviewer by immediately incorporating the information given and linking it to her line of logic.

Interviewer: It appears so.

This is a critical time in the interview. The candidate has made some initial conclusions, but the interviewer is not going to provide guidance on where to go next.

Candidate: But what we must also consider is whether or not there would be demand for the B&Bs for this program. Reward program members, it seems, would only be staying at B&Bs if they could stay for free by using points, so the B&B owners would be providing a room for free. If all they get from the client is access to a reservation system, which we've already established wouldn't be that useful if the B&B is only being used for free stays, it doesn't sound like a very compelling value proposition.

This is a nice summary of how a B&B owner might react to the proposed partnership arrangement and also shows that the candidate remembers the structure of the program that the interviewer gave at the outset.

Interviewer: I agree. But from our client's perspective, I hear you saying that it may be an attractive program because it responds well to customer priorities. What could our client do with the structure of the program to make it more attractive to the B&Bs?

The interviewer is clearly impressed with the candidate's analysis thus far and has asked her to consider restructuring the initial proposal. If you get into these types of details during a case interview, it's a signal that you've done very well.

Candidate: Well, the client is going to have to make the financials much more attractive to the B&B owners. The client could reimburse the B&B owners for the cost of the room or pay the B&Bs an annual fee instead of vice versa. Of course, these costs would need to be weighed against the revenue the client would receive for offering the program, which is the estimated increase in number of paid stays at the client's hotel network.

There are a lot of other potential adjustments to the program: for example, midweek stays only when the B&Bs are likely not at capacity (and therefore not losing marginal revenue), requiring a three-night minimum where the customer pays for two nights, and so on. Don't make a laundry list; the interviewer would rather hear how you would analyze whether or not your idea will work.

Interviewer: Great. Let's move on to another case.

Case 11

A camera company has stumbled on a compound that helps extend the life of cut roses. It wants to know if it should introduce the product and how to price it. The firm has collected the following data and wants your assistance in analyzing the data and making a recommendation:

- One billion roses are purchased each year in the United States.
- The average rose costs \$2.
- There are 50 million unique buyers of roses.
- The chemical extends the life of cut roses by one week.
- There are five other products on the market that extend the life of cut roses from two to five days.
- Five grams per rose of the new chemical must be present in order to be effective.
- It costs \$0.02 per gram to manufacture the new chemical, including fixed and variable costs.

Pricing cases are very common. It is also common that the interviewer will give you a lot of information upfront. If the interviewer doesn't give you a sheet of paper with the data, make sure you write it down. Also, understand that there is likely going to be more data that you're going to need to gather as you go along. Because the interviewer is specifically asking for the price of the product, you're going to need to perform a pricing analysis, based on the benefit created by the product and an estimate of how much of the benefit the company can capture.

Bad Answer

Candidate: The market is \$2 billion, which seems pretty big to me. However, it's a camera company we're talking about, and they probably don't have a lot of experience in this area, so maybe they should consider selling the product to someone with more experience.

It's always dangerous to jump to conclusions so quickly. The interviewer has given the candidate a lot of information, and obviously expects him to do more with it than multiply the number of roses by the average cost of the rose. And though it might be a good idea to talk about execution, leave this to the end of the discussion.

Interviewer: Interesting thoughts, but I'd like to focus on the viability of the product and its price. Does the data shed any insight into whether the client should commercialize it?

The candidate is getting one more chance.

Candidate: Okay. There are five competitors out there, which is a lot, and our product is only marginally better than theirs, so it's going to be pretty tough to get share without really lowering the price, so I don't think that it's going to be profitable.

Snap judgments are never a good idea. Real clients pay consultants a lot of money to be thoughtful. This interview is over.

Good Answer

Candidate: Before we get to pricing, I want to talk about market sizing: is the market big enough to be attractive? If the market is attractive, then I'll talk about pricing and, since you gave me cost information, we can talk about profitability. If the product is viable, then we'll investigate what the competition looks like and whether or not the company has the capabilities to execute.

A nicely structured overview. Note that there is a decision tree here: if the market is big enough and the product is profitable, then the candidate will discuss the competitive environment and implementation.

Interviewer: Sounds good to me.

Candidate: First, the market size. The annual market size is \$2 billion, which is certainly not small. Do we have any idea about growth rates?

Interviewer: The cut roses market has been growing at about 5 percent per year and is expected to continue to do so.

Candidate: Okay, so we have a pretty large market with solid—if not spectacular—growth. Seems too big to ignore. So I'll move onto the profitability of the product.

As a rule of thumb, market sizes in strategy questions will always be big enough. Otherwise, the case ends here and the interviewer will not get any real insight into the candidate's analytical skills.

Candidate: The way I'm going to approach the pricing of the product is to assess how much value our product creates for customers, and then use the data you gave me about value capture to determine the price. The benefit that the product creates for customers is that it extends the life of cut roses by a week. To quantify the benefit, though, I need to know the percentage increase in life: what is the average life of cut roses without any chemical supplement?

The candidate is thinking out loud and explaining exactly where he's going. This gives the interviewer a chance to see the candidate's logic and redirect if necessary.

Interviewer: About a week.

Candidate: Okay, so we're essentially doubling the life of the roses. I'm going to assume, therefore, that we're doubling the "value" of the roses to the customer, though this may be overstating things because the perceived value to the customer may decrease over time. Now I need to get a sense of the current "value" of the roses to the customer to quantify the delta. From the data you gave me, there are 50 million buyers of roses buying one billion roses, or 20

roses per buyer. Each buyer is spending \$40 on roses per year, which I can equate to be the perceived value. If the chemical is doubling their value, then the new perceived value of roses per buyer per year will be \$80. The value the product is creating is \$2 per rose. These numbers seem a little strange—how am I doing?

A little advice: It's okay if the analysis that you're doing seems a little awkward to you and the numbers a little out of whack. The interviewer is testing your ability to manipulate a data set. But if you feel uncomfortable, check in with the interviewer, like the candidate has done here.

Interviewer: I think your assumption that we're going to double the value of the roses is a little off. The client has done a little research and found out that by doubling the life of the rose it only creates about \$0.50 of value per rose. Most of the perceived value to the customer is wrapped up in buying the roses and enjoying them for the first couple of days.

Remember, this is a two-way street. The interviewer is there to help you and will appreciate your sanity checking your own analysis.

Candidate: That feels a little better to me. So the product could theoretically be priced at \$0.50, assuming that the client is able to capture all of the value created by the product. But this is probably unlikely. Are there other examples of recently introduced products that could be used as benchmarks?

The candidate is suggesting a means to gauge price range for the product by conducting a specific analysis. This will resonate strongly with the interviewer.

Interviewer: Products that have been priced in the manner you are suggesting—“value pricing”—have captured anywhere from 25 percent to 75 percent of the value they create.

Candidate: Okay, let's take the average and assume that our product will capture 50 percent of the value. So we price it at \$0.25 per rose.

Interviewer: And what does this imply about the profitability of the product?

Candidate: Well, it costs \$0.02 per gram to make the chemical, or \$0.10 to create enough chemical to sustain one rose. This means that our margin would be about \$0.15 per rose.

Interviewer: Are there other costs that we need to consider?

This is certainly a leading question—the answer is going to be a categorical “yes.”

Candidate: Ah, you gave me manufacturing costs. There are probably distribution costs, packaging, sales, and indirect costs that are going to be associated with the product. Do we have an estimate on what those might be?

Interviewer: All other costs are another \$0.02 per gram.

Candidate: So now we're up to costs of \$0.20 per five grams. This makes our margin \$0.05 per 5 grams, or 20 percent. The profitability seems viable, so now we need to consider the competitive environment. You mentioned five other competitors. Can you tell me anything more about the individual competitors or the nature of the competition?

The candidate has wrapped up the profitability analysis and made the logical jump to talking about the competitive environment, consistent with your initial framework. At this point, he is probably a little tired from the profitability analysis, so it's a good time to ask an open-ended question.

Interviewer: Competition is fierce. The largest competitor has well-established distribution agreements and a strong brand. It has a history of engaging in price wars. In fact, prices of similar products have fallen 30 percent over the last year and several other companies have exited the market.

Candidate: Well, this doesn't sound too promising. And, given that the client is a camera company and may not have any experience with this type of product or the market, maybe it's not such a good idea to enter the market. Plus, it may distract management attention from other, more core products.

The new information about the competitive environment does indeed change the analysis. The candidate has done a good job of incorporating it quickly into his own thinking; it's also always a good idea to discuss the opportunity cost of a new product or service, as he's done here by mentioning management focus.

Interviewer: I agree. But at the same time you've concluded that it's a potentially profitable product. Can you think of ways the client could capture any of the value or is it a lost cause?

Again, a leading question. The interviewer is testing the candidate's creativity.

Candidate: Well, one idea might be to sell the product to an existing player. Another might be to go after different customers—for example, sell it to flower store owners. And a third idea might be to invest in research to see if the product has any other uses.

The candidate has passed the creativity test nicely.

Interviewer: Good thinking. I think you did a fine job on the case.

Case 12

Your client is a large private equity firm. It is looking into “rolling up” the tow-truck industry; that is, buying many small- and medium-sized firms and combining them to create one, larger firm. It wants your help in assessing industry attractiveness.

Don't be intimidated by the jargon. This is a classic industry attractiveness question and should be treated as such.

Bad Answer

Candidate: I'm going to use the 3C framework for this case: company, competition, and cost. First, I'm going to talk about the existing tow truck companies, then the competition between them, and finally the cost of purchasing the individual firms.

The candidate has awkwardly tried to apply a framework that doesn't work in this case. The 3C framework should be used for new market opportunity questions, which is not the case in this example. The interviewer is going to be wary.

Interviewer: What the client really wants to know about is the attractiveness of the industry; you've mentioned a couple of the aspects, but I didn't hear anything about customers or barriers to entry. Should we be considering those things as well?

This is one nice interviewer. She is almost spoon-feeding the candidate a framework, which the candidate should easily recognize.

Candidate: I'll get to that at the end; I've never been a consultant before, so I'm not too familiar with the frameworks. The 3C framework is one that works for me, so if you don't mind I'm going to stick with it, even though it might be a little messy.

Hopefully the candidate didn't make quotation marks with her fingers when she said "framework." Interviewers are looking for your ability to be flexible and comfortable with new problems. Don't force-fit a framework.

Good Answer

Candidate: The client has asked me to assess industry attractiveness. This seems like a pretty good opportunity to use Porter's Five Forces. So I'm going to follow that framework. First, the buyers: what is the relative power of customers? Well, when you get your car towed, you certainly feel powerless!

Humor is a little risky, but may break the ice a bit if you think the interviewer will enjoy the levity.

Candidate: I do think, though, that this is important. Customers need to get their car back, and must pay the exorbitant fees that are required to get their car out of the lot. In addition, they are somewhat price insensitive and willing to pay whatever it takes to retrieve their car. So, from a bargaining power of suppliers' perspective, the industry is fairly attractive.

The candidate has given a brief—but effective—overview of one of the Five Forces and come to a logical conclusion. Analysis of all of the categories can take a while, so it's to your benefit to move quickly and let the interviewer stop you in areas where she wants more analysis.

Interviewer: Sounds good to me. What's next?

Candidate: Let's talk about the bargaining power of suppliers. Again, I don't see suppliers having a lot of bargaining power over the tow truck firms. I'm defining the suppliers as the companies that make the tow trucks. I'm also assuming that there are several manufacturers of those trucks. Is this correct?

Interviewer: That's a good assumption. There are quite a few firms that manufacture tow trucks.

Candidate: What about labor? Are there unions that I need to be concerned about?

Interviewer: How does this relate to suppliers?

Candidate: Well, if one union supplies all of the labor, for example, it will be able to exercise a significant amount of control over the labor force, which is one of the key “supplies” that a tow truck firm needs to operate.

The candidate has demonstrated a broad understanding of supplier power.

Interviewer: In the geography where the client is looking to roll up the industry, there are no unions.

Candidate: Okay. So, similar to buyer power, there doesn’t seem to be a lot of supplier power in this industry.

It’s a good idea to summarize whenever you come to the end of a line of logic and, when relevant, relate it to other conclusions that you’ve drawn during your analysis. This gives you a chance to take a breath, and also gives the interviewer a window to ask follow up questions. If the interviewer does not ask any questions, you can feel confident that you are doing a good job thus far.

Interviewer: I agree.

In this case, silence is golden.

Candidate: Next, I’m going to tackle barriers to entry. High barriers to entry may mean large initial capital investments, complicated technology, complex manufacturing processes, or regulatory barriers. Now let’s see if any of these apply to the tow truck industry. In terms of capital requirements, new entrants certainly need a couple of trucks. In addition, the new firm would need access to real estate to store the vehicles once they are towed. Can you tell me how

this works? Do firms own their own storage lots? Lease them? Are there central lots?

The candidate has given a nice definition of barriers to entry and is now addressing them in turn. This demonstrates an understanding of the concept and the ability to take a piece of the framework and apply it. It also helps the candidate organize her thoughts. And remember: ask questions!

Interviewer: The answer is yes. Some own their own lots, others lease. But the majority of vehicles are taken to central lots owned by the municipality. All vehicles that are towed from city streets are taken to these central lots, and you have to have a contract with the municipality in order to bring vehicles there.

Notice how a simple question has revealed some significant insights into how the industry operates. The interviewer is rewarding the candidate for asking the right questions.

Candidate: So the vehicles that are brought to other locations have been towed off privately held property?

Interviewer: Correct. As an example, if you get your car towed from a mall parking lot, it will be brought directly to the towing company's lot.

Candidate: Okay, so we've just identified another barrier to entry—having a contract with the city. How hard is it to get these?

Interviewer: They're not easy to come by, and you have to pay the municipality an arm and a leg to have access to these central lots.

Candidate: Interesting. So this is a pretty significant barrier to entry, which, from our client's point of view, makes the industry fairly attractive.

The candidate is thinking about what the analysis means for the client. Whenever possible, think about client implications and state them clearly and explicitly.

Interviewer: Good. I think we've done a good job of thinking about barriers to entry.

A sign to move on.

Candidate: We still have to talk about substitutes and competition. Let me address substitutes first. Here, I think the industry is going to be less attractive to the client because towing is really a commodity business. There is certainly no brand loyalty, and little differentiation between the services provided: in the mind of the customer, one tow truck company is the same as another.

This analysis is fairly straightforward, and the candidate has done a good job of hitting the high points without going into too much detail.

Interviewer: Makes sense to me; I've never heard of someone talk about brand loyalty and tow truck companies in the same breath.

A consultant's feeble attempt at humor.

Candidate: Finally, we get to competition, or rivalry among firms. Based on the analysis of substitutes that I just did, I imagine that there is a lot of competition because the product is not unique.

Interviewer: What type of competition, specifically?

Candidate: For commodity products, competition typically revolves around price.

Interviewer: But you mentioned at the beginning of the case that buyers are fairly cost insensitive.

The interviewer has moved into a different mode and is now challenging the candidate. If you get into one of these situations, do not take this as a sign that you are doing poorly. The interviewer is trying to see how you react to a more direct line of questioning. Just keep your cool.

Candidate: I think in this case the price competition would mostly be around how much the tow truck companies would pay for the right to tow. We mentioned the contracts with the city earlier, but I imagine that tow truck companies must pay for access to vehicles that are towed from malls, accident scenes, etc.

The candidate has kept his cool and explained exactly what he means about price competition. The candidate has also made some reasonable assumptions about how the industry might work—even if it is completely off, the logic is rational, and this is all the interviewer cares about.

Interviewer: I see what you mean, though isn't this at some level a discussion of supplier power since these industry participants are supplying the tow truck companies with the right to tow?

The interviewer is now playing "bad cop" and trying to fluster the candidate by telling him that he forgot about a key supplier. This will happen: don't worry about it.

Candidate: Yeah, I guess you're right. I'm glad we at least got to it, though.

Interviewer: So what does this mean for our client?

Candidate: It means that the industry—at least from a competitive point of view—is unattractive. So if I can summarize, the industry is attractive from a buyer power and barrier to entry perspective. It is less attractive in terms of substitutes, competition and, in light of the analysis we just did, supplier power.

Interviewer: So, what would you tell the client?

Candidate: Overall, the industry is unattractive and the client should not seek to roll up the industry.

To the interviewer, the final conclusion is much less important than the subsequent analysis.

Resume Questions

Case 13

After one year with our firm, what would our formal evaluation of your performance look like?

This is merely a creative way of asking the very typical interview question regarding your strengths and areas of improvement. The twist is responding creatively, while having some perspective of a timeframe that is a year away. Resume questions primarily aim to gauge your fit within the culture of the organization. Assessing the poise and maturity with which you answer this question is a classic way to measure fit. Additionally, make sure to know the “between the lines” messages of your resume in anticipation of what they may already suspect as a gap with the requirements of an effective consultant in their particular firm.

Bad Answer

Candidate: Comprehensive strengths, no weaknesses! Just kidding. Seriously though, my evaluation would be focused around strengths. It would highlight my superiority in structuring financial analyses, my position at the top of my consulting class, and my ability to tee-up future business opportunities with senior clients. It would also express my strong ability to solve complex quantitative and qualitative problems. As for weaknesses, they wouldn't be around skills so much. I guess I am a perfectionist. I also find it frustrating to problem solve with a group of people. Too many cooks and too inefficient! I am at my best blazing ahead on my own.

Yikes! Cocky humor is risky and will turn people off. Arrogance is unimpressive, even if you perceive your interviewer to be a tad arrogant. Confidence and a positive tone are most effective. With his attitude of superiority, this candidate would quickly alienate his colleagues

anyway, which deteriorates firm culture. He has also expressed ignorance toward the job description. No fresh MBA or undergrad is going to directly sell future business opportunities with senior clients. Their role is to provide good consulting results in order to open the door for partners to discuss future opportunities. Oh, and please, please either don't use the "perfectionist" line or find a better way of saying it. Finally, when discussing areas of development (don't call them weaknesses), talk to addressable items and not deeper personality issues that directly conflict with the nature of consulting.

Good Answer

Candidate: That's a very interesting question. For sake of argument, let me start by briefly laying a foundation of consulting activities I may be evaluated on during that first year. Given my four years' experience at Merrill Lynch, my desire to stay involved in financial services as a consultant, and the increasing operations and strategy work your firm is doing in this space, let's assume this area of activity for my case work.

The candidate does a good job at laying some context with logical assumptions that have the additional benefit of illustrating his knowledge in the kind of work the firm does. He immediately displays a structured approach, even with a somewhat conversational resume question.

Candidate: Let me cover strengths first. First, I am confident that my evaluation would highlight creative thought leadership. Given my experience in financial services and the nature of the project-oriented work I did at Merrill, both in operations and strategy, I will be proficient in finding leverage points and framing the resulting implications in a language the client understands. Also, it will highlight my strong ability for identifying actionable solutions. I spent a year leading a special-project team in Merrill's fixed income operations group, which was very successful due to laying out actionable steps, while effectively managing the 80/20 rule. Finally, my evaluation would highlight my strength in client relations. I enjoy working with people and have effectively interacted with people across many functions and levels in my past experiences.

This is something I will thrive at in serving consulting clients. I believe these strengths will make me a strong contributor to your firm, as consultants need to think creatively, recommend actionable solutions, and have strong rapport and credibility with clients.

The candidate does a great job on many levels. He starts with the strengths first to immediately develop a positive tone. The answer he gives is structured (with a good ending summation) and draws from past project work while establishing relevancy and linkages to consulting. The candidate illustrates skills in leadership, client relations, working in teams, thinking creatively, being action oriented, and managing the all-important 80/20 rule—each important traits of a successful consultant. Depending on time allotment, this candidate could have even gone into more detail in describing his work at Merrill.

Candidate: As I think about improvement opportunities, a couple things come to mind. Consultants convey many of their research, findings, and recommendations in slide presentations. As such, this is a critical art to master. I haven't had a lot of experience in this and will likely have room to improve the packaging of my work. I would address this by writing slides, soliciting feedback, and looking over past presentations that had real client impact. Additionally, my experience to date has had me rolling up my sleeves and doing the execution myself. While I know consultants often get involved in implementation, it is very important to educate the client along the way so they are self-sufficient in the long run. This education mode is something I will improve on over time, as well.

The candidate presents a thoughtful answer that points to fairly common issues among new consultants and that doesn't raise any serious concerns. Both issues are addressable with time. More importantly, the candidate impressively talks to how he would go about addressing the improvement opportunities. Again, showing his orientation for action. Finally, both points further illustrate his understanding of consulting, which is far favorable to a candidate who does not know what he or she is getting into.

Case 14

I see that you worked at a dot com for a year, before moving to a large bank for two years. What do you see as the pros and cons for you of working in a large organization versus a small organization? What would you bring to consulting from your experiences in two very different working environments?

Whether the job history of an MBA or the internship per academic history of an undergrad, the underlying takeaway is the same. The interviewer is probing linkages and consistency throughout the resume, and how the mix of activities has yielded an interest in consulting. Most interviewers are more interested in the person and their story (e.g., motivations, past decisions, professional interests) when conducting resume interviews than in discussing specific bullet points (which they will have already read and evaluated on their own). They are carefully searching to answer not only whether you are right for consulting, but whether consulting is right for you. It is important to be ready to speak to any seemingly inconsistent steps along the chronology of your resume; whether you go from banking to a dot com or banking to the Peace Corps.

Bad Answer

Candidate: Large organizations are too structured. Things take a long time to get accomplished and strategic decisions get stuck in bureaucratic bottlenecks. They also have so many divisions, groups, and layers of decision making, that communication is always suboptimal. Small companies require employees to do everything from fixing the copy machine to ordering supplies to drawing up a strategic plan and executing it. Plus, unless you are among the top brass, you will not reap the rewards if they begin to rocket into financial success. Pros? I would say job security is a pro at a large company and small companies offer employees more access to senior management. My experiences in both environments would make me a good consultant because I have a first-hand sense of these pros and cons.

Pros are a good place to start, rather than cons. But this is the least of the candidate's concerns. He clearly had some bad experiences and is displaying a bitter attitude. His assertions are harsh generalizations about both environments, which may make the interviewer question his interest in the consulting firm itself. The main problem with this answer is it is more accusatory than getting to the pros and cons as they specifically apply to the kind of person the candidate is. Finally, the candidate gave a non-answer for the last part of the question.

Good Answer

Candidate: Recognizing that all organizations are different, I will speak to what I observed in my experiences. I had a very valuable experience at the dot com, both in good times and bad. Entrepreneurship was a pervasive attitude in the company and each individual was encouraged to run with his ideas. This was a good fit for me, as it generated passion and a sense of ownership that made the mission to build something from nothing quite a motivating adventure. I found it a challenge, however, to grow under extreme uncertainty and lack of financial resources. This was a distraction at first and ultimately led to our demise.

Good start. The candidate begins by avoiding generalizations, disclaiming that all organizations are different—Microsoft would not consider itself a typical large company, for example. He also recognizes the positive value of good and bad experiences to a person's development. He clearly highlights the motivating effect on him of an entrepreneurial environment, and then explains, without appearing negative, the challenges of uncertainty and access to capital.

Candidate: As I considered career options, I wanted to maintain the entrepreneurial atmosphere, but in a more structured environment where there was access to capital and a strong support network to feed growth. I found a small incubator group in a large bank and accepted a position where I could leverage my dot com experience in helping grow small companies in our portfolio, while helping to build the group from the ground up. It really was the best of both worlds for me at first. Being a large organization, there were many business

groups with different agendas and priorities that were not effectively communicated. Ultimately the incubator was not absorbed effectively into the organization because of perceived conflicts of interest and a general lack of appetite for a changed business model.

The candidate draws a clear linkage of moving from the dot com to the large bank. He also shows his creativity in finding a startup-like opportunity under the umbrella of a large, resource-rich organization. He goes on to explain the difficulty the company had with accepting change and ironing out real or perceived conflicts of interest across different groups.

Candidate: My experiences taught me a lot. They taught me that I like working on small teams with a clean slate from which to creatively build an optimal path forward. I also found that despite what happened to the incubator group, I enjoyed the feeling of being supported by a larger organization with sufficient resources. Working on a project-by-project basis in small teams within a large consulting firm will meet my interests well. My experiences afford me the ability to work well in small teams and address many different problem types. Additionally, I would bring a strong desire for helping ensure that communication lines are open and efficient across consulting teams and industry practices within the firm, to leverage resources and avoid clashes in strategic directions. Finally, having worked in large and small environments, I would be able to interact effectively with various sizes of client organizations.

The candidate finishes strongly by explaining what he got from his experiences and why it is driving his interest in consulting. He goes on to highlight what of his past experiences he brings to consulting, thus positioning his situation in a unique, value-added way.

Case 15

I see you led a cross-functional merger integration team at General Electric. What is your leadership style?

This is a common yet highly important resume question. The interviewer is trying to gauge how you will structure and lead team-based projects (or modules within a project), how you will develop and motivate others around you (peers, managers, and subordinates alike), and how you will interact with client employees. At the same time, the interviewer is indirectly seeking some description of the specific merger project listed on the resume.

Bad Answer

Candidate: I like to avoid the team dynamic of having too many people providing too many ideas and solutions. I thus like to make it clear that I am leading the project and that while open to suggestions, I will make the final decisions on how we attack a problem. I have found that when people are left to their own devices, projects can skew out of focus and become overwhelming to control. I hold people accountable for their actions and find that to be very motivating.

This candidate is a bit aggressive in his leadership style. He does not demonstrate a strong sense of teamwork. He also does not seem to understand that such leadership tactics used in his previous organization may not work well in a consulting environment. Consulting teams consist of several highly motivated, self-starting, and intelligent people who typically function most effectively under a more collaborative style of leadership. It is important to frame your experiences and style in the context of the position for which you are being evaluated. This candidate also failed to speak about his experience leading the merger team.

Good Answer

Candidate: I first try to learn a little about my teammates. This was critical in leading the cross-functional team at GE, as learning the strengths and experiences of team members from marketing, R&D, IT, sales, and customer support, gave me a comprehensive picture of what needed to be done. This allowed me to carefully structure a work plan with logically assigned roles and under reasonable timeframes. I also find that when a team is part of the plan creation process, they will be more motivated in executing against it.

Good beginning. The candidate seems to be illustrating his style by going down a chronological path of leading a project team. He also brings his experience directly into his answer, while explaining the benefits of his technique. Overall, this candidate clearly conveys that he is a team player.

After putting the plan together, I like to present it to the team for discussion and to clarify primary objectives and action items. I then follow up with team members individually to gauge what they are looking to get out of the project, if they are happy with their role, and if they are clear on deliverables and timeframes. I then let them go at it, without micromanaging their activity. Frequent updates with the team are critical, as I strive to maintain open lines of communication to facilitate knowledge sharing and establish a collaborative team dynamic. In my experience at GE, this allowed me to redirect when necessary and ensured that we were all on the same page. As the project progresses and deliverables start to come in from team members, I like to offer feedback and mentorship so they are able to develop their skill sets in real time. Having said all that, I believe it is important to have some fun along the way. At GE, we would try to have a team event weekly, such as eating at a nice restaurant, playing volleyball, or going to a show together.

The candidate clearly articulated his collaborative style that believes in open communication, encouragement, and feedback. He also made it clear that he has a very tactical style (e.g., plans, deliverables, stated objectives, roles). He has highlighted parts of his style most relevant to the tactical, team-oriented nature of consulting. Plus he expressed the importance of fun, a necessity if one is to enjoy the intense demands of consulting.

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McKinsey & Company
Merrill Lynch
Morgan Stanley
25 Top Consulting Firms
Top 20 Biotechnology & Pharmaceuticals Firms
Top 25 Financial Services Firms

Who We Are

WetFeet is the trusted destination for job seekers to research companies and industries, and manage their careers. WetFeet Insider Guides provide you with inside information for a successful job search. At WetFeet, we do the work for you and present our results in an informative, credible, and entertaining way. Think of us as your own private research company whose primary mission is to assist you in making more informed career decisions.

WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

The only surefire way to master the case interview

is through practice, practice, and more practice. For all aspiring consultants, WetFeet offers the opportunity to perfect your case-interviewing skills. The third book in WetFeet's best-selling Ace Your Case series provides 15 more sample case questions that will really get you thinking—and talking—like a consultant.

Each book in the Ace Your Case series offers

- An introduction to the case interview—its role in the recruiting process for consulting firms.
- An explanation of the most common case question types, from market-sizing questions to resume questions.
- Tips for handling each kind of question.
- Insight into consulting recruiters' interview objectives: how they're evaluating prospective employees.
- Practice questions you can complete on your own.
- Detailed examples of good and bad answers for each practice question, along with tips for improving your own answers and recovering from mistakes.

WetFeet has earned a strong reputation among college graduates and career professionals for its series of highly credible, no-holds-barred Insider Guides. WetFeet's investigative writers get behind the annual reports and corporate PR to tell the real story of what it's like to work at specific companies and in different industries. www.WetFeet.com



Ace Your Case[®] IV

The Latest & Greatest



WetFeet Insider Guide

The WetFeet Research Methodology

You hold in your hands a copy of the best-quality research available for job seekers. We have designed this Insider Guide to save you time doing your job research and to provide highly accurate information written precisely for the needs of the job-seeking public. (We also hope that you'll enjoy reading it, because, believe it or not, the job search doesn't have to be a pain in the neck.)

Each WetFeet Insider Guide represents hundreds of hours of careful research and writing. We start with a review of the public information available. (Our writers are also experts in reading between the lines.) We augment this information with dozens of in-depth interviews of people who actually work for each company or industry we cover. And, although we keep the identity of the rank-and-file employees anonymous to encourage candor, we also interview the company's recruiting staff extensively, to make sure that we give you, the reader, accurate information about recruiting, process, compensation, hiring targets, and so on. (WetFeet retains all editorial control of the product.) We also regularly survey our members and customers to learn about their experiences in the recruiting process. Finally, each Insider Guide goes through an editorial review and fact-checking process to make sure that the information and writing live up to our exacting standards before it goes out the door.

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Ace Your Case[®] IV: The Latest and Greatest

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Ace Your Case IV at a Glance

Case-by-Case Rules

Here's a summary of the different types of cases you'll find in this report, along with some rules that should help you ace your answer.

Market-Sizing Questions

- *Use round numbers.*
- *Show your work.*
- *Use paper and calculator.*

Business Operations Questions

- *Isolate the main issue.*
- *Apply a framework.*
- *Think "action."*

Business Strategy Questions

- *Think frameworks.*
- *Ask questions.*
- *Work from big to small.*

Resume Cases

- *Know your story*
- *Keep the Parent Test in mind.*
- *Let your excitement shine!*

The Interview Unplugged

- Overview
- The Case Interview

Overview

When it comes to preparing for your case interviews, there's one word and one word only: practice. By now, you're spending all of your spare time thinking about why Dell is getting into printers, why the utility industry is consolidating, and how much mustard is consumed in Idaho. Your family thinks you're an oddball, but you're on the right track. You're probably even starting to enjoy thinking about these issues. Watch out: You might be turning into a consultant.

This guide is designed to be a companion volume to *Ace Your Case!*, *Ace Your Case II*, and *Ace Your Case III*. It offers new detailed explanations about different case types and more sample questions. Many of our sample case questions here are based on real, live case questions that people received in their interviews last year.

For those who haven't seen our other case-interviewing guides, *Ace Your Case!* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 3Cs and the 4Ps, not to mention the infamous Five Forces) that should help you attack your case questions. *Ace Your Case II* and *Ace Your Case III* each contain 15 specific case questions and detailed recommended answers, as does this edition.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If you find that our "good answer" differs from yours, see if there's something you can learn from our suggestions. But don't panic—there are usually

numerous ways to answer any case question. It's far more important to note the approach, as well as the interviewer's likely responses, which obviously won't be included in your own answers. As you sharpen those skills, keep thinking to yourself, "I love these case questions!" Pretty soon you'll find yourself talking like a consultant!

The Case Interview

Background

Many management consulting firms, especially the strategy firms (McKinsey, The Boston Consulting Group, Bain, Mercer, and others) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as "case questions," are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four different categories of questions:

- *Market-sizing questions*
- *Business operations questions*
- *Business strategy questions*
- *Resume questions*

(Note that we are not covering the brainteaser category in this Insider Guide. Consulting firms rarely ask brainteaser questions; other types of cases give much more insight into the type of thinking that makes a good consultant.)

Each of these prototypes has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain “rules of the road” that should help you successfully navigate the different types of questions. Don’t worry—you’ll never be asked to spit out a category name and serial number for the questions you receive in the interview. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn’t the true goal of the technique. According to insiders, case questions really do help interviewers evaluate a candidate’s aptitude for consulting. What does that mean exactly? Whether you’re an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Analytical ability
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving
- Business intuition

- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

**Insider Tip**

Try to make the interview more of a dialogue between equals. Try to have fun.

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting fits you. In particular, you must have good answers to two questions: Why do you want to be a consultant? And why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates, MBAs, advanced-degree candidates, and experienced hires.

Undergraduates

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as are general business strategy problems. In the business strategy area, the companies and the topics may also seem a little more friendly; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular

declining-profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences.

Interviewers tell us that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all of the standard business-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: Rank amateurs are definitely not welcome. Thus, you must have a general understanding of basic business relationships (e.g. revenues - costs = profits), but don't get your knickers in a knot if you can't name even one of the Five Forces.

Here are a few real, live case questions fielded by our undergraduate customers:

- How many jelly beans would it take to fill a 747?
- Your client is the owner of a hip sushi restaurant and bar in New York. The place is always packed, but it isn't profitable. What's going on?
- Two prominent hospitals are planning a merger. What are some of the issues they should think about?

MBAs

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to peel the onion and a real familiarity with business concepts. We understand that at least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real, live case questions fielded by our MBA customers:

- How many diapers are sold in the United States in a year?
- An online brokerage is contemplating expansion into additional financial services categories. Should it go ahead with the expansion?
- A sunglasses manufacturer discovers that its costs are far above industry average. What should it do?

Advanced-Degree Candidates (Non-MBAs)

Although consulting firms are attracting record numbers of MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced-degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their background.

If you enter a separate recruiting track, you will, according to our customers, still have to contend with interviews that are similar in format to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you

queries. One slight difference is that, in addition to seeing whether you can handle the substance of the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don’t require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (your resume is usually a font of material), or they may resemble undergraduate case studies that check a person’s intuition, common sense, analytical skills, and problem-solving abilities. Interviewers at various top firms say they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn’t necessarily incorporate all of the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many taxicabs are there in New York City?
- A winery has hired you to tell it why it has been experiencing declining profits.
- Question for someone who studied physics: What has been the most important development in the field of physics in the last five years?

Experienced Hires

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described in this report. According to WetFeet customers, experienced-hire candidates may or may not face a battery of case questions. There is no hard-and-fast rule, but it seems as though people with more experience (ten-plus years), and people who have already worked for a name-brand consulting firm, are relatively unlikely to face a case as part of their review process. In contrast, people who

have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e. expect lots of cases). In particular, if you are changing careers (e.g. moving from non-profit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced-hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to their area of expertise.

Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences derive from the differences in the personalities and experiences of your interviewers. However, several firms have developed their own approach to the case interview. One variation involves giving a candidate a written case prior to the interview and asking him or her to prepare to discuss the case in detail during the interview. We understand that PricewaterhouseCoopers (now IBM Business Consulting Services) and Monitor Group have given preprinted cases to candidates before an interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem, while McKinsey has been experimenting with a process for undergraduates that includes both a written case test and a group interview.

One other thing to keep in mind: Recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a "people issue" somewhere in the case. If you're talking with Deloitte Consulting, keep "operations" in mind as you craft an answer—and don't talk about how it's important to work only with the company's top management. And, if you're interviewing with Bain, remember how much importance the company attaches to "measurable results" and "data-driven" analysis.

Case-by-Case Rules

- Market-Sizing Case
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward manner (e.g. “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g. “Do you think Fidelity should come out with a mutual fund targeted at high-net worth individuals?”) that requires the respondent to peel away the extraneous detail in order to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing in order to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer dude or gal own? How often will he or she get a new one? Are there

other big purchasers besides individual surfers? Is there a market for used boards?) You would also need to make a few basic calculations (number of surfers \times number of new boards per year + total quantity purchased by other types of customers, etc.). As you work through these issues, the interviewer would also get a glimpse of your

common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas like California and Hawaii?)

« »

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, both undergraduates and PhDs report receiving exactly the same market-sizing questions in their respective interviews. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (i.e. market size) for the drug.

Manhandling Your Market-Sizing Questions

Market-sizing questions can intimidate. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer.

In fact, your interviewer doesn't even care what the real number is. But remember, she does care about your ability to use logic, common sense, and creativity to get to a plausible answer. And she wants to make sure you don't turn tail when you've got a few numbers to run. Which brings us to the three rules for market-sizing questions.

Rule 1: Use round numbers. Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply, and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of New York City? Ten million, give or take.

Rule 2: Show your work. Case questions are the ultimate "show your work" questions. In fact, your exact answer matters less than the path you took to get there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Use paper and calculator. If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from freaking out, then by all means do it. Your interviewer will be more impressed if you are calm, cool, and collected, and if using props helps you, then go for it.

Business Operations Cases

Overview

A fair number of case questions cover operations issues. Given the existing economic environment, the mix of consulting business has shifted more towards operations and process-focused cases, so be prepared for at least one of these types of questions. Broadly speaking, “operations” refers to everything that’s involved in running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company’s products and the systems used to track sales. Whereas strategy questions deal with the future direction of the firm (e.g. whether to enter a new line of business), operations deals with the day-to-day running of the business. It is a particularly fertile ground for consulting work, and for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company’s sales or profits have declined.

The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running a business (e.g. the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company’s profitability). In addition, operations questions require the candidate to

demonstrate a good grasp of process and an ability to sort through a pile of information and identify the most important factors.

Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the “declining profits” questions are some of the most popular types of cases around, and almost all candidates can expect to get at least one of these. That said, MBAs are typically expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way, or, perhaps, the impact on the balance sheet of a certain type of financing. Undergraduates and non-MBA candidates still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect that the topic of the question be more familiar. For example, an undergraduate might get lobbed a question about the implications of launching a new national chain of restaurants. An MBA might get a question about factors that would allow a manufacturing operation to increase throughput.

Optimizing Your Business Operations Answers

Operations case questions are more complex than market-sizing questions. Not only do they typically require basic business knowledge (or, at the very least, a good deal of common sense), but they also frequently require the candidate to think like a detective. For example, the interviewer might ask why an airline has been losing money while its market share has increased. There could be many

reasons for this: Revenues might be down (and that, in turn, might be caused by any number of things, including ticket price wars, lower ridership, growing accounts payable, and so on); costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, and other factors); or the airline could be operating more inefficiently (e.g. higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are some rules you'll want to keep in mind:

Rule 1: Isolate the main issue. Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you've zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

Rule 2: Apply a framework. Frameworks were made for cracking operations questions. They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

Rule 3: Think action! Unlike your market-sizing question, operations questions never end with a nice, neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: Revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired to give advice. As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

Business Strategy Cases

Overview

Business strategy cases are the granddaddies (and demons) of the case question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby allowing the interviewer to probe the candidate's abilities in a variety of areas. Again, strategy case questions can run the gamut from a complex, multi-industry, multinational, multi-issue behemoth to a localized question with a pinpoint focus.

The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the most similar to the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation skills.

Location

Strategy case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward.

For MBA candidates, they frequently have several layers of issues, and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

Succeeding at the Strategy Stumpers

Because business strategy questions can involve many different elements, they may inspire fear in the weak of heart. Although it's true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can put all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multinational corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit-card company should go into the Italian market when your best friend who interviewed immediately prior to you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this book (and the other WetFeet *Ace Your Case* guides), you're already a step ahead of the game. However, here are the rules you'll want to keep in mind as you tackle your strategy case questions.

Rule 1: Think frameworks. While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question and where you are going with your analysis. The best way to do this is to apply a framework to the problem. As with operations questions, this means setting out a plan of attack up front and following it through to conclusion. One other big benefit: Having a clear framework will help you organize your analysis.

Rule 2: Ask questions. Successful consulting is as much about asking the right questions as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

Rule 3: Work from big to small. Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore it's essential that you start by looking at the most significant issues first. Besides, this is a great discipline for future consultants; the client may be paying for your time by the hour, so you'll want to make sure that you really are adding value.

Resume Cases

Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume.

Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all of the different positions on a rugby team, and the play strategy for each."

Frequently, the interviewer will ask the candidate to walk through a previous

work project or experience and explain how he or she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how he or she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded if a local computer store had created a knock-off service and offered it at a lower price.

The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also adds a little variety to a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman’s terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.

Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions; advanced-degree candidates can expect questions related to their previous research. PhD students tell us that they commonly receive resume cases. Not only do resume cases allow the candidate to avoid feeling like he or she has to master a whole new lexicon and body of frameworks, they test his or her communications skills.

Rocking Your Resume Case

Because the resume case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

Rule 1: Know your story. Nothing will make you look worse—and help you find the door more quickly—than not knowing what you put on your own resume. Make sure you've reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

Rule 2: Keep the Parent Test in mind. This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is can you tell others about what you did without sending them into a coma? It may sound easy, but many people seem incapable of communicating what they know. Our suggestion? Practice talking about your work as if you were telling your parents all about it.

Rule 3: Let your excitement shine. This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

The Practice Range

- Market-Sizing Case Questions
- Business Operations Case Questions
- Business Strategy Case Questions
- Resume Case Questions

Market-Sizing Questions

Remember the rules for market-sizing questions:

1. Use round numbers.
2. Show your work.
3. Use paper and calculator.



CASE 1

How many golf carts are there in the United States?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 2

How long does it take a Starbucks to serve enough coffee to completely fill the gas tank of a Hummer?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 3

Having fallen on hard times, your consulting firm has decided to serve a notorious bank robber. He has asked you to determine how many briefcases he must bring with him in order to steal \$10 million in cash, all \$100 bills, in bundles of 1,000 bills each.

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 4

How many unique horse jockeys ride in races in the United States on an average Saturday?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Business Operations Questions

Remember the rules for business operations questions:

1. Isolate the main issue.
2. Apply a framework.
3. Think action!



CASE 5

The general manager of a popular ski resort has called on you to help her figure out why her resort has been experiencing declining profits over the past three years. How would you help her?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 6

Your client is a publisher of romance novels that sells to retail bookstores. The standard arrangement in the industry is that publishers must reimburse their customers at the end of the year for any unsold inventory. In this case, you are to assume that any inventory that is sent back to the publisher must be destroyed and has no resale value. One of your client's customers has made a proposal: for a 10 percent discount on wholesale prices, they will no longer send back any books at the end of the year. Should the publisher do the deal? The following data exists:

- In 2002, the client sold 10,000 books to the bookstore.
- Client's production facilities are partially self-owned domestic, and partially contracted to overseas vendors, primarily in Asia.
- The average wholesale price of a book in 2002 was \$10.
- It costs the client \$5 on average to make a single book.
- The romance novel segment of the publishing industry has been flat for almost a decade, and is expected to remain so in coming years.
- In 2002, the bookstore sent back 20 percent of its order to the client at the end of the year.

Key questions to ask:



CASE 6 ... continued

What are the main issues?

Key approaches/frameworks:

Possible courses of action:



CASE 7

A non-profit in Baltimore runs two separate after-school clubs for children. Although the organization has been in existence for more than a decade and is considered to be an important part of its community, it is suffering financially in a struggling economy and fears that it will soon need to cut services and programs in order to continue operating. What steps should it should consider taking?

Key questions to ask:

What process would you use to investigate this question?

Where would you find the information you need?



CASE 8

The VP of marketing of a successful minor league baseball team would like to attract more kids to the team's games. He has proposed to the team's general manager that kids' tickets be discounted 50 percent for all upcoming season games. Your firm has served the team previously on an unrelated matter, and now the GM is calling you as a trusted advisor to get your point of view before he makes a decision on the kids' marketing plan. What are some of the issues he should consider?

Key questions to ask:

What are the main issues?



CASE 8 ... continued

Key approaches/frameworks:

Possible courses of action:

Action recommendations:

Business Strategy Questions

Keep the rules for business strategy questions in mind:

1. Think framework.
2. Ask questions.
3. Work from small to big.



CASE 9

Your client, Rick's Kicks, is a manufacturer of midrange and high-end athletic shoes. The company has been faltering in recent years and is under significant shareholder pressure to grow its business. A major mass merchant has approached the company and expressed interest in launching an offering from your client in all of its stores. (The company currently does not sell to mass merchants.) Should your client go ahead with the launch? If so, how?

Key questions to ask:

What are the main issues?



CASE 9 ... continued

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



CASE 10

Your client is a major branded skateboard manufacturer that has decided to enter the Brazilian market. Should it license its brand or manage the entry in-house?

Key questions to ask:

What are the main issues?



CASE 10 ... continued

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



CASE 11

Your client is a major car manufacturer with significant sales and brand equity. Though the company is doing well, the CEO is looking for incremental opportunities. A major area of concern is that customers' positive interactions with the brand are largely limited to the car-buying experience, which occurs on average once every three years. How would you increase customers' positive interactions with the brand?

Key questions to ask:

What are the main issues?



CASE 11 ... continued

Outline for my answer:

Action recommendations:



CASE 12

Your firm is involved in a competitive bid with two other consulting firms for a project with a major carbonated soda manufacturer. The company is considering entering the U.S. bottled water market and will be hiring a consulting firm to help it assess the opportunity. The partner leading the proposal effort has asked you to assist her in preparing a presentation for the company's executives. How would you structure the presentation? What issues would you address?

Key questions to ask:

What are the main issues?

Outline for my answer:

Resume Questions

Remember the rules for resume questions:

1. Know your story.
2. Keep the Parent Test in mind.
3. Let your excitement shine!

Nailing the Case

- The Answers
- Market-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions

The Answers

Now it's time to walk through sample answers to each of the questions given in the previous section. Although we believe that our recommended answers are good, we know that there are many equally good and even better answers out there. Remember, the destination is often less important to your interviewer than the road you take to get there. With that in mind, smooth sailing! A quick note on the layout: Each question is followed by bad answers (which are admittedly a bit far-fetched in some cases) and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.

Market-Sizing Questions

Case 1

How many golf carts are there in the United States?

This is a straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.

Bad Answers

- Too many. Golf is boring, and people who are too lazy to walk really bum me out. Mark Twain said that “golf is a good walk spoiled.” He didn’t say anything about carts, did he?
As a general rule of thumb, you’ll want to avoid making comments that could offend your interviewer. And while your interviewer may appreciate what you believe to be the erudition of your Twain reference, it’s best to answer the question you’re asked.
- Let me think through the drivers of that one. Hopefully I can iron it out. Are we out of the woods yet?
Nice puns. Not funny. Save the jokes for amateur night at the local stand-up comedy club.

Good Answer

Candidate: There are a couple ways of going about answering this question. One way would be to tackle it from the supply side, estimating the production of the major manufacturers and their market shares. The other way would be to approach it from the demand side, taking into account the different uses of golf carts and then estimating how many are employed in each way. I’m going to take the latter approach, given that I have some familiarity with golf that should come in handy.

Good start. The candidate has successfully laid out two high level ways of approaching the problem, and has created a logical structure to use in walking the interviewer through the answer.

Candidate: To begin, I’m going to say that there are two major “buckets” of golf carts—those used on golf courses, and “all other.” The second would include things like carts used for maintenance purposes and at retirement communities.

Great job. The candidate is developing the structure and has scored a victory by identifying the “all other” bucket of golf carts. Remember to approach these market-sizing questions with an open mind and to consider all possibilities; the interviewer is testing your ability to think creatively and expansively. Most people would immediately think of only golf carts

used at golf courses and then move on. Make sure to take a second when you begin these market-sizing questions to check that you're thinking broadly (while keeping in mind that you've only got limited time, and you can't turn over every stone).

Candidate: Let's dive into the golf course bucket first. I'm going to generate an estimate for that market, and then come back to the "all other" bucket. This part of the question could be tackled in a few different ways. I'm going to try to estimate the number of golf courses in the country and go from there. Let me start in my own backyard. In San Francisco proper, I'm guessing that there are about 20 golf courses. I know that there are about 800,000 residents of San Francisco, so this equates to one golf course per 40,000 people in San Francisco. For the sake of simplicity, I'm going to assume that this ratio is applicable nationwide. In reality there would be a range, but for the sake of this question, let's assume an average.

The candidate has acknowledged that there are multiple ways of tackling this part of the question, but has put a stake in the ground and is moving forward. The candidate has also grounded the answer in a familiar subject. There's nothing wrong with going about it this way. Just be careful that at the outset of the question you don't use familiarity as a substitute for a structured approach to solving the problem. Finally, the candidate follows the first and second rules of market-sizing questions: use round numbers, and show your work.

Candidate: So, if there's one golf course per 40,000 people in the United States and about 280 million people in the country, that would imply a total of 7,000 golf courses nationwide. As a quick sanity check, that would imply that there are about 150 golf courses per state, which seems reasonable to me. Of course, big states like California will have more while states like North Dakota may have less, but as an average it seems reasonable.

It's always good to triangulate around a number like the candidate is doing here. In addition to beating the term "sanity check" to death on a daily basis, consultants do use

little tools like this one all the time to quickly assess the credibility of an analysis. And while getting to the “right” number is not the point of these kinds of questions, making sure your answer is logical is important.

Candidate: Now that I’ve determined that there are about 7,000 courses in the United States, I need to figure out how many golf carts are at each course. To begin, I know that the average golf course opens at about 7:00 a.m., and lets the last group of players tee off at about 5:00 p.m. Groups of golfers can tee off in about ten minute intervals, which means that between 7:00 a.m. and 5:00 p.m. 60 groups of golfers can tee off (10 hours \times 6 groups per hour). I also know that the average round of golf takes about four hours to complete. This means that the same set of golf carts can be used about three times throughout the day. So that means that each of the 20 groups of golfers needs a “unique set” of carts. Since golf carts hold two people, and the average group is a foursome, this means that a golf course would need about 40 carts to meet maximum demand.

Whew! That was a lot of numbers. In a case like this, you should definitely follow the third rule of market-sizing questions and use scratch paper and a calculator if you feel it will help you stay organized. You want to avoid confusing yourself or forgetting numbers.

Candidate: Now I know that there are 7,000 courses in the United States, each of which owns about 40 carts. Doing the math, that means that there are about 280,000 golf carts in the United States in the first bucket—those owned by golf courses. Now we need to move on to the second bucket—the “all other” category.

The candidate has come up with an answer and clearly stated the supporting logic. In addition, the candidate has recalled that this exercise really only solved half of the problem in the way it was initially structured.



Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

Interviewer: That's all right—let's cut it off there so we can move on to some other things. You've done a great job so far, and I'm confident you'd handle the second half of the question well. Nicely done.

Excellent! The interviewer has expressed enough confidence in the candidate's abilities to move on to the next part of the interview.

Case 2

How long does it take a Starbucks to serve enough coffee to completely fill the gas tank of a Hummer?

This is a case designed to test your ability with numbers and your comfort with estimates and assumptions.

Bad Answers

- Great. I'm extremely into the idea of alternative fuels. In fact, I think that SUVs are doing a huge disservice to our environment. It's not like anyone really uses them for off-road driving anyway.
Be careful about sounding off on social issues unless the conversation is clearly headed that way and the interviewer seems interested in hearing your views. Certainly you should feel comfortable expressing your points of view, but it just may be that your interviewer may drive an SUV, and an answer like this could land you in hot water.
- Ummm, I'd say about two or three hours.
On a market-sizing question, it's never a good idea to throw out a number without first establishing a framework for thinking about the question and making smart assumptions. Even if you're asked a question that you actually know the answer to (e.g. you work for an electronics company and you're asked how many DVD players are sold in a year), you still want to lay out a structured approach.

Good Answer

Candidate: There are really three components to this question that I'll need to walk through to reach a solution. First, how big is the average cup of coffee sold at an average Starbucks? Second, what is the rate at which Starbucks coffee

is served? And third, how big is the gas tank of a Hummer? Along the way I'll need to do some conversions and some simple arithmetic.

Excellent start. The candidate has clearly laid out an approach for the interviewer and has created a structure to ensure that he stays on track as he moves through the solution.

Candidate: From my own visits to Starbucks, I know that there are a few different sizes available. You can buy a small, a medium, a large, and maybe even a “grande.” In any event, let's assume for this question that the average size of a cup of coffee sold is about a pint, which I believe is 16 ounces of coffee.

When the question is open-ended, there's nothing wrong with making an informed assumption about a component part and moving on. Don't get tangled up in too many trivial details. And, as always with market-sizing questions, use round numbers.

Candidate: The question of the rate is a little bit trickier, as that varies depending on the time of day, day of the week, possibly temperature, and even time of the year. To keep things manageable, let's assume that we're talking about a Starbucks that's open five days a week, like the one near my office. The busiest time of day is likely to be the morning rush, between the hours of approximately 7:00 a.m. and 9:00 a.m. At those times, the Starbucks should be staffed most heavily and drawing the greatest crowd, so the rate of service will be higher. At other times of the day, the rate is likely to be slower. So, let's assume that between 7:00 a.m. and 9:00 a.m., two customers per minute are served, and at all other hours of the day, only one customer per minute is served. Therefore, on a weighted average basis, 1.2 customers per minute are served on average throughout the course of the day.

The candidate has handled the somewhat tricky rate question well, first by choosing manageable but believable numbers, and next by displaying his understanding of the concept of weighted averages, a simple but common formula that surfaces all the time in

the world of consulting. In this case, the formula would be: [(2 customers per minute x 2 hours) + (1 customer per minute x 8 hours)] / (10 hours, or 600 minutes) = 1.2 customers per minute.

Candidate: So, 1.2 customers per minute equals 72 customers per hour. And we've already established that each customer on average purchases 16 ounces of coffee. Therefore, in a given hour, there are 72 x 16, or 1,152 ounces of coffee sold. At this point, I need to ask one quick question: I believe that there are 8 pints, or 128 ounces to a gallon. Is that correct?

It's always better to ask the question than to be shy and head down the wrong path. The interviewer will let you know if it's a question you should sort out on your own.

Interviewer: Yes, that's correct. There are 128 ounces to a gallon.

Candidate: Since there are 128 ounces of coffee in a gallon, and 1,152 ounces of coffee sold per hour at Starbucks, that means that there are 9 gallons of coffee purchased each hour. Lastly, assuming that the Hummer has a tank much bigger than the average car, a tank that holds say 45 gallons of gasoline, it would take a Starbucks five hours to sell enough coffee to fill the tank.

Having navigated all of the somewhat tricky parts of the case, the candidate wraps up succinctly and confidently.

Interviewer: Well done.

Case 3

Having fallen on hard times, your consulting firm has decided to serve a notorious bank robber. He has asked you to determine how many briefcases he must bring with him in order to steal \$10 million in cash, all \$100 bills, in bundles of 1,000 bills each.

This is a market-sizing question in the sense that its purpose is to check your ability to structure your answer and run simple numbers.

Bad Answers

- Your firm works for a bank robber? That sounds so interesting!
Try to suspend disbelief for a minute here. And no, you'll never do anything as exciting as working for a bank robber—trust us.
- Is the briefcase snakeskin, eel skin, or steel? Based on my limited experience with armed robbery, I'd recommend steel for durability and style.
As a potential consultant, industry expertise can certainly come in handy on a project. But if that expertise happens to fall in the crime underworld, you may want to hold off on breaking out that piece of information.

Good Answer

Candidate: Well, I can't claim to be terribly familiar with the world of bank robbery, but I can make some good assumptions about the sizes of money and briefcases, and that should be plenty to go on. There are four pieces of information I'll need to crack this case: first, how much cash is in each bundle; second, how many bundles make \$10 million; third, what are the dimensions of each bundle; and fourth, what are the dimensions of each briefcase. I plan to move through each of those in order. If it's all right, I'm going to use a bit of scratch paper to keep track of my work—there are lots of numbers in play here.

Nicely done. The candidate has laid out a clear and concise structure for solving the case and has communicated it well to the interviewer. The candidate is well-positioned to attack the problem. You should never be shy about using scratch paper or a calculator if you think you'll need it.

Candidate: All right, let's start with the first piece. This is straightforward enough. I've already been told that each bundle contains one thousand \$100 bills. Therefore, multiplying 1,000 by 100 tells me that there is \$100,000 in each bundle of cash. To solve the second piece, I simply need to divide \$10,000,000

by \$100,000 to determine how many bundles my client plans to steal. Canceling out the zeros, I get 100. So, the client will steal 100 bundles of cash to get to his \$10 million total. That's the easy part. Now let's move on to determining the size of each bundle and each briefcase.

The candidate is on the right track. He is moving comfortably and smoothly through the arithmetic, using round numbers, and keeping the interviewer well-informed of his thought process.

Candidate: Now on to the size of each bundle. This part is a bit tougher. Initially, when I thought of 1,000 bills stacked atop one another, I imagined the stack would be quite high. But, the more I think about it, the more it seems that the stack wouldn't in fact be that tall. After all, each bill is quite thin, and when bundled together, I imagine they can be compressed rather tightly. In fact, I can remember working at a cash register at a restaurant in high school and unbundling \$100 stacks of \$1 bills. Each of those was much less than an inch high, even less than half an inch. So if a stack of 100 \$1 bills is one-third of an inch high, then a stack of 1,000—ten times as many—will be about 3 inches tall. So that takes care of the height. In addition, I'm going to assume that a bill is—well, in fact, why don't I just take a look at one in my wallet—6 inches long and 2 inches wide.

Here, the candidate draws nicely on personal experience to inform his estimates. Of course, it's a bit contrived on our part, but it's meant to illustrate a point: Wherever possible, rely on fact to substantiate your claims, and be creative when you have to. No one will expect you to "know" how high a stack of 1,000 bills is, but an interviewer will expect you to be creative and structured in how you get to an answer. In addition, the candidate decided to reach into his wallet to get a better read on a piece of information he needed. Be resourceful—especially when you're literally sitting on a piece of data!

Candidate: Next, the size of a briefcase. Briefcases obviously vary in size, but I'm going to take an average. Thinking about my own briefcase, it's certainly big enough to hold a laptop, some notebooks, and other small items. So let's say it's about 18 inches wide, about 12 inches high, and has a depth of about 6 inches. I'm just going to quickly sketch that on my paper to make it easier to visualize. I'm also going to sketch a bundle of money with its associated dimensions.

If it helps you to think visually by drawing things out, do so. There are many cases where diagrams and tables can come in handy, so by all means use them. In addition, notice that the candidate has been smart about using round numbers for the size of the briefcase. In a world where you're making informed assumptions anyway, at least make the math manageable.

Candidate: Now, I just need to arrange the money and figure out how many bundles fit into one briefcase. Picture the briefcase laying flat on a table, with the lid open. I'd start by laying each stack flat on the bottom, oriented vertically. Since the briefcase is 18 inches wide, and each stack of bills is 2 inches high, I can fit nine stacks of bills across the briefcase. And, since each stack is 6 inches wide, I can fit two rows of nine stacks of bills on the bottom of the briefcase. That makes 18 snugly fit bundles on the bottom of the briefcase. In addition, since the stacks are 3 inches high and the briefcase is 6 inches deep, I can double stack the bundles, meaning that I can fit a total of 36 bundles into a single briefcase. Thinking back to the original question, then, if 36 bundles can be stashed in one briefcase, my client will need three briefcases to carry off the \$10 million.

Occasionally, candidates will get deep into the piece of a problem they are attempting to solve and forget to take the last small steps necessary to solve the original question. For example, some candidates might determine that 36 bundles can fit in a single briefcase, and, satisfied that they'd come to that point, announce 36 as their answer. Always remember to keep the original question in mind, as this candidate has done.

Case 4

How many unique horse jockeys ride in races in the United States on an average Saturday?

This is a case in which you may need to ask a question or two depending on your familiarity with horse racing. It's fairly straightforward with only a few potential traps, so don't complicate things unnecessarily. Keep an eye out for tip-off words like "unique." It's probably telling you something.

Bad Answers

- A whole lot. Because let me tell you, the last time I was at the racetrack, I got absolutely killed. Wiped out.
While racetracks surely do make a lot of money, you may not want to detail your personal contribution to their balance sheet this early in the game. It's also not really the point of the question.
- I'm not sure this question is entirely fair. I've never ridden a horse, and I've certainly never watched one or bet on one. Can we try something else?
Unfortunately, you'll have to deal with whatever question you're given, regardless of your prior experience with the topic. If you're not familiar with a topic, ask questions to navigate your way through. Part of the point of these interviews is to assess your problem-solving abilities in unfamiliar subject areas. After all, you're applying to be a consultant.

Good Answer

Candidate: All right, there are a couple of things I'll need to get at to answer this one. I'm not personally familiar with horseracing, but fundamentally, I need to know how many horse racetracks there are in the United States and how many horses run at each one on an average Saturday. Figuring out how many horses run will allow me to determine how many jockeys there are. There will be a couple of complications to deal with—for example, how many races take place in a day at each track, and whether jockeys can ride more than one horse in a day. But I'll deal with those issues in a bit.

Simple but effective start. The candidate acknowledges that he's not an expert in the area, but still confidently establishes a framework for evaluating the question. He also calls out a few potentially tricky points that may arise.

Candidate: Let's begin with the racetrack side of things. I grew up in St. Louis, and though I never went to it, I know there was one racetrack in the area. St. Louis is a medium-sized city, but it's the largest city in Missouri. So I'd imagine there may be one other racetrack in Missouri, possibly in another medium-sized city like Kansas City. So given that, I'd assume that the 25 smallest states may have two racetracks each, and that the 25 largest states may have three to four racetracks each. For example, it seems reasonable that a state like California may have at least one racetrack around each San Francisco, Los Angeles, and San Diego, if not more. Given that, I'm actually going to assume that the five largest states have five racetracks each, the second largest 20 states have three racetracks each, and the smallest 25 states have two racetracks each. So that would make a total of 135 racetracks in the United States. I don't want to get too detailed here, but I'm going to round the number down to 130 to account for the fact that a state like Utah, and maybe a couple of others, may not have any racetracks at all.

The candidate chose to use a market segmentation approach to get to his estimate of the number of racetracks in the United States. He did a good job of thinking out loud without rambling, and revised his estimates on the fly when he realized that the very biggest states could actually have more racetracks than he initially imagined. And he went for some nice bonus points at the end when he assumed that gambling of any kind may be illegal in Utah. Creativity is a good thing in these interviews; just don't go overboard.

Candidate: All right, now I'm going to think about the number of horses at a given racetrack. First, can you tell me how many horses run in an average race? I could guess, but I'm really not familiar with the sport.

Again, it's okay to ask questions when you need more information.

Interviewer: It varies, but on average, and to make the numbers round, you could assume that there are ten horses in a race.

Candidate: Thank you. That's helpful. Now I have another follow-up question. Is there only one race run per day at a track, or are there several?

Good. Although the candidate is not familiar with the topic, he's turning over all the right stones and thoroughly examining the issue.

Interviewer: Good question. In fact, there are almost always several races run per day. On average, there may be about nine races run each day at each track.

The interviewer is readily answering the candidate's questions, indicating that there's no problem with asking them.

Candidate: Great. To sum up where I am so far, there are 130 racetracks in the United States, each of which hosts nine races with ten horses on a Saturday. I'm interested, however, in the number of jockeys, not the number of horses, so there are just a couple more steps I need to take before I can come to an answer.

In a case that is drawn out and potentially a bit confusing, briefly summing up where you are can be a good idea.

Candidate: I'm assuming that while each horse can probably only run one race per day, jockeys may be able to ride in more than one race. Exhaustion and injury are less relevant to jockeys, and they likely want to maximize their potential winnings by running more than one race. So I'm going to guess that a jockey could ride in three races per Saturday. Therefore, the number of *unique* jockeys at each track is 30 (9 races x 10 horses *divided by* 3). That gives an answer of 130 racetracks x 30 jockeys, or 3,900 jockeys per Saturday.

Again, the candidate has done an excellent job of exploring the possible intricacies of a topic that he is admittedly not familiar with. The insight about jockeys riding more than one race per day is an important one. Remember, you were given a hint to this part of the answer with the word “unique” in the question.

Interviewer: Is there anything you’ve forgotten? Will every track be open on a given Saturday?

The candidate believes he’s finished the question, but the interviewer is probing a bit further, possibly to see how the candidate will respond to a bit of pressure. Stay calm—your ability to deliver under a bit of pressure will obviously be key to your success as a consultant.

Candidate: Good question. You’re right; I didn’t initially think of that. My answer is likely valid for a spring or summer day, when the weather is warm and all racetracks are probably open. But in the winter, many of the racetracks in the Northeast, Midwest, and other cold and snowy parts of the country could be closed. So on a Saturday in the winter or the fall, the number of jockeys may be about 2,000, or approximately half as many. And on a weighted average Saturday, the number would be 3,000, or about halfway between.

The candidate maintained his poise, caught on to the gist of the interviewer’s question, and delivered a solid answer.

Interviewer: Nice job. Not bad for someone who’s never been to the races. Let’s move on to the next question.

Business Operations Questions

Case 5

The general manager of a popular ski resort has called on you to help her figure out why her resort has been experiencing declining profits over the past three years. How would you help her?

This is a commonly asked case question about the potential reasons for and responses to a drop in profits. You'll encounter questions like these referring to various industries, but the approach to solving them is similar.

Bad Answer

Candidate: Well, it's got to be the lack of powder in recent years. Ski resorts are totally dependent on getting good snow, unless they can make their own, but no one likes to ski the artificial stuff as much anyway. And I know that the last few years have been really tough for snow. So, tough as it is, the manager needs to hold out hope that the next few years will be better ones.

Yikes! Slow down. Poor snowfall could certainly be a part of the problem, but has the candidate really asked enough questions to know the answer?

Interviewer: Actually, snowfall in the part of the country this resort is in has been consistent in recent years, and the ski season has been no shorter than normal. So that's not the root cause. What else could be going on here? How else could you structure the problem to get to the answer?

The candidate has been thrown a lifeline.

Candidate: Okay. If it's not the snow, then it's got to be the prices. The last time I went skiing it cost me almost \$100 for the day with the lift ticket and food. Not to mention beers at the end of the day. With prices that high, who can afford to go?

The candidate has ignored the lifeline and decided to swim for it. Unfortunately, he's sinking quickly, as he has failed to generate any kind of structure and continues to take wild, unsubstantiated guesses at the answer.

Good Answer

Candidate: If profits are down, then either costs are up, revenues are down, or both. Have costs increased in recent years?

The candidate has successfully recognized this as a profit question, and has introduced the profit equation.

Interviewer: Actually, no. Assuming that I'm the client, I can tell you that costs have even declined a bit in recent years as we've improved sourcing in our food operations and decreased snowmaking.

So it's not costs—carry on.

Candidate: Okay, so if the problem is not fundamentally on the cost side, it must be on the revenue side. Has visitation to the mountain decreased, or have prices decreased?

Clearly, then, since we're not dealing with a cost issue, it's a revenue problem. The candidate has identified price and volume as the component parts of revenue.

Interviewer: Prices have not dropped; in fact, they've increased slightly with inflation. The number of visitors to the mountain has decreased, though.

Candidate: All right. Now, what's happening in the industry at large? Are other ski resorts experiencing similar declines? If so, are their declines in profit in line with those at your resort?

The candidate has wisely turned to understanding the current dynamics of the industry. Doing so will allow her to determine whether she's dealing with a market share or a market-size problem.

Interviewer: Yes, other resorts are struggling as well. At a recent trade show I spoke with executives from dozens of other resorts, and they're all experiencing the same things that I am. Visitor numbers and profits are down.

The candidate continues to make good progress through her framework and has identified the forces at work in creating the profit problem. Now she'll need to dive deeper.

Candidate: Right. So we've determined that customers are leaving, and they're not migrating to other ski mountains, since everyone is struggling. I want to dig deeper into who exactly is leaving so we can develop some hypotheses around why they might be doing so. Are there certain types of customers who are leaving in greater numbers than others? For example, customers of a certain age or background or geographic location?

Given that there is an industrywide visitation decline in place, the candidate has decided to pursue a customer segmentation path to see what it reveals. A completely random migration of customers would present a set of issues much different than a migration among a specific consumer segment.

Interviewer: Hmm. Unfortunately, I'm really not sure. We don't do as good of a job as we should of tracking our customers' profiles. So I'm afraid I can't tell you that.

Situations in which data is limited and/or difficult to access are extremely common to consulting projects. As a consultant, you'll often be called upon to make smart assumptions and take creative approaches to difficult problems.

Candidate: Let's try a slightly different approach. I know that you sell a range of different ski tickets, everything from season passes down to half-day tickets. In addition, I imagine you also generate revenue from concessions and equipment rentals? Can you tell me how the revenue decline has broken out along those lines?

The candidate has wisely decided to pursue a slightly different line of questioning, but one that may still lead her to some kind of segmentation and/or valuable information concerning the specifics of the revenue decline.

Interviewer: That I can help you with. Our food business has declined, but no faster or slower than our visitation rate. Basically, each skier purchases an average amount of food and beverages, and those businesses have declined linearly with visitation. Tickets and rentals, however, are a different story. Revenues from rentals have declined twice as fast as visitation, and our sales of half-day and full-day lift passes have dropped more precipitously than our sales of full-week tickets and season passes.

Now we're getting somewhere! The candidate's persistence has paid off—clearly something is driving the disproportionate decline in the rental and short-duration lift ticket businesses.

Candidate: Great. That's extremely helpful. My hypothesis is that less-experienced skiers are not coming to the mountain as frequently. I believe this because both rentals and shorter-term lift ticket sales are down; I would think that these products are purchased most often by beginning skiers. More experienced skiers are more likely to own their equipment, and therefore less

likely to rent, and are also far more likely to purchase a season pass. Do those assumptions seem reasonable?

The candidate has formed a fact-based hypothesis, and has “sanity-checked” it with the interviewer. Always keep in mind that the interviewer (who, in this case, is playing the role of the client) is an expert in the industry, so be sure to approach problems confidently but not arrogantly.

Interviewer: Yes, I think you’re on to something. Those assumptions do seem reasonable, and now that you mention it, it reminds me that our revenue from ski lessons is way down as well. And those services are used most by beginning skiers. So let’s assume that we’re right, and that beginners aren’t showing up as often. What are some ways you might go about fixing it?

The candidate has gotten to the bottom of the “why” behind the revenue decline—less experienced skiers are no longer coming to the mountain as often as they used to. The interviewer has decided to probe a bit around the “how”—that is, what can be done to fix the problem and restore profits.

Candidate: A few of the areas I’d begin to think about are marketing, pricing, and getting a better understanding of who that beginning consumer is and why he or she may be leaving. First, on the marketing front, how is your resort being promoted? I’m a fairly experienced skier, and I know that a lot of the advertising I see contains images of people skiing through deep powder and jumping off of cliffs. Maybe that kind of imagery is a turn-off to beginners, who may be more scared than inspired by it. So a safer, less intimidating marketing approach could be more comforting to this consumer segment. I’ve also noticed that certain ski resorts have been experimenting with slow-skiing “family ski areas” on the mountain. That may be something to try.

Second, skiing is certainly an expensive sport, and while I wouldn’t recommend a price decrease in an environment of falling profits—especially without more

data—maybe we could explore some more creative pricing arrangements. For example, what about bundling free lessons with a lift ticket for first-time skiers? An offer like that could attract a reluctant first-timer to give skiing a try.

And third, in terms of understanding the consumer, I'd certainly want to develop some ways to collect more data on the people who are visiting your mountain. I'd also hypothesize that there are a lot of activities these days that are competing for consumers' disposable dollars. With the explosion of all kinds of outdoor sports, customers who aren't already hooked on skiing may be sampling a host of other sports, and you are probably competing for a share of their wallets as much as anything else.

The candidate has certainly risen to the interviewer's challenge by laying out a clear framework and proposing a host of creative ideas for action. Would you be expected to come up with a list this comprehensive in a live interview? Not necessarily, and this candidate is obviously familiar enough with skiing to generate a detailed list of suggestions. But when you're asked for potential practical solutions to a problem, be fact-based, rely on what you've learned in the case so far, and be creative.

Interviewer: That's a great list. We've got a lot of work ahead of us, but I'm confident that we're on the right track.

Case 6

Your client is a publisher of romance novels that sells to retail bookstores. The standard arrangement in the industry is that publishers must reimburse their customers at the end of the year for any unsold inventory. In this case, you are to assume that any inventory that is sent back to the publisher must be destroyed, and has no resale value. One of your client's customers has made a proposal: for a 10 percent discount on wholesale prices, they will no longer send back any books at the end of the year.

Should the publisher do the deal? The following data exists:

- In 2002, the client sold 10,000 books to the bookstore.
- Client's production facilities are partially self-owned domestically, and partially contracted to overseas vendors, primarily in Asia.
- The average wholesale price of a book in 2002 was \$10.
- It costs the client \$5 on average to make a single book.
- The romance novel segment of the publishing industry has been flat for almost a decade, and is expected to remain so in coming years.
- In 2002, the bookstore sent back 20 percent of its order to the client at the end of the year.

It's not uncommon for consulting firms to be hired to evaluate deals of various kinds, including mergers, acquisitions, and partnerships. This case is designed to evaluate your capacity to weigh the various dimensions of a deal and make a recommendation.

Bad Answer

Candidate: I'd recommend destroying the romance novels before they even hit the shelves in the first place. Nonetheless, the answer seems simple enough to arrive at—we'll just figure out which way the client is likely to make more money, and we'll go with that one.

The candidate actually raises one of the key dimensions of the case—relative profitability—albeit in a blunt and borderline offensive way.

Interviewer: Okay. The more profitable option will certainly be important. But is there anything else you might consider structurally before we dive in?

The interviewer has looked past some of the less-appealing parts of the candidate's answer and is probing for more information and a framework.

Candidate: Honestly, I used to be an M&A banker, and the deals were all about the bottom line. I don't see how this would be any different. So let's just dive into the numbers and see how it shakes out.

Apparently consulting isn't the field for this guy. The candidate has stubbornly refused to follow the interviewer's lead, and continues to see the problem in one-dimensional terms.

Good Answer

Candidate: Interesting question. To approach it, I think I first need to determine the relative economics of the present scenario versus the proposed scenario. Then we can delve into some of the related issues around things like supply chain and retail relationship that may arise depending on how the numbers look. To begin with, I need to understand the publisher's profitability on the bookstore's account in the present time. To do so, let's first tackle revenues, and then costs.

The candidate has clearly identified her proposed approach to the problem, acknowledging that the economics must be resolved first, followed by any ancillary issues that may surface depending upon which scenario proves more attractive financially.

Candidate: First, revenue. I know from the data given that the client sold 10,000 books to this customer last year, at a price of \$10 per book. Therefore, its gross revenue on the account was \$100,000 in 2002. However, I also know that the same bookstore returned 20 percent of its initial order at the end of the year for a full refund. Therefore, the store's returned 2,000 books for a \$20,000 refund, bringing the net revenue to \$80,000.

The candidate has moved swiftly and clearly through the revenue side of the current scenario, keeping in mind the issue of the returned books and its impact on the client's revenue line.

Candidate: Now on to the cost piece, which is pretty straightforward. I know that the fixed cost per book is \$5, bringing the client's total cost to produce the books for the customer to \$50,000. Unfortunately, the books that the customer returned represent sunk costs for the client. Since the only option is to destroy

the books, and since the store is due a full refund, there's nothing the client can do to recover its costs on those 2,000 returned books.

The candidate has demonstrated her command of the data, and her understanding of the issues around the client's return/refund arrangement with the bookstore.

Candidate: Therefore, since the client generated \$80,000 in net revenue, and spent \$50,000 to do so, the client collected a profit of \$30,000 from the account in 2002. So now let's take a look at estimated revenues under the scenario that the bookstore has proposed. Under the terms of the deal, the client would no longer be responsible for any unsold inventory. But the client would also need to provide a 10 percent discount, bringing wholesale prices down to \$9. To complete the revenue picture under the new scenario, I need to know how many books the client could expect to sell over a year period. Is there data on that point?

The candidate has moved on to evaluating the proposed deal and is taking the same approach to the problem as she did for the previous part.

Interviewer: That work is currently under way. What do you think?

The interviewer obviously doesn't want to give that piece of information away just yet; he wants to test the candidate's judgment on the issue.

Candidate: Let me think about it in the context of last year's sales. Since the bookstore won't be at liberty to return any books in the proposed scenario, it's likely to order less than it initially did in 2002. I already know that the market for romance novels is expected to remain flat, so there's no reason to believe that the store will sell more books next year than it did in 2002. So I'd imagine that this customer will order at most 8,000 books, which is the amount it sold in 2002. However, since the bookstore will be bearing all the risk in the new scenario, it may be likely to hedge a bit and buy less than it sold in 2002. So let's assume that it will buy 7,500 books in the new scenario. Does that seem

reasonable? And additionally, would the cost of producing books change for the client if it were manufacturing only 7,500 books?

The candidate has done three things well here. First, she has drawn on the data given about market dynamics to hypothesize that the store's sales are likely to be flat next year. Second, she has kept a possible fluctuation in cost in mind. And third, she has articulated a key shift in the relationship dynamic that would occur under the proposed scenario—that is, the shift in which party bears the risk.

Interviewer: In fact, 7,500 books is exactly where we've come out in our initial analysis as well. So let's go with 7,500 for now. And to your second question, the cost of production would remain \$5.

Nice coincidence! The candidate is right on track, which is always a good thing.

Candidate: Great. Therefore, in the new scenario, the client would generate \$67,500 in revenue ($\$9 \times 7,500$ books), at a cost of \$37,500 ($\$5 \times 7,500$ books), resulting in a profit of \$30,000. Well, that's interesting. It seems that the client's profitability in both scenarios would be the same. I have to admit I wasn't expecting that.

Surprise, surprise. The numbers have magically worked out to produce economically equivalent scenarios. So now the question gets interesting.

Interviewer: The same, eh? Hmm. So, what should the client do?

It's the moment of truth. The candidate was expecting the numbers to reveal the answer, but they've actually just raised another question. Time for her to think on her feet.

Candidate: I need a bit more information first. Can you tell me how long it takes for the client to fulfill an order? The reason I ask is I want to understand how long it would take the client to replenish the bookstore's supply in the event that all of the client's books sold out.

The candidate is now starting to probe around the related issues she referred to at the beginning of the case. She is wisely being deliberate about collecting a bit more information before making a recommendation.

Interviewer: On average, it takes the client about four weeks from the time of an order to produce a book and get it on-shelf.

Candidate: Given what I know, my recommendation would be for the client to reject the proposal for four reasons. First, given that it takes four weeks for a newly ordered book to hit the shelves, the client could lose valuable sales and shelf space in the event that the bookstore sells out of its initial stock. Second, the client should be nervous about the incentive it would create in the new scenario. That is, I think it's dangerous to create a situation in which your customer is incentivized financially to buy less from you. Third, I imagine that entering into this arrangement with this customer could create issues with the client's other accounts. In some industries, wholesale price differentials are not technically legal and require complicated maneuvering to accomplish. And lastly, the client is in a more advantageous cash flow position in its current situation. It's taking in \$100,000 at the beginning of the year, versus an estimated \$67,500 in the new scenario. The client has to be prudent about having a cash reserve on hand to pay out any potential returns at the end of the year, but it can certainly put that additional cash to work in the interim.

On the other hand, one could rightfully suggest that destroying the returned books is wasteful, and that in the new scenario that waste may be avoided. While I acknowledge the logic in that argument, I believe it is outweighed by the factors in favor of the current scenario.

The candidate has laid out a cogent, fact-based case to support her recommendation. She has also briefly considered the opposing argument to anticipate potential pushback.

Interviewer: Well done.

Case 7

A non-profit in Baltimore runs two separate after-school clubs for children. Although the organization has been in existence for more than a decade and is considered to be an important part of its community, it is suffering financially in a struggling economy and fears that it will soon need to cut services and programs in order to continue operating. What steps should it should consider taking?

This is a turnaround question embedded in a non-profit context. More and more consulting firms are serving non-profit organizations, and there is a good chance that you will end up consulting on a non-profit project. While many of the issues these organizations face are similar to those encountered by for-profit corporations, remember to be attuned to areas that may be unique to non-profits.

Bad Answers

- I've obviously done a lot of volunteer work in my day. Just read my business school essays. But I didn't sign up for consulting to serve non-profits. Bring on the meaty strategy work.

This answer won't cut it. Consulting firms serve many non-profits, and the work is taken just as seriously as work for for-profit operations.

- Even in a struggling economy, there are plenty of people out there with cash to donate to organizations like this one. Consider my buddy. He founded a software company focused on optimizing distribution networks for wholesalers of pet birds, and now he's retired and totally loaded. But no one has called him to ask for money. So I'm sure a better fundraising and development strategy would fix these guys up.

Obviously, no one cares about this guy's buddy. Especially the interviewer. While the candidate has hit upon one potential area of concern—fundraising—he's done so in a wholly speculative and totally crass way.

Good Answer

Candidate: Interesting case, and definitely a fulfilling project to be a part of, I'd imagine. Although this is a case about a non-profit, I think that many of the

same principles I'd bring to bear in a for-profit engagement will come into play here. To begin, I'm going to think about revenues and costs, revenues in the case of a non-profit being fundraising and grant dollars. Have revenues been down recently?

The candidate has taken a logical, though simple, approach. Now on to isolating the main issue!

Interviewer: Revenues, as you call them, have been down, but they've been down for just about everybody in the non-profit sector. In addition, the after-school clubs each have truly best-in-class development directors on staff, and you're not going to add much value here as a consultant.

Ouch. Obviously not the right path. The interviewer is slightly prickly and is sending a pretty strong signal that he doesn't believe that revenues are the issue. You'll have to use your judgment in a situation like this: Is the interviewer really trying to steer you away from a given line of inquiry, or is he testing your persistence and your willingness to push on in the face of resistance?

Candidate: Okay. Revenues aren't the issue here. Let's move on to the cost side then. You mentioned that this organization has been operating for a decade, so it seems that it has fallen on hard times only recently. Have costs increased in recent years? For example, has headcount or average salary increased, or have rental rates been on the rise?

The candidate has decided to backpedal away from the revenue issue and has moved on to the cost side.

Interviewer: Not really. Costs as a percentage of revenue have remained constant for pretty much the entire period the organization has been in operation. To be honest, you're really not getting at the core issues here. Would you maybe like to know some of the basic facts surrounding the organization?

Yikes. The interviewer remains pretty tough and is communicating very clearly that he thinks that the candidate is off-track. Remember, there is obviously an element of role-play at work here, so don't freak out if you meet a tough interviewer. Clients can be tough too, and the interviewer is likely testing your reaction to difficult situations.

Candidate: Okay, let's back up a bit then. It seems that I jumped in a bit too fast. I think I need to learn a bit more about the organization, what it does, how it's structured, and the students it serves.

The candidate has calmly acknowledged that he may have leaped in too quickly and is trying out a different course.

Interviewer: Well, as I mentioned at the outset, the organization runs two separate after-school clubs. It owns each of its facilities, both of which are in different parts of downtown Baltimore. Each club serves about 200 unique students, and offers a variety of programs, including sports, arts, woodworking, and tutoring. There is some overlap in the programs offered at each facility, but they aren't identical. For example, one facility offers computer-training classes, and the other doesn't. Each facility has a staff of about 25.

Good. The interviewer seems to have mellowed out a bit and given out a bit of useful information.

Candidate: Okay, that's helpful. I want to probe a bit more on the organizational side of things. You mentioned that each club employs about 25 people, and earlier you alluded to the fact that each club has its own director of development. Is there a central or headquarters office? What functions are shared between the two clubs?

The candidate has detected that this case has an organizational element to it and has decided to explore that route a bit. The candidate also smartly remembered part of the answer to the question he asked earlier about revenues. Even though his initial path

may have been the wrong one, he rightly sensed that there may have been some useful information in the answer to one of his questions.

Interviewer: There is no central “office” per se, because there never really needed to be. There is an executive director who is the organization’s leader, but she uses office space in one of the two facilities. The director of each facility reports into the executive director. Why do you ask?

The interviewer didn’t divulge much here, but the “why do you ask” at the end may indicate that the candidate is getting warmer.

Candidate: The reason I’m asking is that I’m wondering whether there isn’t some leverage that the organization could gain that it’s not currently benefiting from. For example, why is it necessary for each club to have its own development director for fundraising? Is that a function that could potentially be centralized? Certainly each club needs its own staff of counselors, tutors, and so on to work with the kids. But it would seem that some of the more “corporate roles” could be shared. Is this something that’s been explored?

The candidate continues to push on an area that seems promising to him.

Interviewer: It’s funny you ask that. The client explored centralizing some of its functions a few years back, but eventually decided not to. The executive director was initially interested in the idea, but she was ultimately convinced to keep things as is by the facility directors. So each facility maintains a staff of people who work with the students, as well as development, marketing, membership, and administrative staff.

The interviewer continues to dish out subtle but helpful hints. It seems we’re finally getting somewhere.

Candidate: That’s interesting. Given the kind of difficulty this client is facing at the moment, I think that the centralization option needs to be seriously

considered again. This may be presumptuous, but one could easily see why the facility directors could have a vested interest in keeping the operation decentralized. After all, it has employees to protect, and would presumably prefer to keep as much of its operations as possible under their own control. So there's certainly a chance that their advice to continue operating "as is" was based on some strong personal biases. In addition, a few years ago, when the client last considered the possibility of centralization, the economy was quite a bit stronger, and it could probably afford to maintain separate operations. The context has certainly shifted since then.

The candidate has become comfortable that he has reached a point where he can start putting some hypotheses out there. Consulting firms obviously take on a lot of cost-focused cases that sometimes result in headcount reduction, especially in tough economic times. Nonetheless, if you're confronted by a case like this, approach the issues with sensitivity and tact.

Interviewer: Okay. What specifically do you mean by centralization here?

Candidate: I guess I'd actually consider something a bit beyond centralization. In fact, somewhat of a merger, if you could call it that, could be in order. It seems clear to me that functions like development, marketing, and membership could be consolidated for the two facilities. That would allow best practices to be shared across the two facilities and could generate substantial cost savings and scale opportunities. In addition, you mentioned earlier that each club supports a unique group of students. In that way, this sounds like a classic synergy opportunity. The clubs can merge their back-office operations without fear of providing redundant services to overlapping markets.

The candidate has put somewhat of a stake in the ground. Owing to what seems to be the desperate nature of the situation, he believes that bold measures are in order.

Interviewer: What are some of the other issues you might consider in pursuing a merger like this?

Candidate: I'd consider a set of both external and internal issues. Externally, I'd think first about its students, and make sure that a merger of the sort I've proposed wouldn't negatively impact the level of service the organization could provide to them. Given that the consolidation I've suggested is limited to the back office, it seems unlikely that it would impact the students' experiences. I'd also think about donors and grant-givers, and consider whether the merger would negatively affect their perceptions of the organization or their desire to contribute. Internally, I would explore strategic, organizational, operational, and cultural issues. Given their shared missions and unique sets of students, the facilities would seem to be strategically aligned. Are there plans to add more facilities in the future? If so, how would that affect the strategic outlook? Are there cultural differences that would make a merger of the clubs problematic?

Interviewer: That's a good starting list. Nice job—that's a tough case. There's obviously not much data to get your hands around.

Case 8

The VP of marketing of a successful minor league baseball team would like to attract more kids to the team's games. He has proposed to the team's general manager that kids' tickets be discounted 50 percent for all upcoming season games. Your firm has served the team previously on an unrelated matter, and now the GM is calling you as a trusted advisor to get your point of view before he makes a decision on the kids' marketing plan. What are some of the issues he should consider?

This is a deceptively tricky question that can reveal multiple layers of complexity as you get deeper and deeper into it. The way in which the question was posed—that is,

you're on a phone call helping the GM think through some issues—is both a hint and a lifeline. You won't necessarily be expected to come to a concrete or comprehensive answer, but you'll need to be insightful about calling out the issues of concern.

Bad Answer

Candidate: Fifty percent off seems like a pretty hefty discount to offer for kids. Kids love baseball anyway, so why is it necessary to offer them such a big discount? It's the parents who should be getting the discount; after all, they're the ones who have to endure three hours of minor league baseball. I'd axe the discount idea and maintain the current pricing structure. A discount—especially one that steep—just won't pay off.

In addition to being brash and off-putting, the candidate has jumped to some pretty decisive conclusions without gathering any of the information he'd need to make them. The candidate has obliquely raised a couple of issues that may prove to be important—opportunity cost and target audience of the promotion—but not in a way that would be helpful to the GM.

Interviewer: Let's take a step back. It sounds like you believe that a discount may not be necessary on kids' tickets. Why might that be the case?

The interviewer has taken pity on our abrasive candidate and chosen to focus on the one bright spot in his previous answer.

Candidate: I think I said why. I just don't think you need to give money away to fans who already love the game and who probably show up in droves anyway. It's like giving away beers in the bleacher seats.

Whatever bright spot existed has surely now faded into darkness. The interviewer was clearly probing for a more fact-based approach, but the candidate didn't step up to the plate, so to speak.

Good Answer

Candidate: Interesting question, fun topic. Though this question seems pretty straightforward, I can see already where there are several moving parts at work here. I want to focus my advice on the core issues that I believe should really drive the GM's decision on this one. I want to get him thinking about those issues so that he's asking the right questions when he sits down with his VP of marketing to hash this out. To me, those core issues are opportunity cost, total fan profitability, and future fan value. I'll start ticking through those, and I'm sure that questions and related issues will come up as I go.

The candidate has acknowledged the potential complexity of the question, and has also indicated that he has picked up on the hints in the question structure. He plans to take an 80/20 approach, hitting what he believes to be the critical issues at the heart of the question first.

Interviewer: Sounds like a good approach. Jump in.

Candidate: Let's start with opportunity cost. By opportunity cost, I mean what would the team potentially forgo in terms of revenue by offering seats to kids at a 50 percent discount? A host of questions that surface in my mind related to this issue: What does attendance look like over the season at games, in terms of a distribution? We'd need to look at not only average attendance, but also the percentage of games that are sold out, the percentage of games that are sold to 90 percent of capacity, and so on. Looking at the attendance profile in that way would allow the team to begin to understand the potential revenue impact of offering a discount on kids' seats.

Additionally, we'd need to look at how many kids are already attending games. There is a danger that the promotion wouldn't attract new kids but would instead simply attract the same kids at lower prices. That's a scenario we'd clearly want to avoid, and we'd need to look at whatever demographic attendance data is available to get behind that one.

Lastly, I'd want to think about the true target of the discount ticket campaign, because that issue impacts the opportunity-cost analysis. Since kids are unlikely to pay for tickets themselves or to come to the games unaccompanied by a parent, it's not hard to argue that the actual target of the marketing campaign is the parent, and not the child. Given that dynamic, the GM would need to think about whether the team might experience a lift in adult attendance by targeting kid fans. If so, the opportunity cost of the discount campaign could be lower than expected. There are other questions that affect the opportunity cost dynamic, but the ones I've just mentioned represent the starting point for getting at the key issues.

Excellent start. The candidate identified opportunity cost as a critical issue, and raised several important related questions. The candidate also earned some brownie points by calling out the benefit of a distribution versus an average in looking at attendance. The distribution vs. average issue is a common one faced by consultants, as averages can be deceptive and can mask important underlying variations in data.

Interviewer: To go a step further, let's assume for a second that all of the games are sold out to adult fans. Would that be enough information to tell you that the discount promotion is a bad idea?

Candidate: Good question. My answer is "not necessarily." In fact, that question leads directly to my next point about profitability. The cost of admission is only one element of a fan's total spend at a baseball game. Ballparks also generate considerable revenue from food, beverage, and souvenir sales. In this case, it would be important to get an understanding from the GM of how the revenues break out by product—that is, by ticket sales vs. the other categories of items. Furthermore, it would be most important to understand the total profitability of a kid fan vs. other fans. Hypothetically, are kids more profitable because they purchase more souvenirs and more snacks? Or, are adults in fact more profitable because they purchase high-margin products like beer? We can't be sure of

the answers to these questions from the information given, but they would be critical for the GM to understand as he comes to a decision on the VP's proposal. Fundamentally, then, the GM would want to determine whether the non-ticket purchases of a kid fan are substantial enough to offset the cost of a discounted ticket, and make a kid fan at least equally as profitable as an adult. Lastly, much of the potential complexity of this case stems from the need to look at the variables of opportunity cost and profitability simultaneously, and not separately as I have done. While my phone call with the GM wouldn't be the appropriate forum for diving into that issue in depth, I'd certainly plan to make him aware of the need to do so in any detailed analysis.

The candidate smartly sees the trick embedded in the interviewer's question, and in so doing calls attention to his understanding of one of the key nuances of the case. That is, even if all games are sold out to adult fans, it's possible that offering the kids' promotion would increase profits. In addition, the candidate rightly notes one of the complexities of the case—the interaction of the opportunity cost and profitability variables—and handles the issue in a smart way.

Interviewer: I see. So potential lost revenue from discounted tickets isn't the only issue to consider. Interesting. What else?

The candidate continues to make good progress through his framework and has identified the forces at work in creating the profit problem. Now he needs to dig deeper.

Candidate: Lastly, I'd encourage the GM to think a bit about future fan value. I don't think this issue is as crucial as the other two I've raised, but I think it's important to keep in mind. Is there any research the team has done that maps the lifetime attendance patterns of their fans? Is there a benefit to getting kids interested in the team early on? Will doing so make them more loyal fans as they become teenagers and adults? I know from my own experience that I'm still a follower of the teams that my parents introduced me to when I was very young, even though I've since moved to another city. While long-term value

may not be the critical driver in the GM's choice, it may be an important consideration if the economics of the proposed promotion prove to be a toss-up. That is, a future value consideration could serve as an important input if the economics alone don't prove decisive.

The candidate has raised an issue that he believes is interesting but of secondary importance and has specified how he'd think about the issue in the context of the case.

Interviewer: You've done a good job hitting on some of the key issues. Now, imagine that you're at the end of your phone call with the GM. He thanks you for raising such insightful issues, but before hanging up, he wants to get your ideas on alternative kids-oriented promotions the team might offer if he opts against the 50 percent discount. What suggestions would you have?

This is one of those situations in which the interviewer is pushing for "extra credit." The interviewer seems satisfied with the candidate's handling of the case thus far, and this is one of those places where you can really shine as an interviewee who went beyond the call of duty.

Candidate: Sure. First, let's assume that the attendance distribution analysis shows that some games are sold out year after year while others are not. Maybe the team could offer discount kids' tickets to the games that aren't sold out. The VP has proposed that the promotion be in effect at all games, but that's not the only possible model. Second, 50 percent off may not be the magic number. Could 25 percent work? What about 10 percent? Whatever the number, if a discount route was chosen, it would be important to run a variety of scenarios to determine the optimal level. Third, maybe a discount isn't necessary at all. For example, maybe the team could attract kids to the games at full price through creative promotions like "all full-paying kids get to come onto the field three hours before the game," or "all full-paying kids can meet three players before the game." There may be other variables outside of price that would influence a fan's decision to come to a game.

Great job. Extra credit awarded! The candidate put forth a few well-reasoned suggestions without hesitation.

Interviewer: Great. I think the GM will appreciate your input. Maybe he'll even hire you to help him on this one.

Business Strategy Questions

Case 9

Your client, Rick's Kicks, is a manufacturer of midrange and high-end athletic shoes. The company has been faltering in recent years, and is under significant shareholder pressure to grow its business. A major mass merchant has approached the company and expressed interest in launching an offering from your client in all of its stores. (The company currently does not sell to mass merchants.) Should your client go ahead with the launch? If so, how?

This is a common growth strategy question centered on channels of distribution. It is appropriate for all levels of candidates, though MBA candidates should expect to tackle the issues in more detail.

Bad Answers

- Mass merchants can be too big and too demanding to do business with. They're almost as likely to drive Rick's Kicks out of business as they are to improve profitability. A lot of brands have been driven into serious trouble

by mass merchants, given their market power and aggressive discounting. If it were me, I'd focus on growing the brand in current channels of distribution. *While there are certainly some potential pitfalls in doing business with mass merchants, dismissing out of hand the option of selling to the world's largest retailers seems a bit hasty.*

- I'm fully convinced that there's a significant market opportunity with mass merchants. No argument there. It's the brand I'd be primarily concerned about. Nonetheless, if the alternative is letting the business slowly slide away, then I think Rick's Kicks needs to take the leap and see what happens. *The candidate raises two decent points: the size of the mass market and brand risk. But he comes to a conclusion too quickly and doesn't display a nuanced understanding of how Rick's Kicks could confront the brand risk in a thoughtful way.*

Good Answer

Candidate: This is definitely a fascinating question, and one that continues to challenge a lot of brands. Broadly speaking, I see two buckets of issues: the quantitative and the qualitative. Within the first bucket, I'll want to tackle the drivers of Rick's Kicks current performance, channel dynamics in the marketplace, cost issues surrounding a potential mass channel entry, and the competitive landscape. On the qualitative side, if we assume for the moment that Rick's Kicks ultimately enters the mass channel, the fundamental issue to consider is branding as it relates to the existing brand, a potential new brand launch, and cannibalization.

The candidate has laid out a broad framework around quantitative and qualitative issues. The components of the framework roughly parallel the 4Cs (in this case, channel, cost, consumers, and competition), and the candidate has indicated that he intends to address at least the most relevant elements in the context of this case. The point is, use whatever structure makes sense to you in the context of the problem you're trying to solve. Don't force business school frameworks if you don't need to-you risk coming across like you're trying too hard and not thinking for yourself. Interviewers will be impressed by your ability to think in a structured and creative way, and not by a knack for regurgitating frameworks.

Candidate: To start, let's talk about Rick's Kicks' performance in recent years, and the performance of key channels in the market in total. I'm guessing that Rick's Kicks is currently distributed most broadly in chains and department stores—have you been losing share in those channels? What have been the recent trends surrounding your channels of distribution? How has the mass channel been performing in the footwear segment?

Following the second rule of business strategy cases, the candidate is asking questions aimed at determining the root cause of Rick's Kicks' poor performance in recent years and the channel dynamics at work in the market.

Interviewer: Good questions. You're correct that our brand is primarily distributed in chains and department stores, which currently comprise about 40 percent of total unit sales in the market, and about 50 percent of dollar sales. Four years ago, however, those numbers were 50 percent and 60 percent, respectively. Our core channels have taken a hit in recent years, in large part due to the growth of the mass channel, but our brand has managed to hold its own in terms of market share. We are exactly where we were four years ago, as are almost all of our competitors. The mass channel now accounts for 30 percent of total shoe sales, though only 25 percent of sales is in dollar terms. The mass channel has been growing at about a 10 percent CAGR (compound annual growth rate) over the past four years, and going forward, this trend is expected to continue.

The interviewer is divulging a lot of information quickly, which may indicate both that you are on the right track and that there is a lot of subject matter to cover.

Candidate: Rick's Kicks, then, is holding ground on market share, but is losing sales due to a declining market. In addition, the mass channel is big, and will continue to get bigger. My first reaction is that this opportunity will be a difficult one to pass on. First, though, let's talk briefly about cost. The mass

channel is obviously a lower-cost alternative to your current channels, and consumers have clearly been migrating to mass retailers. Is Rick's Kicks capable of competing in the mass channel from a cost point of view?

The candidate has put forth a preliminary hypothesis, but has stopped short of a recommendation.

Interviewer: Yes, I believe we can compete from a cost point of view. To begin with, mass merchants require less margin than our current customers, which helps. In addition, the products we currently sell are largely high-performance shoes. I think we could readily value engineer our current product to a lower cost. Not to mention the fact that all of our competitors from our current channels have been able to make the economics work.

Again, the interviewer seems to be leading the candidate down a path. Be wary of following blindly into a trap, but if you have the facts to make a recommendation, go for it.

Candidate: That leads me to my next questions around the competitive landscape. What's the composition of the mass channel today from a competitive point of view?

The candidate is probing on the "final C" of the framework he laid out at the outset: competition.

Interviewer: The competitive landscape in the mass channel is as follows: About 40 percent of the shoes sold there are private label brands produced by the retailers themselves. They're the lowest priced shoes on the floor. About 25 percent of the shoes are sold by brands that operate only in the mass channel, and the other 35 percent comprises our competitors' brands and sub-brands. In fact, we're the last remaining major brand not selling in the mass channel.

Again, the interviewer has offered some very powerful information regarding the client's situation.

Candidate: The erosion of Rick's Kicks core channels, combined with the ongoing growth of the mass market, Rick's Kicks' stated ability to manufacture to mass channel cost requirements, and competitors' early and seemingly successful forays into the channel, lead me to believe that Rick's Kicks must enter the mass channel. The key questions that emerge next surround how best to do so. What are the right pricing and branding strategies, and how can Rick's Kicks best minimize cannibalization risk? First, how is Rick's Kicks currently positioned in its core channels of distribution?

The candidate has put a stake in the ground on entering the mass channel. He examined the issue from three points of view, and the facts overwhelmingly supported channel entry. Not one to rest on his laurels, the candidate is off to the races on part two.

Interviewer: In chain stores, Rick's Kicks is a premium offering, priced about \$5 to \$10 above our closest competitors. In department stores, which are a bit more upscale, our brand is somewhat more mid-range, but still a favorite of many consumers.

Candidate: Clearly, there are always risks to taking any brand down-market. Given your brand's position in its current channels, however, and the facts that private label and mass channel-only brands are prevalent in the mass channel, there seems to be room for your brand at the top end of the spectrum within the mass channel. I see a couple of benefits to such a position. First, you'd continue to command a relative price premium, which would help keep margins healthy and put less pressure on your sourcing and supply chain. Second, it will mitigate, though by no means eliminate, the risk to your brand in your core channels.

The candidate is diving into the critical "how" portion of the question. Given the relative ease with which the interviewer dished out the data earlier, the candidate should expect to invest a good amount of time in this more tactical part of the question.

Interviewer: Okay, so maybe we can carve out a premium positioning. But how do we ensure that we don't lose that position in our core channels when we enter the mass channel? I definitely don't want to simply swap units channel for channel, particularly given that mass channel units are less profitable.

For the first time, the interviewer is challenging the candidate a bit. Perhaps the interviewer has intentionally lured the candidate into thinking the interview would be somewhat of a cakewalk and has now changed tack to test the candidate's cool under fire.

Candidate: Certainly, cannibalization is a serious concern. Is entering the mass channel with an entirely different brand a possibility for Rick's Kicks?

The candidate is not flustered and has decided to use a tried and true strategy. When you sense a bit of defensiveness or aggression, asking a question will often help deflect those feelings more effectively than replying with a statement.

Interviewer: Good question. Actually, it depends on what you mean by "entirely." We're free to create a new brand offering, but the retailer is requiring that its name contain the words "Rick's Kicks." We negotiated hard on that point, but the retailer won't budge. It's a deal breaker.

The interviewer is back in nice and helpful mode again.

Candidate: So the retailer obviously sees a lot of value in the brand equity of Rick's Kicks, and from what I know, it would seem that consumers see that value as well. Given the retailer's conditions, we still have some options. I don't believe that launching the current Rick's Kicks line in the mass channel is a good option. The risk to the brand is too high, current retail customers would likely retaliate, and the price points wouldn't translate anyhow. Instead, Rick's Kicks should consider a sub-brand of some kind. One option would be something like "Rick's Kicks Olympian," which leverages heavily off of the core brand name but also creates differentiation with the "Olympian" addition.

However, I'd be more comfortable with a brand name like "Swift by Rick's Kicks," or "Fleet Feet, from the makers of Rick's Kick's." These endorsed brands still confer some of the equity of the Rick's Kick's brand, but without leading off with the Rick's Kicks name. Over time, this may allow you to establish a separate brand identity for the mass channel line, and even to drop Rick's Kick's from the name altogether.

Excellent. The candidate walked through a few of the branding options and displayed his comfort in that arena. In addition, he raised for the first time the issue of retail retaliation from current retail customers. It's a good issue to let the interviewer know you're aware of, but in this case it doesn't seem to be a critical issue. Earlier we learned two facts-competitors have maintained their share in core channels while simultaneously entering the mass market-that would seem to indicate retail retaliation is not an immediate risk.

Interviewer: That's extremely helpful; we hadn't thought through the branding options in detail to date.

Case 10

Your client is a major branded skateboard manufacturer that has decided to enter the Brazilian market. Should it license its brand or manage the entry in-house?

This is a common new markets/expansion strategy question, though the licensing element is somewhat of a twist.

Bad Answer

Candidate: I've heard about a lot of companies trying to do business in South America that have lost their shirts down there. The economies are unstable, and the currency is unpredictable. If the company really must enter the Brazilian

market, I'd license the business without a doubt. In any event, my background is in really down-in-the-details manufacturing and operations stuff, not in these fluffier strategy cases.

Obviously not a strong start. Candidates are sometimes surprised by the fact that they receive cases that don't touch on areas of personal expertise. Don't be surprised by this; in fact, expect it. Interviewers want to see if you're capable of stretching beyond comfort zones.

Interviewer: You mentioned other companies that have failed in South America. Maybe we can use them as a starting point to determine if there are applicable lessons from their experiences?

Abhh, what a friendly interviewer. This candidate may have more than one life . . .

Candidate: Actually, I read about a few in the *Wall Street Journal*, but I don't have a ton of details. Can we talk about throughput instead?

The only throughput measure that's relevant to this candidate is the rate at which his body is about to move through the exit.

Good Answer

Candidate: This is an interesting one. I can't say I'm too familiar with skateboarding personally, but I'm sure I can ask some questions along the way to sort through the issues. This case of course ultimately hinges on the benefits of licensing versus keeping the business in-house for entry into the Brazilian skateboarding market; the decision to enter the market has already been reached. Therefore, it seems that my first step should be to weigh the relative economics of licensing versus the in-house scenario, and see how that comes out. If that's not clear-cut, then we'll want to consider some qualitative issues that may affect the decision, but I think I should hold off on those to see if they prove necessary. To begin with, could you please give me a sense of how a licensing arrangement would work, both organizationally and financially? I want to make sure I'm clear on that before we jump in.

Good start. The candidate has clearly spelled out her approach to the case, and has started with the big picture. In addition, she's not afraid to ask a question about licensing arrangements, a very specific area with which she's not familiar. It's always better to ask the question than to pretend you know things that you don't. Save that until you actually become a consultant.

Interviewer: In a licensing scenario, the client would choose a third-party vendor that would manage the production and sales of its skateboards in Brazil. The client would retain responsibility for designing the product and would have full authority over the use of its brand. Presumably, the vendor the company selected would be one that has deep familiarity and competencies in the Brazilian marketplace. From a financial standpoint, the client would collect a 6 percent royalty on gross sales.

Great. The candidate got what she needed.

Candidate: Thank you. That's helpful. Next, can you please tell me a bit about the skateboard market in the United States? How big is the market, and what is the client's market share?

The data hunt continues.

Interviewer: I don't see why that would be important. The question is about the Brazilian market, not the U.S. market. Did you mean to say Brazil?

The interviewer issues a little bit of a challenge, possibly to test the candidate's persistence, or possibly to signal that she's on the wrong track.

Candidate: I should clarify. I think that understanding just a couple of quick facts about the U.S. market will help me make some assumptions later on about how well the client can expect to do when it enters Brazil.

The candidate holds her ground, sensing that the interviewer is testing her a bit.

Interviewer: Fair enough—that makes sense. I can tell you that the company’s market share in the United States is about 5 percent of total units, making it the number three or four player in the market. Unfortunately, I don’t have the client’s sales data in front of me, so I can’t tell you off-hand what the total market size is. You’ll have to make an assumption.

So, the interviewer seems to have been testing the candidate’s resolve on the previous point. But now a small burdle has arisen: It seems that a market-sizing question has reared its head inside this broader strategy question. This is not at all uncommon. Just as on the market-sizing questions you’ve already practiced, make good assumptions, use round numbers, and move on. It’s your method, not your number, that counts.

Candidate: Okay. Let’s assume that of a total U.S. population of 280 million, about 70 million are age 25 and under, which I imagine is the demographic of most skateboarders. Of those, let’s assume that one in seven owns a skateboard, or about 10 million people. My guess would be that most of these people own one skateboard, but that there is certainly a more serious contingent of people who own several. If we assume that it averages out to about 1.5 boards per person, the total number of skateboards would be 15 million. In addition, I think it’s fair to assume that a skateboarder might upgrade his board once a year, making the annual market for skateboards in the United States 15 million.

Fair enough. When a market-sizing question is embedded in a broader case, it’s usually best to move through it quickly without getting tangled in too many detailed assumptions. After all, it’s just one piece of a much bigger puzzle, so don’t get bogged down.

Interviewer: Sounds reasonable to me. Let’s keep moving.

Candidate: Okay, so if the market for skateboards in the United States is 15 million, and the client has a 5 percent share, this would mean that its annual sales are 750,000 boards. I think that will be a helpful reference point when I begin to think about what the company’s “fair share” might be in the Brazilian market. Turning now to ...

Interviewer: Fair share? What does that mean? Do you mean that the client will be entitled to the same share it has in the United States in the Brazilian market? But aren’t the markets different?

Another challenge—but this candidate seems up to the task.

Candidate: I mean to say that the client’s share in the U.S market may serve as a helpful proxy for thinking about how it will perform in Brazil. But in order to validate that hypothesis, I do need to ask a couple of questions about the Brazilian market. How big is that marketplace right now? I imagine it’s less mature than the U.S. market. In addition, what does the competitive landscape look like? Are the same brands that compete with the client in the United States also selling in Brazil? Knowing that will help me to figure out whether the “fair share” assumptions I plan to use are valid.

The candidate calmly responds to the interviewer’s challenge and clearly explains where she’s headed.

Interviewer: The market for skateboards in Brazil is indeed smaller than in the United States, as you say. Last year, about a million boards were sold in Brazil. The market, however, is projected to grow very quickly, which is one of the reasons why the company is interested in it. To your second question, the top two brands in the United States are also the top two in Brazil. Much of U.S. skate culture has made its way to Brazil, and kids there have latched on to the same brands.

Here, the interviewer seems to validate much of the candidate's approach, offering some helpful hints.

Candidate: Great. So Brazil is a small but growing skateboard market that looks a lot like the United States from a competitive standpoint. Let me apply a bit of fair share logic here and see what it tells us. Let's assume for a minute that the client could achieve the same 5 percent share in Brazil. That would imply annual sales of 50,000 skateboards, a pretty small number, especially in comparison with the U.S. business of 750,000. You did mention that the market in Brazil was growing rapidly, but even at a compound annual growth rate of 20 percent, sales would grow to only about 100,000 units in four years, assuming steady market share of 5 percent. In addition, I assume that the retail price of skateboards in Brazil would be substantially lower than in the United States, and would therefore dictate that the skateboards made for sale in Brazil be produced far more cheaply.

So, my initial hunch is that the Brazilian business is a strong candidate for licensing, given its relatively small size in the near term and my assumptions about the amount of investment that would be required for the client to manage the entry in-house. To my last point, are there any existing capabilities or relationships that the client would be able to leverage in entering the market? For example, are there distribution relationships that span both the United States and Brazil? Would the client need to add employees to manage the new business? In addition, I'm wondering whether you know if the company's competitors in Brazil have decided to license their businesses there. That would be interesting to know.

The candidate has done a bit of math that has led her to hypothesize that the size of the Brazilian business may warrant licensing. But she's not yet sure enough to draw a line in the sand and has opted to dig a bit deeper. Floating an initial hypothesis to

gauge your interviewer's response can be a smart way to test ideas. Just be careful not to appear like you're fishing for validation; this could signal a lack of confidence.

Interviewer: Good questions. From a capability and relationship standpoint, the client won't have the benefit of very much leverage. The retail landscape in Brazil is very different from the United States, but just as fragmented. So a new sales force would definitely be needed. And you're correct: Retail prices in Brazil are about half of what they are in the United States, so production would need to be cheaper. The company couldn't afford to make the boards by hand as it does in the United States. And lastly, I do know that the number one competitor in Brazil licenses its brand to a third-party vendor.

Candidate: Given what I know, my preliminary recommendation would be in favor of licensing due to the small size of the business and what would seem to be the hefty investment required. From an investment standpoint, I'd be particularly concerned that the client would need to dramatically alter its production process to value-engineer the boards for Brazil. Making them by hand would be difficult to sustain in a substantially lower-priced market. In addition, licensing would potentially mitigate some of the risk of entering a market in a country that has been economically volatile in the past. On the other hand, there are certainly some arguments to be made in favor of keeping the business. For example, if my fair share assumptions actually proved to be conservative, licensing the business could prevent the client from realizing some of its upside. Nonetheless, based on what I know, licensing seems the better approach.

The candidate successfully builds on her previous hypothesis and uses the new information to solidify her position. She also wisely acknowledges a potential counter-argument, which is a great way to demonstrate a command of all of the issues surrounding a case.

Interviewer: That seems like a reasonable conclusion. One last question: If this were an actual project, is there anything else you would do before coming to a decision?

Candidate: Good question. The answer is yes. In a real project, it would be critical to build a detailed model to understand the relative economics of licensing and keeping in-house. My analysis was admittedly high-level, and any actual consulting team would need to dive much deeper into the numbers. I would envision building a few potential fair share scenarios for licensing, and run a sensitivity analysis. Ultimately, we'd need to compare the NPV (net present value) of each scenario, using a 6 percent royalty rate for the licensing scenario, and using smart assumptions based on what we know about the market for the in-house scenario.

The candidate acknowledges the limitations of her analysis, limitations that are to be expected in the context of a short case. But she has a clear point of view on what would be required in an actual project scenario. In this part of the case, an MBA candidate would be expected to have a firmer grasp of the economic decision points than an undergraduate or advanced-degree candidate.

Case 11

Your client is a major car manufacturer with significant sales and brand equity. Though the company is doing well, the CEO is looking for incremental opportunities. A major area of concern is that customers' positive interactions with the brand are largely limited to the car-buying experience, which occurs on average once every three years. How would you increase customers' positive interactions with the brand?

This question is part marketing strategy, part growth strategy. Initial indications are that it is a primarily qualitative case that will require some creative, though fact-based, thinking.

Bad Answer

With the last car I bought new, the negative interactions began as soon as I drove the thing off the lot. After a transmission overhaul and a brake replacement, I decided to unload it.

This guy is clearly a joker, but his ridiculous response does raise one point. Try not to let your personal perceptions of a product or a marketplace unduly influence your handling of a case. If you have relevant knowledge or expertise, certainly use it, but stay objective and clear-headed.

Good Answer

Candidate: My initial feeling is that this case will prove to be a lot about marketing and customer relationship management. I think it makes sense to start by mapping out a typical buyer's current experience with the brand, from research to purchase to ownership and then on to the next purchase cycle. I may even go ahead and sketch that cycle on a piece of scratch paper. If I can understand what the customer's current relationship with the brand looks like, hopefully I'll uncover potential points of improvement.

Great start. This is a pretty wide-open case, and there's a risk of jumping into the fray with a bunch of ideas that aren't well-founded. The candidate wisely proposes a structure and has chosen to start by taking a look at the brand through the customer's eyes. After all, this case is about the customer's experiences, so starting from that perspective seems like a sound approach.

Interviewer: Sounds okay to me. Let's get started and see where it leads.

Candidate: There is a lot about the experience of buying and owning a car that is universal across brands. Beginning with the research process, a consumer might start out talking with friends to get their opinions and read publications like *Consumer Reports* to get a feel for what's available. I'm sure that the Internet

is also a key channel for car research these days. I imagine that most consumers narrow down their list of potential cars in these ways, and then once they have a manageable list, begin to visit dealerships and test-drive cars. Outside of online research and third-party reviews, this is likely the customer's first meaningful interaction with the brand. After coming to a decision and navigating what can surely be a difficult and confusing negotiation and purchase process, the customer buys the car and drives it home. Given the frustration many customers feel during the sales process, there may be some opportunities for improvement here, but from your question it seems that the case is focused largely on the post-purchase phase.

Interviewer: Yes. What happens then?

The interviewer may be expressing a bit of impatience, as the candidate is being a bit deliberate about setting up his analysis. Don't get flustered; often, interviewers are giving cases all day, and at a certain point, it's not hard to see how they could get a bit tired from all of the repetition. Stay calm, and if you sense this, try to cut to the chase. But don't get so rushed that you lose sight of your structure or skip over key parts of your analysis.

Candidate: Once the customer is off the lot, there can be significant gaps in what I'll call "customer touch points" with the brand. Sure, the customer is driving the car every day, and there is probably some loyalty to the brand that is reinforced each time the driver gets behind the wheel, but it's a much different kind of interaction than being at the dealership. And there are plenty of opportunities for negative interaction, and reading between the lines; I imagine that this is one of the things that the client is concerned about. For example, every six months or so an insurance premium comes due, which can certainly be expensive. In addition, things go wrong with cars, and anything from a minor fix to a major repair can have a damaging effect to the brand. So this is the area in which I need to focus. A couple of questions that come to mind are,

first, can the company somehow transform experiences like insurance and repair into more positive ones, and, second, are there new touch points in the cycle that it can insert to create more positive relationships with the consumer?

It's taken the candidate a little while to warm up, but he seems to have hit upon some of the potentially negative points in the ownership cycle.

Interviewer: Okay. But how are you going to make insurance and repair positive experiences? That seems like a bit of a stretch.

Candidate: True, it's certainly difficult to imagine. And I'm not sure that insurance and repair would ever be truly positive experiences, but maybe they could be less negative for starters. For example, what if the company offered free or discounted vehicle check-ups at their dealerships every 25,000 miles? Customers might save some money through preventive maintenance, and the program would give the company an opportunity to reinforce its relationship by bringing customers back to its dealerships. Or it could affiliate itself with selected insurance and repair companies and offer incentives to its customers through a joint partnership. Customers could earn points by using these partner providers, and apply those points toward the purchase of their next vehicle, or toward accessories for their current cars.

The candidate does a good job of responding to the challenge from the interviewer. Remember, this is a case about ideas and your ability to generate them and back them up with reasonable assumptions and assertions. Of course any of these ideas would need to be carefully analyzed before the company would implement them, but that's not what you're here to do. Be creative, and ground your creativity in credible assumptions.

Interviewer: Those are interesting ideas. It sounds like you're talking about some kind of loyalty program. If so, what would you envision some of the guiding principles of the program to be? How else might you promote the program?

Positive sign—the interviewer has latched on to the candidate's ideas and is probing a bit further.

Candidate: You're right; I am talking about a loyalty program. Programs like this have of course proven to be successful in other industries—airlines come to mind first. Not that they don't have problems of their own, but their mileage programs are certainly models for loyalty programs. In terms of guiding principles, I think that the core principle of a loyalty program is that it should create a self-reinforcing cycle. By which I mean that the points that a customer earns should become “currency” that encourages a future transaction with the parent brand or one of its key partners. If the company were to create such a program, the customer should be able to apply his or her points to the purchase of a brand product. In terms of other ways to promote the program, I'd encourage the company to consider a credit card as a part of the loyalty offering. I personally have a gas card and an airline card in my wallet at the moment, and I know that credit cards like these have been quite successful in recent years. A branded credit card would serve the dual purpose of reinforcing a positive experience with the brand as consumers earn points and increasing the likelihood of a repeat purchase.

Interviewer: A credit card is a good idea. Is there anything else?

Candidate: I'm also thinking about the day-to-day driving experience, as this is certainly the most substantive and significant part of the brand relationship. As I said earlier, there is some benefit each time the customer drives the car, but I think that in-car options like the OnStar system, for example, could enhance the quality of the brand relationship. Value-added services like roadside assistance and driving directions go above and beyond the typical expectations of a vehicle, and therefore may become an ongoing source of positive reinforcement.

The candidate continues to stretch his thinking and offer creative responses. Again, whether these ideas would pay off would remain to be seen. Nonetheless, the candidate is responding to the call of duty by having creative yet credible answers at the ready.

Interviewer: Those are all reasonable ideas. There's just one more thing, I mentioned at the outset that this is a brand with considerable equity and is in fact doing quite well. Would those facts lead you to consider anything else?

The interviewer seems to have something in mind that the candidate didn't touch upon. This is likely one of those areas that would be considered "extra credit," and a potentially important differentiator from the pack. Nail these parts of the interview, and you'll be in good shape.

Candidate: Now that you mention it, the company could probably put its strong brand equity to work by exploring opportunities in other markets, either directly related to cars or even somewhat further afield. My own credit card example calls to mind financial services. One could see where the brand attributes that serve a car company well—reliability, trust, safety—would also be transferable to financial services. Whatever the potential markets might be, the company's strong financial position coupled with its powerful brand could make it a candidate for product line expansion.

Excellent! The candidate has seized on a path that flows directly from the interviewer's last question. This guy may be cut out for consulting after all.

Interviewer: Great job on a tough, open-ended case.

Case 12

Your firm is involved in a competitive bid with two other consulting firms for a project with a major carbonated soda manufacturer. The company is considering entering the U.S. bottled water market, and will be hiring a

consulting firm to help it assess the opportunity. The partner leading the proposal effort has asked you to assist her in preparing a presentation for the company's executives. How would you structure the presentation? What issues would you address?

This is a pretty standard market-entry question made somewhat unique by the presentation/proposal element. You'd be likely to find a question like this at all candidate levels.

Bad Answers

- Sounds pretty tricky to me. I'm not sure I'd really want to buy a bottled water product from a company that makes soda. Doesn't seem like a very logical fit to me. It just seems like bottled water is too much of a stretch for a brand that is fundamentally about carbonated soda.

There's an important issue embedded in there somewhere: the feasibility of brand extension in this case. But the case didn't specify that the brand name would necessarily be used for any bottled water launch, and the candidate has relied on a personal bias to make a broad conclusion.

- Absolutely. Bottled water is a great market. Costs are low, and manufacturers are able to command impressive price premiums by creating brands that are about status and prestige. The company should definitely enter the market. *How does the candidate know bottled water is a great market? Is success in bottled water really as easy as the candidate suggests? Does the success of other brands necessarily mean certain profits for the company? The candidate has made too many unsupported assumptions.*

Good Answer

Candidate: Given that I'm helping a partner with a presentation, I think it will be especially important here to think through an appropriate structure. Some key areas I'll want to consider are market size, competition, distribution, and price. Using Porter's Five Forces crossed my mind, but on second thought I think that a 5Cs framework may work better here. I don't want to seem overly "frameworky," but again, given the nature of the assignment, it seems critical that there be a clear and manageable structure. I'll want to think about the

following areas: consumers, competition, cost, channel, and capabilities. And since we're working through a proposal here, I think the important thing is to highlight the areas our team would focus on should we win the bid, not specific recommendations.

The candidate has done a solid job of outlining what he believes to be the “scope” of the interview—that is, calling out key issues, not making detailed recommendations. This is a proposal, not a final presentation. If you make all of your recommendations here, there wouldn't be much reason to hire you, now would there? One additional thing to note: The candidate made a fairly overt effort here to disclaim his use of frameworks. While you should certainly be wary of coming across like an audio book of a business school text, if it makes sense to use a framework, feel free to use it, and don't get wrapped up in apologizing for it, as this candidate does.

Interviewer: All right, let's get started. You mentioned consumers?

Candidate: Yes, consumers. The consumer lens of the presentation should reflect a couple of different areas. First, it would be critical to lay out the size of the market for bottled water in the United States. How much of the stuff are consumers buying each year, in units and dollars? Is there a consumer segmentation that makes sense to think about? For example, along demographic lines of gender, age, and income? Or maybe a behavioral segmentation would be helpful as well. How much bottled water is bought for casual consumption around the house or the office, versus for use in exercise or sports? And how does the market break out between personal and business consumers?

Good start. Again, this case is largely about outlining the approach you'd take if hired by the company. Each of the questions the candidate asks may take the shape of a page, or a part of a page, in the presentation he is helping with. Also, consumer segmentation will generally perk up the ears of a consultant.

Interviewer: I agree. All of that would be important to determine. Keep going.

Candidate: As for competition, I'd certainly want to put together a market map that lays out the competitive landscape. Who are the key competitors, and what are their market shares? An assessment of the competition may also uncover some interesting insights from a benchmarking standpoint. Have other carbonated beverage manufacturers entered the bottled water marketplace? If so, what was their approach to launching a water offering? Was it successful? I think it would be interesting to include a competitive “deep dive” or two to highlight a success case that we could learn from, and maybe a less successful case as well. My gut tells me that the competition filter will be a really important one here. Personal experience tells me that there are a lot of bottled water brands out there, so the market could prove to be saturated. That remains to be seen.

The candidate uses the competition filter to hit on a couple of key issues. First, market share. That's an obvious one that you'll always want to think about in the context of a market-entry case. Who are the major players and how big are they? Second, the candidate also thought about a benchmarking path, which can be very useful in a case like this. Consultants spend a lot of time benchmarking, trying to learn from the successes, failures, and business practices of selected companies (kind of like you may have done in business school . . . a thousand times).

Interviewer: Okay, I agree with you on the market share point. We'll definitely need to know that. But the benchmarking stuff? We have limited resources to put toward this proposal—is that really a necessary piece of the presentation?

Candidate: I fully appreciate the limited resources available here. But I do believe that a benchmarking could prove to be extremely useful to the company as it considers if and how to enter the marketplace. Certainly, all of these analyses would have to be prioritized against our team's capacity.

The candidate has decided to hold his ground. Interviewers will often test your willingness to stick to your guns, so if you think you have a good idea, hold to it. But also be attuned to strong hints from the interviewer. After a couple of inquiries on the same subject, you may want to start to think about following where the interviewer is leading you.

Interviewer: Fair enough. What's next?

Candidate: Next, I'd want to think about cost. In the cost bucket, I'd include retail and wholesale price with an eye to trends in the marketplace. In addition, it will be important to overlay the competition and cost filters to understand price dynamics at the brand level. For instance, my hunch is that private label brands are playing an increasingly important role in the market, particularly in grocery stores and mass merchants. Typically, the emergence of private label competitors signals the commoditization of a marketplace and a commensurate drop in price. My hunch is that brands like Evian, which largely invented the bottled water category several years ago, have lost significant share and price premium as lower-priced competitors have come into play. If the bottled water market is indeed experiencing these kinds of deflationary trends, that would be extremely important to explore, as it could significantly impact the economics surrounding the company's decision. We'd need to determine whether the company would be able to stem the tide of price pressure (if it exists) in the market and command any kind of a premium. If not, it could be in for a price war.

Here, the candidate does a great job of posing some key questions around cost, which he perceives to be a critical lever. The candidate offers some reasonable hypotheses, but is careful to note that they are just that—hypotheses. All of his suppositions would of course require further data to confirm or refute.

Interviewer: It seems like you're saying that the bottled water market may not be that attractive for the company? If prices are dropping and bottled water is becoming a commodity, maybe it's not the best market to enter? Is that right?

Candidate: Not necessarily. You're right, my hypothesis is that the company may encounter some difficulties from competitive and price standpoints. But I don't necessarily believe that those factors alone make bottled water an unattractive market. In any event, there's certainly quite a bit of analysis to do before any of these questions get answered. In addition, I think that the company may also have some things going for it that could counterbalance some of the potential downside of a bottled water offering. For example, let's think about channel dynamics. We'd certainly want to know how the market breaks out from a distribution standpoint—where is bottled water sold? How many units and dollars move through mass merchants, grocery stores, warehouse clubs, gas stations, and all of the other categories of outlets through which bottled water is sold? I'd then want to overlay that information with a snapshot of the company's current distribution model. My sense is that there will be a good deal of overlap. I know from my own experience that the company is sold through all major grocery stores and mass merchants, and my hypothesis is that those channels account for a large percentage of bottled water sales. So the company would probably be able to leverage its existing sales and distribution relationships in order to launch a bottled water product quickly and widely.

Excellent. The candidate responded in a fact-based and thoughtful way to the interviewer, who was clearly trying to push him down a particular path. Again, the candidate has made some sound assumptions based on the information available to him and has proposed some analyses that will definitely be important to the company's assessment.

Interviewer: So distribution could be a positive. That makes sense. Is that all?

Candidate: The last area I'd want to think about is capability: Does the company have any pre-existing processes, systems, or people in place that it could leverage to launch bottled water more cheaply and effectively. I think the answer to that question is likely to be "yes." The company probably has a large network of bottlers that could likely be leveraged for a bottled water offering. In addition, current relationships in areas like packaging and advertising could potentially be used to drive costs down. These certainly aren't cut-and-dried issues, and we'd need to take a deeper look when any potential project kicked off. It is possible, for example, that there actually aren't any cost savings in packaging if the bottling is currently done in glass and aluminum, and the water offering would be plastic. Nonetheless, whether it's through spare capacity in bottling facilities or raw materials, I imagine that points of leverage will surface.

The candidate does a good job of raising questions that, while unanswerable now, would be important to address.

Interviewer: Great. But I think you've left out one element of the analysis. What about brand? Are there any issues to think about there?

Candidate: You're right, brand is important—I guess I may have forgotten it because it didn't start with a "C." Anyway, the company will need to think about its core brand's extendibility—that is, will a brand name associated with a carbonated product play well in a health-oriented water market? On the one hand, you could argue that it wouldn't, that soda simply has too many unhealthy connotations to drive sales in a water market. On the other hand, the company is a popular brand with considerable equity, and I can certainly understand that the company would want to put its brand name to work as it enters a new category. One option I'd consider would be a sub-brand of some kind. It could be possible to leverage the brand name but in an endorsement capacity. For example, "Pure Rainwater from the makers of . . ." Or maybe just subtly place the company corporate logo somewhere on the bottle.

Good recovery. The candidate left out one part of the analysis that the interviewer thought was important. Once asked, the candidate attempted a joke and then raised some of the key issues surrounding the company brand and bottled water.

Interviewer: Nice job.

Resume Questions

Case 13

What would you contribute to the community of our firm outside of your work?

This question is designed to reveal a bit about who the candidate is as a person. Come to your interview prepared to talk about leadership, community involvement, and interests. After all, your interviewer may someday spend 70 hours a week holed up with you in a paper factory in Pocatello. The time will pass a lot faster if you're interesting.

Bad Answer

I hear you consultants work 70-hour weeks. Where do you find the time for anything but work? In business school, I was in a bunch of really interesting clubs, and I think that pattern would manifest itself in consulting as well. I'd be up to pitch in for any kind of extracurricular activity.

It's best to be specific about your past experience and your likely future involvement in activities at the firm. Relaying a long list of business school clubs won't necessarily

separate a candidate from peers; it's critical to bring your personal involvement to life. For example, maybe you were the chairperson of a charity auction at your school, and you struck deals with several local vendors who agreed to donate meals, plane tickets, and hotel rooms to the auction. Whatever your example may be, think through how you can highlight your personal commitment and accomplishments.

Good Answer

Candidate: Finding the right balance between work and life and ensuring that I participate in the broader community have always been important to me. At previous jobs, at school, and in my personal life, I've made a consistent effort to contribute to my communities, and I'm confident that I'd be an active member of your community as well. Let me give you a few examples.

The candidate does a good job of confidently responding to the question, and even seems to lay out a rough framework for her approach-work, school, and personal life. A framework is by no means required for these questions, but coherence is always helpful.

Candidate: In my job before business school at a start-up, I initiated and organized a food drive for local homeless people during the holiday season. I chose a local food bank to work with, and in November I began soliciting donations from fellow employees through e-mails and flyers in the office. I placed some empty bins in the lobby for people to put food in, and eventually the program took on a life of its own. My colleagues really rallied around the idea, and we ultimately collected several hundred pounds of canned goods for the local food bank. I'd actively seek out opportunities to participate in similar programs at your firm. While in school, I was involved in a broad range of activities, but focused primarily on student government. As vice president of my class, I was responsible for a wide range of events, including social gatherings and community fundraisers. I enjoy taking on those types of positions and would look for opportunities to do so within your firm.

The candidate presents a succinct and thoughtful answer. It's important to toe the line between portraying yourself as actively involved and annoyingly omnipresent. Your interviewer surely knows that there are hundreds of clubs available at college or business school, many of which primarily involve drinking beer and throwing a Frisbee. So be careful to hit the high points and focus on the activities that were truly important to you and where your involvement made a difference. Finally, be specific. Strive to ground your answer in tangible details. Doing so will lend credibility to your response and bring your personality to life.

Candidate: Lastly, I know from friends of mine who work at your firm that your company is a strong supporter of cancer research. Many of my friends who work with you have participated in Race for the Cure on a company-sponsored team. In addition, I recently read in a non-profit journal in one of my classes about an operational efficiency project your firm helped a large cancer research organization with. I've participated in Race for the Cure for the past few years and would be thrilled to do so again next year with a team of colleagues.

Brownie points! The candidate has obviously done her research just by talking with friends. Through these conversations, the candidate learned that the firm she's interviewing with supports a cause that is also close to her heart. Race for the Cure provided the candidate with a great opportunity to highlight one way in which her past personal involvement with a non-profit would intersect with her future participation in the community life of the firm.

Case 14

How would your last supervisor describe you if I called for a reference? What would he or she say about your performance? What might he or she say you could have done better?

This is a fundamentally a question about strengths and weaknesses—we mean, development opportunities. This is one fairly common type of “resume case,” and you also might find it asked in a slightly different way. For example, “I see you used to work in corporate strategy at Clorox. Tell me about a project you worked on and its outcome. Describe what you would do differently if you had to do that project again.” This is a very similar question to the one we’ve asked; preparing for one should allow you to tackle either.

Bad Answer

My last supervisor and I disagreed on a lot of issues—would it be possible for us to talk about my job before the most recent one? I had a much better relationship with my supervisor at the earlier job. My last supervisor was a bad micromanager and a worse communicator.

You’re going to have to answer the question that’s asked of you, even if you’d prefer to answer another one. If you encounter a situation like this, try to think of a way to spin your conflicts with your boss in a way that will impress your interviewer. For example, maybe your boss was very difficult at the outset, but with strong communication and persistence you managed to improve the relationship and make it productive.

Good Answer

Candidate: Most recently, I worked as an analyst in the marketing department of a software company. The company was established enough to have a steady flow of capital, but also young enough that new processes and opportunities were continually emerging. I think that my last supervisor would tell you that I

was analytically rigorous, persistent, and team-oriented. I think that she would say that I was adaptive enough to function in an environment that was simultaneously established and entrepreneurial, and that I was an enjoyable person to have on the team.

The candidate does a nice job of briefly laying out what he perceives to be key strengths his supervisor would hit upon. He doesn't rattle off a laundry list, but instead chooses to focus on a few key traits that he can back up with concrete examples. In addition, the areas he has chosen to highlight are certainly prerequisites for a successful career in consulting. Wherever possible, try to highlight skills and traits that are likely to fit the profile of your desired role, but be careful not to force it. Be yourself.

Candidate: The company sold project management software to companies across a broad range of industries. When I joined the company, we had about a dozen clients. Most of our marketing efforts were centered on direct appeals to senior technical managers. For example, we sent a lot of direct-mail packets describing our product offering and its potential benefits. Response rates on these types of mailers were fairly low. After a few visits to trade shows and multiple conversations with IT staff at various firms, it became clear to me that while senior IT managers were the ultimate decision makers on big software purchases, more junior employees were extremely influential in the decision process. I approached my boss with a proposal that we dive a bit deeper into the software purchase process by designing a survey of IT workers of varying seniority in multiple industries. My boss agreed, and the research ultimately proved the critical importance of the advice of less senior staff in the software purchase process. Following this project, we shifted a good deal of our direct marketing efforts to more junior employees, and we found that their impressions of our product did flow upstream to their managers. I was involved as the representative from the marketing department on a cross-functional team charged with overhauling the marketing materials for more

junior employees. The team included people from sales, our internal IT department, and communications. That part of the project was brief, but I very much enjoyed working with the team and helping to execute on the insights we'd gathered. I'm confident that the team-centered environment of consulting is one I'd thrive in.

The candidate has presented a concrete example that highlights the traits he mentioned as key positives. He managed to find one succinct example that hit upon analytic rigor, persistence, and team orientation. Whether you use one anecdote or several, strive to be as specific and illustrative as possible.

Candidate: In terms of things I could have done better, I think my boss would tell you that I could have been more assertive about taking on a leadership-oriented role on the cross-functional team I was a part of. I was a bit unsure of how I'd be viewed by the team, being a somewhat junior employee. Looking back, however, it occurs to me that the team was seeking a bit of guidance at the outset, and that I would have been welcomed in a leadership role, especially since I'd been the person driving most of the work on the issue. Taking a more formal leadership role would have allowed me to focus on my people management and presentation skills, areas in which I've not had a lot of experience to date. I'm confident I can address these issues over time, however. I'm typically comfortable in leadership positions, and because I know that effective presentations are a crucial part of being a successful consultant, I would devote myself early on to ensuring that my presentation skills were where they needed to be. In addition, I'm confident that my team-oriented and personable style would help me transition smoothly into the role of an associate/analyst and ultimately a project manager.

The candidate remembered to come back to the question of what he could have done better, and talks about what he sees as his development needs. (In the same way that

some consulting firms refer to their sales efforts as “client cultivation,” “development needs” is consultant-speak for weaknesses). Here, the candidate expresses a commitment and an eagerness to work on his stated development areas.

Case 15

I see you used to work in product management at the Lee Jeans division of VF Corporation. Describe for me how your product was positioned in the marketplace. What would you say is the biggest challenge facing the Lee brand in the next five years? If you were the CEO, what would you do to meet that challenge?

These types of resume cases, in which an interviewer essentially designs a case around a specific part of your background, are quite common. Your goal should be to convey with clarity and confidence that you have a strong command of the issues facing the company—you worked there, after all—as well as an ability to extract key facts and communicate them clearly to a non-expert audience.

Bad Answer

To be honest, I was in product management, and your question is more for the strategy folks. I could tell you a lot about our source base and production processes, though. We’re facing a lot of challenges there as well.

Regardless of your position within your former company, your interviewer will expect that you have a handle on the nature of its business and the key issues it faces. Confessing that you lack an understanding of the broader context in which you were working for a period of several years isn’t a strong indicator of curiosity or perspective.

Good Answer

Candidate: Lee Jeans are positioned primarily as a mid-tier brand in our core channel of distribution, national chains like JC Penney and Kohl’s. Lee fit in the

middle of the price spectrum, between private label brands on the low end and a brand like Levi's on the high end. Lee approaches the market with a sub-brand portfolio stance. For example, Lee Pipes was targeted at boys and Lee Dungarees at a teen and college consumer. Other sub-brands were positioned to target more discrete market segments, and VF has had considerable success with its segmentation strategy. Though Lee was a mid-range brand, it possesses high name recognition and brand equity, and is a number one or two player in most categories in which it competes.

The candidate concisely answers the first part of the question about positioning, addressing price, channel, and portfolio strategy. Again, the point here is not to overwhelm your interviewer with nuance and detail. Focus on hitting the key points and move on.

Candidate: I would argue that the primary challenges faced by Lee are external rather than internal. VF is widely regarded as having one of the most sophisticated supply chains and leanest cost structures in the apparel business. In addition, though Lee doesn't make designer jeans, I think it has a deep understanding of who its consumer is, and successfully designs for that person. Externally, though, Lee faces a difficult set of issues. The jeans category is becoming increasingly commoditized, driven by the ongoing migration of apparel sales to value retailers, namely Wal-Mart, which now has the world's largest apparel business at more than \$25 billion per year. Within a couple of years, as many as four in ten pairs of jeans sold in the United States will be sold at Wal-Mart. The Lee brand, with the exception of a small endorser role, is purposely not available at Wal-Mart, though other brands in the VF portfolio are. Therefore, Lee does not have access to the largest and fastest-growing segment of the market. A key challenge, then, is for Lee to find ways to grow its business and maintain its price points in core channels as Wal-Mart continues to attempt to steal share and push down prices in the overall market.

This candidate obviously knows Lee's business, and also shows her broader understanding of the total jeans market and the VF corporate portfolio. She includes a couple of key statistics that add credibility to her story without bogging her down in too much detail.

Candidate: To meet these challenges, Lee must continue to focus on two areas: product innovation and brand equity. Product innovation, albeit within the range of its core consumers' tastes, will be critical to Lee's ability to differentiate its product from value channel offerings and maintain its price premium versus Wal-Mart and private label brands. Fundamentally, Lee must continue to give consumers real reasons to spend more on its product to keep them from trading down. Finally, I would also invest in shoring up brand equity even further, as Lee did successfully in recent years with its Buddy Lee ad campaign. Building equity with younger consumers will be especially critical as those segments are expected to be the primary drivers of growth in the marketplace in the coming years.

The candidate offers two suggestions for addressing the challenges that face the Lee brand, and she does so succinctly and assuredly. We're sure this consulting firm will be as happy to have her on the team as Lee Jeans likely was.

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Interviewing at a Glance

Demystifying the Interview Process

- Instead of prepping for every conceivable question, concentrate on what you want interviewers to know about your strengths.
- Tell memorable stories to illustrate your strengths.
- Highlight your experience as a valuable team player, not just a solo superstar; your interviewers' top priority is finding coworkers who work well with others.
- Get a job description and read it carefully, so you know exactly what the job entails and how you might shine in the position.
- Try a surefire but oft-overlooked job interview strategy: Show your enthusiasm.

Getting Ready

- Match your strengths, experience, goals, and interests to those of your prospective employer. Look for keyword cues in job postings to get a handle on what the job is really like, and identify your competitive advantages.
- Learn to read between the lines of job postings, so that you can ask smart questions to identify whether this position is a good fit for you and impress your interviewer.
- Bone up on the organization and industry using insider contacts, the company website, trade publications, news reports, and company reports.
- Be prepared for questions about lessons you've learned the hard way, personal interests, career shifts, and long-term goals.
- Line up references that can best attest to your strengths, giving them an explanation of the position and plenty of advance notice.

Basic Interview Expectations

- Make sure your outer appearance reflects the strengths you'll bring to the position.
- Leave them something to remember you by: articles about your work, extra copies of your resume, a portfolio to peruse.

- Control your voice, gestures, and other mannerisms to be sure your body language conveys good things about you.
- To build rapport, seek common ground and show your sense of humor.
- Loosen up and make your Q&A session a pleasant peer-to-peer interaction instead of a lowly-applicant-to-all-powerful-examiner transaction.
- Come in prepared to answer common interview questions, and some tough ones as well.

Interview Types

- The phone screen is actually a first-round interview—so prepare accordingly, with a cheat sheet of examples, anecdotes, and questions.
- Make a good impression on the phone with active listening and a confident tone of voice.
- Sail through online screenings by asking yourself why the employer is asking this question, what the expected answer is, and how you can give an answer that is honest and presents your experience in the best light.
- Job fairs aren't just for students—they're for anyone looking to switch careers or industries or expand their career horizons.
- Get comfortable with different interview approaches, including behavior-based, hypothetical, cases, job simulations, and panel interviews.

Concluding Gracefully

- Show your interest and aptitude with intelligent, informed questions.
- Probe for key information about the position diplomatically, to find out whether this is a job you really want.
- Before you leave, take the opportunity to correct any misstatements, recap your strengths, tell the interviewer you want the job, and ask about next steps.
- Use thank-you notes to reinforce the positive impression you've made and stay top of mind when it's time to make a hiring decision.

Demystifying the Interview Process

- What Employers Want
- How to Give It to Them

Dating, dancing, walking on fire . . . interviewing has been compared to many activities, and there is some truth to each of these comparisons. Everyone hopes to hit it off with an interviewer and be welcomed into a new workplace like family. At its best interviewing can be quite a tango, where you feel as sharp as you look, give as good as you get on the Q&A, and make impressive career moves with added flair. At its most harrowing, of course, interviewing can leave you feeling raked over the coals, with the flushed cheeks and cold sweat to prove it.

But put the fears, dreams, hopes, and metaphors aside for a moment, and recognize that at its most basic, an interview is simply a conversation about a job. You've had conversations before, right? Then you've already explored ideas with another person, posed thoughtful questions, given considered answers, and kept the conversation rolling until it reached a natural conclusion. Congratulations—you've already got the basic skills needed to succeed in an interview.

Additional preparation is needed for interviews, and of course there is more at stake for both participants—you're talking about a possible career change, not just the possibility of watching the game together on Sunday. This book will help you make the preparations necessary to keep that conversation focused, productive, and pleasant, so that you can keep your wits about you even when the stakes seem alarmingly high. Also sprinkled throughout the book are real-life anecdotes to help you keep the interview recommendations in perspective. No one gets it exactly right all the time, and yet interviewees almost always live to tell the tale—and sometimes land the job, to boot.

If this seems like a lot of extra effort for a half-hour conversation, just think what a difference that conversation can make to you, your career, and your family. And remember, you're not in this alone. Your interviewer probably sat exactly where you are not long ago and is probably concerned about keeping up the other end of the conversation. Ultimately, you and your interviewer are both hoping for the same thing from this conversation: You want it to go well and be the first step toward a productive working relationship.

What Employers Want

The prospect of that worst-case-scenario interview is enough to make even seasoned interviewees break out in a cold sweat. Trick questions. Brainteasers. Panel interrogations. Oh my! But as complicated and convoluted as their interview questions may sometimes seem, all employers really want is to identify a candidate with a demonstrable capacity to deliver results, hire that person, and get back to their other work before it starts to pile up. So give employers what they want and be the candidate they're looking for.

And what about all those esoteric hypothetical scenarios and trick questions? Good news: They're falling out of favor with employers, because they simply aren't that effective. "It used to be that interviewers would ask questions like, 'Tell me three good things about yourself and three bad things' or 'If you were a tree, what kind of tree would you be?'" says William C. Byham, Ph.D., CEO of Development Dimensions International, a human resources research and consulting firm. "Now, they're much more likely to do what's known as behavioral interviewing, where they try to predict your future behavior by asking you for a detailed description of what you've done in the past in particular situations. The good news for candidates is this kind of interview is actually easier to prepare for." (Source: Anne Fisher. *Are You Ready for that Big Job Interview?* *Fortune*. February 2, 2003.)

So instead of preparing to rack your brains for answers to complicated questions, you should prepare to shine. Know your strengths, and highlight them in anecdotes about previous professional experience. Smarts aren't the only asset that counts with employers—in fact, being a team player is now considered even more important. Make sure that the personal strengths you plan to emphasize in your interview match the demands of the position as indicated by the job description and your background research. (If your strengths are not a strong match for the

position, your time would be better spent looking elsewhere for a more suitable position.) Then on the big day, present yourself as a candidate with specialized skills and general-audience appeal. Your confidence, enthusiasm, knowledge, and understanding should confirm what your interviewer is already predisposed to believe: That bringing you in for an interview was a wise move, and that hiring you would be even more brilliant.

When interviewing you, hiring managers are hoping to find the answers to some basic questions—without actually asking those questions. Forewarned is forearmed, so we've broken these questions down for you in the following sections.

Do I Want to Work with You?

Many candidates enter an interview prepared to recite a litany of skills and work experience—but interviewers aren't looking for a walking, talking resume. If you've been invited for an interview, they're already sufficiently intrigued by your skills. The reason they need to meet with you in person is to gauge the personal strengths or competencies you would contribute to the team. Intangible attributes, such as resourcefulness, initiative, creativity, adaptability, drive, and integrity, will set you apart from other qualified candidates.

Know your strengths. Think about which of your personal strengths would be most useful in the position you've applied for, and emphasize these in your interview. Not every one of your personal attributes will be applicable—for example, a tendency to thrive on competition might not be welcome in a small, laid-back office where you'd be the only person in the sales department. But overall, you should find that the personal strengths necessary for this position closely match your own. Otherwise, your time might be more wisely spent finding a job better suited to your strengths than interviewing for a position that goes completely against your grain.

Tell a memorable story. It's critical to provide examples of how your strengths have benefited previous employers. You should have an anecdote ready to illustrate each of your personal strengths in action. Simply telling your interviewers that your attention to detail is impeccable without backing up that statement probably won't convince them. If you really want to impress your interviewers with your attention to detail, tell them about a time when you prevented your company from having to release a new version of a software program by identifying a bug that had gone undetected through two previous rounds of QA (i.e., quality assurance testing). Leave your interviewers with that memorable mental image of you double-checking every aspect of the software, and when it comes time to make a hiring decision, they'll remember your outstanding attention to detail, not to mention the positive impact your strengths had on the company.

Get your stories straight. Unsupported statements about how great you are probably won't sell your interviewers on your strengths, even if that statement comes from a reference. So when you approach your colleagues for references, let them know which examples of your work might be most relevant to your interviewer. Here's how you might prompt a reference: "I'd be in charge of new software development in this position, so they'd probably be interested to hear about that time we were working around the clock on product X, and I came across that bug." If your interviewers hear the same story from two different sources, they're more likely to remember and believe it.

Will You Mesh with the Team?

According to a 2003 study by the non-profit Level Playing Field Institute, both employees and employers consider "being a team player" to be of paramount importance in the workplace—in fact, respondents found it "more important than doing a good job, being intelligent, being creative, making money for the organization, and many other 'good' qualities in terms of getting ahead in the



Case in Point: Can I Get a Witness?

Personal references should be, well, personal, since employers are always looking for team members who are both professional and personable. Prompt your references to describe what they've enjoyed about working with you, and they will help you land the job. Consider the following case in point:

"A prospective client once asked me for references as part of the selection process for a website development project I'd bid. I spent some time thinking about the main concerns my prospective client had expressed: that the job get done without being stressful in the process and that the site be inexpensive without looking like corners were cut. So I called some of my repeat clients and asked them to be prepared to describe a typical day working on a website project with me and to describe how much better their sites looked than they'd expected. Before long I got the phone call: 'We want you on the job. We're convinced that you know how to deliver creativity and value—and we want to hear some of these jokes we kept hearing about, too!'"

organization." (Source: Level Playing Field Institute. How Opportunities in the Workplace and Fairness Affect Intergroup Relations Study. www.lpfi.org.) Consider yourself warned: Since "fitting in" is a subjective criterion, it can be much tougher to satisfy than more objective qualifications, like skill sets.

Smarts aren't sufficient. During an interview, you should make an effort not only to impress your prospective employer with your smarts, but also to convey what a thoughtful, pleasant person you are to work with. As social theorist Malcolm Gladwell points out in his influential article "The Talent Myth: Are Smart People Overrated?," employers are learning that intelligence isn't always the most desired attribute for prospective employees, especially when it comes at the expense of teamwork and collective common sense—after all, perfectly smart people were responsible for the debacles at Enron and Arthur Andersen. (Read the article for yourself at www.gladwell.com.)

Although many interviewees still seek to dazzle employers with their individual brilliance, this is a rookie's mistake in a work world that is increasingly dependent on teamwork rather than brainiac star-power. Gladwell quotes Richard Wagner, a psychologist at Florida State University, as saying, "What I.Q. doesn't pick up is effectiveness at common-sense sorts of things, especially working with people. In terms of how we evaluate schooling, everything is about working by yourself. If you work with someone else, it's called cheating. Once you get out in the real world, everything you do involves working with other people." In fact, a research study by Gartner Inc. estimates that "by 2005, knowledge workers will spend nearly 70 percent of their time working collaboratively." (Source: Rebuilding the Competitive Foundation. Gartner Inc.)

Your role on the team. To show prospective employers that you're prepared for the teamwork most jobs now entail, be sure to highlight your experiences as part of a successful team—not just your solo achievements—in your interview. Managers can and should talk about their experience assembling a first-rate team, for example, or the fact that their team surpassed quarterly projections for six consecutive quarters. Specialized employees can emphasize their ability to form effective collaborative partnerships spanning departments or areas of expertise—for example, an editor might talk about working with the IT team to build an effective content management system, or a graphic designer might describe her experience as part of the team responsible for a successful new product launch.

"We" can make all the difference. If your interviewer asks you to describe what you would do in a work scenario, be sure your answer involves teamwork—consulting colleagues, group brainstorming, or making use of expertise in other departments. In other words, your response should not only include an explanation of "what I would do," but also a statement of what "we could accomplish" with a collaborative approach. When you role-play your interview with a friend, note how many times you use the word "we," because your interviewers certainly will.



Case in Point: Impress the *Entire Team*

Don't think that you're a shoo-in for the job just because you've impressed the powers that be. Make it your mission to impress everyone you come into contact with in the interview process. Learn your lesson from this case in point:

"Recently I was interviewing someone for a position on our team who was an inside referral, very well connected to executives in our company. She was plenty smart and enthusiastic, but she must have felt that the job was already in the bag because she came dressed casually, wearing jeans. But what bothered me most of all was that the entire time we talked, she was looking out the window; it was as if she had someplace better to be. With no eye contact, there was no way to establish trust or tell whether she really cared about the job. We couldn't be sure she was really going to be a team player, and that cost her the opportunity."

Do You Really Understand the Job?

Before you head into any job interview, you need to know what you're in for—and that means finding the following information in the job description:

Position title. Many job seekers use titles as search criteria, and don't look twice at positions with unfamiliar titles. But titles can be misleading, so don't be too quick to discount a job based on the title alone. The salary may be better than you expect, and the actual day-to-day responsibilities may be far more varied, interesting, and high-level than indicated by the title, too. So be sure to read over the company information, day-to-day responsibilities, and salary before you decide whether a position sounds promising.

Company information. This may include the name, industry, history, and location of the organization offering the position; use this information as the starting point for your research (see the next chapter). Sometimes the organization's name is not

given in the posting. Don't be dismayed—you may be able to figure out the company's name simply by checking the domain name in the contact e-mail address or through an Internet search that cross-references two or more of the organizational specifics provided (e.g., industry and location).

Qualifications. This typically includes years of experience, core competencies or areas of specialization, required skill sets (e.g., software programs, language skills, other technical skills), and degrees or certifications. In addition to required qualifications, a job posting often lists desirable qualifications or skills; if you can demonstrate that you meet these criteria, your application is likely to rise to the top of the heap.

Salary range. Employers do not always provide a salary range, and when they do it is usually listed as “DOE” (i.e., depending on experience). When organizations merely list the salary as “competitive,” it's up to you to find out what that means before the interview so that you aren't unprepared when you're asked about your salary expectations. Check salary surveys to find the average salary for the position you are applying for by title, industry, years of experience, and geographic location. (See For Your Reference, at the end of the book, for salary survey sources.)

Benefits. Benefits include vacation, sick/personal leave, sabbaticals, comp/flex time, vision, dental, family/domestic partner insurance coverage, maternity/paternity leave, profit sharing, 401(k) plans, flexible spending accounts, reimbursement for mileage/transportation, per diems, and the like. If a position is described as “non-exempt,” that typically means the employee in this position will be entitled to overtime pay or comp time for any hours worked beyond 40 hours per week. Before you accept the position, you should find out whether there are any limits on the amount of comp time or overtime you can accrue. Some employers consider telecommuting a benefit, so if working from home interests you, be sure to ask about that, too.

Responsibilities. This is a crucial part of the job description, since it gives you the best sense of the day-to-day demands and rewards of the job. Too often, candidates focus on the salary offered and on the skills and experience required to land the job, and gloss over the responsibilities they will be required to fulfill. But if you take the time to get familiar with the specific responsibilities of a position, you'll find that you are better able to

- Determine whether the position interests you.
- Match the requirements of the job to your experience and personal strengths.
- Anticipate the interviewer's questions.
- Prepare anecdotes that illustrate relevant strengths and experience.
- Ask informed questions to learn more about the position and the workplace.

Do You Understand Our Business?

Now that you know something about the position and the skills and strengths you need to bring to it, you need to educate yourself on the company's business. In so doing, you will be preparing yourself for success—not just in the interview, but on the job, too. This means research, research, research in each of the following areas. Just how you should go about conducting this research is covered in the next chapter.

Industry. A basic awareness of relevant industry terms and issues is crucial for any interview. This will help you anticipate the questions you'll be asked, speak to the competitive pressures the organization is facing, and ensure that you can understand the terminology your interviewer is using. If you're completely new to an industry, your interviewers will appreciate your effort to learn the ropes and take that as an indication that you're a quick, eager learner. If you've been in the business for years, you'll want demonstrate that you make a point of staying up-to-date on recent developments in your field.



Case in Point: Cover Key Benefits

You may not want to bring up benefits until late in the interview process, but be sure you ask about them before you take the job. Sure, you can eventually bargain for a pay raise after you're hired, but it's hard to negotiate better benefits after the fact. Check out benefits and company policies on workman's comp, disability, and maternity, paternity, and elder-care leave even if you don't expect to need them—you never know. Consider the following case in point:

"My current job is one of the best I've ever had, mostly because of my boss. My interview with her lasted 3 hours, mainly because we got to talking about Iowa, where her parents live and where I'm from, and a million other things that had nothing to do with the job. The actual interview lasted about 30 minutes, and the rest was just fun 'girl talk.' The only hitch is that I neglected to ask about the company policy about maternity leave, and in retrospect I wish that I had. I had no idea at the time I was ever going to get pregnant, but it happened not long after I got the job."

Organization. Researching the organization will help you determine whether this is the right work environment for you, which of your skills and strengths might especially benefit the organization, and what specific organizational challenges you may be able to help solve. This information should give you insight into the organization's culture, needs, and expectations that will help you better prepare for the interview—and not incidentally, give you a key advantage over other candidates for the position. Knowledge is power!

Team. Learn more about the team you'll be working with to gain a better sense of how you can contribute to and advance the team's goals. You'll also need to educate yourself about the team's recent successes. Convey your excitement about the team's accomplishments to your interviewer, and you'll be remembered as an enthusiastic, enterprising candidate who is likely to be an asset to the team.

Last, But Not Least

Once you've done your homework, you may feel you have a solid grasp of the position, industry, organization, and team—but don't think you know it all just yet. In the interview, you should probe for further details and pay close attention to every response your interviewer offers. When the interviewer makes an offhand remark about work styles or team and organizational culture, pay attention and be sure to follow up with a probing question: "I'm intrigued to hear that—can you tell me more?" Nonverbal cues are key, too: If you notice the interviewer make a face or hesitate before speaking, ask follow-up questions on the subject at hand to draw your interviewer out a bit more.

By asking questions, you may discover previously undisclosed demands or rewards of the job. These are critical details that reveal what your interviewer is really looking for in a candidate and ultimately allow you to make an informed decision about whether to accept the job. Your interviewer's hints of a quirky boss and frequent travel could prove problematic or promising, depending on your perspective—but it's far better to discover these details sooner rather than later.



Case in Point: Identify Employer Needs on the Fly

Employers often omit some salient facts about a position from the initial job posting. Sometimes, they just haven't updated the job description in a while; other times, a new project is identified after the ad was posted. Whatever the cause, these undisclosed tidbits can give you a real advantage over the competition. Consider this real-life example:

"When I was interviewing for the job I have now, one of my interviewers mentioned offhand that the company was planning to start using an outside vendor for all graphic design needs, something they had never done before and thus were a little concerned about. I seized the opportunity to explain that I had spent 3 years in a previous position managing the relationship with an outside design agency and that I had intimate knowledge of—and experience avoiding—the potential pitfalls of such an arrangement. I also pointed out that experience in my conversations with subsequent interviewers at the same company, just to be sure that all concerned knew that I had something special to offer. I know that contributed to their decision to hire me."

How to Give It to Them

Once you've learned something about the position and the organization from your research and contacts—plus any hints the interviewer offers—you should have a good sense of which of your strengths to highlight in the interview. Present the right mix of strengths along with generous doses of enthusiasm, confidence, knowledge, and understanding, and employers will be suitably impressed.

Be Enthusiastic

This really is Interviewing 101.

While enthusiasm alone won't land you a job, candidates who fail to convince employers of their enthusiasm can count on being passed over. It's that simple. Why? Because most employers expect an employee's enthusiasm for a job to wane over time. Let's face it: There's some truth to the adage that familiarity breeds contempt. And, if a candidate starts out without much enthusiasm, that doesn't bode well.

When you're preparing for your interview, remember that you'll want to show your strengths, not just tell about them—and enthusiasm is a key strength for any candidate in any position. If you say you're enthusiastic about the position but behave as though you're bored in the interview, what are your interviewers supposed to believe? Your enthusiasm should be clear in your attentive posture, the alert tone of your voice, and a smile that says you are glad to be there. And just so that your interviewer gets the message, be sure to say at the outset something along these lines: "I'm delighted you're taking the time to meet me, because I'm really excited about this position and eager to learn more about it." And, always, always close each interview with a restatement of your interest in the position and enthusiasm about the company.

Focus on Specialty, Hint at Breadth

No doubt you have a wide range of abilities that might impress other people: climbing trees, doing backbends, whistling through your teeth. But unless you're a tree surgeon, a gymnast, or a professional birdwatcher, these are not the abilities you'll want to highlight in a job interview. Stick to talking about talents you know will come in handy on the job you're being considered for, and you'll make a much better impression.

In your interview, present yourself as a specialized professional with general audience appeal. Your interviewer wants to know that you have the specific skills and strengths needed to excel at your job, but also that you are approachable, flexible, and willing to learn. See the Do's and Don'ts table for some rules of thumb to help you achieve the right balance between specialization and general appeal.

Exude Confidence

To inspire an employer's confidence in your abilities, you must demonstrate confidence in yourself. Easier said than done in a nerve-racking interview situation, but bear in mind the basics of confident body language: Make frequent eye contact with your interviewer, speak up and not too fast, and try to avoid appearing fidgety or overly rigid in your posture.


You'll come prepared to state your strengths and give concrete examples of how you've put them to use, which should inspire confidence in your own abilities. As you state your strengths, neither downplay nor overstate your accomplishments. If you struggle with self-confidence, give yourself a pep talk or, better yet, get an enthusiastic friend or former co-worker to give you one.

If self-deprecating humor or modesty is a habit of yours, role-play with a friend until you can respond to an interviewer's compliments graciously.



Do's and Don'ts for Striking the Right Balance

Don't	Do
<p>Rattle off ten abilities you possess and tell stories demonstrating each. Your interviewer's eyes are sure to glaze over—no one can commit that much data to memory.</p>	<p>Choose three talents to emphasize, and come prepared with three stories about using those talents to help make your point. When it comes to talking up your abilities, less is more memorable.</p>
<p>Focus your comments on a specialty that will only account for a small percentage of your job. If you are applying for a position where your only writing task is the occasional press release, don't spend 10 minutes of your interview talking about what a great writer you are.</p>	<p>Draw a clear connection between your talents and the responsibilities listed in the job description. For example: "I notice the position entails a lot of presentations, client meetings, and conferences, and that suits me just fine—meeting facilitation and public speaking were my favorite parts of my job as a school principal."</p>
<p>Get sidetracked into explaining the technical details of your area of specialization. It could take valuable interview time to explain the subtle differences between the various types of hydroponic tomatoes you were researching at your last job—time that you could (and should) be spending talking about the impact your research had on your former team and organization, and how your research skills might be helpful in the position available.</p>	<p>Consider your audience, and explain your strengths and accomplishments in terms that your interviewer (who may be an HR rep rather than a technical specialist) is likely to understand. Not everyone comprehends the finer points of computer programming, for example, but anyone can understand the cost savings, online sales, and return on investment that can be generated by effective programming. Focus on the problems or opportunities you identified and outcomes you achieved, rather than on processes you used.</p>
<p>Start giving unsolicited advice on how to solve a particular problem you've heard the company is facing. For all you know, the company may have already tried that route or may not be able to afford that solution, and the interviewer may not appreciate the implication that the team lacks the specialized know-how to figure out an effective solution for themselves (even if that's true). Besides, if you give away so much advice for free, why should they bother to hire you?</p>	<p>If asked directly how you would approach a particular problem, ask a few pointed questions that will demonstrate your understanding of the issues involved and then present a couple of pragmatic options that the organization might choose from. Doing so will highlight that you understand that there's more than one "right" way to get the job done.</p>

 Do's and Don'ts for Striking the Right Balance (cont'd)	
Don't	Do
<p>Say you have no hobbies when you're asked what you do in your spare time. This will lead the interviewer to think of you as less well-rounded and balanced, unwilling to step outside your established area of expertise, and a less than exciting team member. Think about it: Would you want to work with someone who thought of nothing but money all the time, even if that person was an accountant? And remember: Television is not a hobby!</p>	<p>Name a hobby or pastime you truly care about—the reason interviewers ask this question is to witness how passionate you can be. Link your hobby to a personal strength you've developed that may come in handy in this job: maybe knitting taught you how to work patiently and steadily toward your vision, or scuba diving showed you the importance of grace under (water) pressure. If you don't make the link, your interviewer might think of you as an aspiring singer who's just using this job as a way to pay the bills.</p>
<p>Come across as a jack-of-all-trades. If you're equally good at everything, that means you're especially good at . . . nothing. If you've done your homework, you should know which of your strengths are going to interest your interviewer—so don't hesitate to play these up. Even if you've held wildly different jobs in several fields, you should be able to identify a specific area of expertise you've developed that will interest your interviewer. For example, your experience with grant-writing as a social worker and volunteer advocate for your children's school music program could be useful preparation for writing winning client proposals at a graphic design firm.</p>	<p>Be sure you know how to respond to the interview closer that makes most applicants sweat: "Give me three reasons why I should hire you." By the end of the interview, you should have already named all three; this is your opportunity to reiterate those strengths. If your interviewer doesn't ask this question, you may want to recap by summarizing these strengths: e.g., "I'm excited by what we've discussed today. It sounds like my skills in [insert strengths] would be an asset to this position."</p>

An Example

Interviewer: “Your reference couldn’t say enough about your fundraising abilities.”

Bad response: “Oh, Jim’s such a good friend—I guess I’ll have to pay him off later!”

A remark like this only undermines the reference and does nothing for you.

Good response: “Thank you. We worked together recently on a fundraising campaign for a local theater, and of course we’re both delighted that a new theater program for kids was founded with the funds we raised in that campaign.”

This response confirms the interviewer’s high opinion of you, and supports that opinion with a concrete example.

Learn to accept compliments from your interviewer graciously.

That said, there’s no need to pile on the superlatives with hyperbolic assertions such as, “I am the best you’ll find in the business. I can outsell anyone here.” This kind of statement inspires the same kind of skepticism as a “World’s Greatest Lover” T-shirt: If you’re so great, how come your interviewer never heard of you before? Stick to assertions you can support with evidence from your work history. A better assertion would note specifics: “I was the top salesperson at the company for four consecutive quarters.”

Demonstrate Knowledge and Understanding

Some interviewees spend the night before their interview boning up on all kinds of trivia about an organization, as though cramming for the test of their lives. But interviews aren’t oral exams; they are an exchange between two people, who may soon be co-workers, about shared professional interests. Like any other conversation, an interview requires give and take—so don’t expect to dominate it with your own sterling insights about the business; give your interviewer a chance to contribute to the conversation. You do need to know something about the



Case in Point: Know Your Strengths

A job interview is not the time for false modesty. Your references don't chaperone you on interviews, so you need to be prepared to describe your strengths and give examples of how you put them in action. Take a hint from this case in point:

"'How good a writer are you?' the interviewer asked. Not having learned the Art of Elegant Bragging, I said, 'Well, my supervisor said I was one of the three best writers he has ever worked with.' The interviewer replied, 'Yes, but how good a writer do YOU think you are?'" My reply was something along the lines of, 'Well, I think I'm very good.' Somehow the tone seemed to change. I didn't get the job. In my job search this year I plan to develop a selection of more powerful statements in response to that question."

industry and the organization, but you're not expected to know it all—just enough to ask your interviewer informed questions, understand the questions your interviewer is asking you, and give a reasonable answer. There will be plenty of time to bring you completely up to speed after you're hired. Meanwhile, your common sense and professional training should prepare you to give sound answers to any questions that may arise about how you would handle a specific problem in the company.

Getting Ready

- Know the Job
- Know the Organization
- Know Yourself
- Line Up Your References

You've just had your morning coffee when you get the call you've been waiting for: Could you come in for an interview next week? You schedule a time, hang up the phone, do a victory dance in your bunny slippers (or boxers) . . . and then what? Hold your breath until the moment of truth next Wednesday? Not if you want to your interview to live up to its promise. Don't wait for the interview to get to work on impressing your interviewers—begin to prepare right now, so that by next Tuesday night you can enjoy the sound sleep of the confident, capable interviewee.

But in every crowd of interviewees, there is one who thinks, "I'm already confident; I can wing it." Maybe that kind of thinking earned you decent grades back in school, but there is no grading curve in an interview. If you're not prepared to shine, chances are someone else will be—and only one of you is going to get the job. Any bets on who that might be? "For any interview, you need to be prepared to show competence and intelligent interest; confidence will only get you so far," says licensed career counselor Rosanne Lurie, author of *Killer Cover Letters and Resumes*. "No interviewer wants to waste time on people who just waltz in with no idea of the organization or industry trends. Their response is, 'If you haven't bothered to take this position seriously, why should I bother to take you seriously?'"

Rather than treating your interview like a performance you can tap-dance your way through, think of it as a jigsaw puzzle that needs solving. You've got strengths, experience, goals, and interests, and your prospective employer does too: How do they match up? Spend some time in advance figuring out exactly why you are the perfect fit for the position, and you won't need any extra fancy steps to land the job.

Know the Job

When you receive that call asking you to interview for the position, the first thing you should do is find the job posting that prompted you to apply for the job in the first place. It's a good idea to make a habit of saving a copy of the job postings you respond to, for just this reason.

You'll want to study the original job posting, because you will be expected to know it cold in your interview. If you don't, you'll come across as uninterested in the position.

Then, dig a little deeper by exploring the keyword cues most job postings offer.

Keyword Cues

Job postings and descriptions contain a host of keyword cues that tell you something about what the employer is offering, the challenges of the position, and the talents and attributes needed to excel. Following are some of the most common keyword cues and what they might mean to you.

Deadline-driven environment

What it really means: A high-stress position.

Give an example of a time when you: Showed grace under pressure, managed a time-sensitive project successfully, and helped your team stay on track for success.

Follow-up questions: Are the major deadlines daily, weekly, quarterly? What kind of project management system do they use to help projects move smoothly?

Detail-oriented

What it really means: May entail juggling tasks that if done incorrectly, could cost the company.

Give an example of a time when you: Identified an opportunity would not otherwise have been pursued, or saved your organization time, resources, or embarrassment by correcting an oversight or finding a more sound solution.

Follow-up questions: What is a typical day like in this position? How much time is devoted to each of the various tasks?

Dynamic/fast-growing company

What it really means: Small, start-up, or floundering company; bosses may be wet behind the ears and disorganized.

Give an example of a time when you: Worked in a company that was going through growing pains and helped your team put effective processes and programs in place.

Follow-up questions: Where do they see the business heading in the next year? Is the funding already secured for the coming year, or is it contingent upon performance?

Earn upwards of \$XXX/Earn \$\$\$ at home!

What it really means: This probably isn't a job posting at all, but an ad for a pyramid scheme, a paid training seminar, or an unsalaried commission sales position. Beware!

Give an example of a time when you: Saw a job posting like this and it turned out not to be a job opportunity at all, but rather a paid scheme—then gauge the reaction of your interviewer.

Follow-up questions: Get as much information as you can over the phone before you agree to meet anyone—and if they call it an “opportunity” instead of a position and it sounds too good to be true, think twice about committing your valuable time to an in-person interview.

Fast-paced environment

What it really means: This employer may set unrealistic deadlines and expect you to work your tail off to meet them.

Give an example of a time when you: Were able to turn around a project that exceeded expectations given a very aggressive deadline.

Follow-up question: Ask whether there are project management tools or applications you should learn that would help to keep multiple projects on track—your interviewer will be impressed by your initiative.

Great benefits

What it really means: Pay is probably not great.

Give an example of a time when you: Took a job on a temp-to-perm or trial basis for 3 months so your employer could see your value to the organization before committing to a higher salary.

Follow-up questions: Inquire specifically about what benefits are offered. Be careful, though—you don’t want to give hints about any medical conditions that may give your interviewer cause to write you off as a candidate due to the insurance burden (it’s illegal for them to ask about medical conditions).

Hands-on position

What it really means: Expect to do a fair amount of grunt work and have the buck passed to you. You probably won't have access to support staff, either.

Give an example of a time when you: Took the initiative to work start-to-finish on a project that turned out to be a real asset to your organization.

Follow-up questions: If it sounds like they're asking for more than any one person can reasonably do, ask whether they're planning to expand the department/that area of their operations in the next year or two. If they say no, think twice about the position—you don't want to be set up for failure.

Highly motivated/dedicated

What it really means: Beware of burnout in this job.

Give an example of a time when you: Went above and beyond the call of duty at a previous job.

Follow-up questions: Ask about how this position became available. If the last person on the job left because of burnout, proceed with caution.

Multi-tasking skills required

What it really means: Multiple bosses and/or constant interruptions in your work may make it hard to get through your workload.

Give an example of a time when you: Were patient and unflappable in juggling responsibilities, without being a total pushover about taking on new ones.

Follow-up questions: Be sure to ask who you'd be reporting to, how many different departments you'd be working with, and how they'd describe a typical day on the job.

PT-perm

What it really means: Either you're going to be expected to prove yourself, or they don't yet have funding for a position that really ought to be full time. Either way, expect to work very hard.

Give an example of a time when you: Took a PT-perm position and were later offered a full-time position because of your excellent performance.

Follow-up questions: If you're interested in full-time work, ask when they expect the position to go full time. If you really only want to work part-time, make that clear up front and suggest that they'll be surprised by what you can accomplish in a part-time capacity. They might be relieved to hear it if they really can't afford you full time.

Pay negotiable

What it really means: Be prepared to negotiate! You will probably be asked to name your salary, so do your salary research (see below).

Give an example of a time when you: Got a raise after a short time, because you were such a valuable asset.

Follow-up question: Besides salary, are there bonuses or commissions for outstanding work?

Room for advancement

What it really means: Either the employer knows this job is thankless and offers little enticements on its own merits, or the organization is committed to promoting employees from within.

Give an example of a time when you: Started at the bottom and rose through the ranks to a position of responsibility.

Follow-up question: What have people who previously held this position gone on to do?

Salary DOE/competitive

What it really means: Salary is yet to be determined, or possibly below industry average for this position.

Give an example of a time when you: Saved or earned money for your organization.

Follow-up questions: Ask if they have a sense of the salary range for the position. From your research, you should know how that corresponds to industry-standard salary ranges.

Self-starter

What it really means: Supervisors are overworked and have no time to oversee you.

Give an example of a time when you: Enjoyed taking the initiative on a project and produced excellent results for the organization.

Follow-up question: Would your supervisor prefer regular reports or meetings about work progress, so that it doesn't interrupt daily workflow?

Team player

What it really means: This could mean one of two very different things. Either you'll be expected to work well collaboratively, or you'll be expected not to complain when your superiors and colleagues have you do some of their spillover work in addition to the job you were actually hired to do.

Give an example of a time when you: Worked collaboratively with a team to complete a project on an aggressive timeline, with excellent results.

Follow-up questions: Ask who would make up your “team” at work. If it will be mostly other people in positions at your same level, give an anecdote of a time when you and your colleagues pulled together to get a daunting project done well. If the other team members are all your superiors and you are the sole underling, ask for clarity on who will be managing your work assignments—you don’t want to be responsible for spillover from five supervisors.

Key Tasks

Since many newspapers and career sites charge for classified ads by the word or limit the space available for employment listings, job postings are often a little short on detail about specific tasks you’d be expected to perform. If the job posting does not spell out the specific day-to-day responsibilities for the position, send an e-mail or make a phone call to the employer requesting a detailed job description. This can be a competitive advantage in the interview process: Armed with more details about the position in advance of the interview, you’ll have a better sense of what to say and ask than other candidates who didn’t bother to inquire about the details.

Consider the example on the following page.



Sample Job Posting

Head Office Manager (FT)

Fortune 1000 company with 30-year track record of growth seeks accomplished professional with 8+ years of office management experience to manage daily operations of headquarters in Chicago. As Head Office Manager, you will have autonomy to make decisions, but also the support staff and resources needed to advance company goals with utmost efficiency and excellence.

Requirements:

- 10–15 years of experience in administrative roles, with at least 8 years in increasingly responsible office management position(s)
- Proven experience effectively interacting with all levels of employees
- Budgeting and fiscal management capabilities
- Expertise in managing a wide range of vendors
- Proficiency with Microsoft project management utilities
- Meeting planning background a plus
- Consumer packaged goods background an asset

Candidates should be prepared to provide at least three professional references attesting to candidate's professionalism, sense of humor, multi-tasking capacity, and excellent people skills.

Salary: above industry standard, DOE

Full benefits package includes excellent health, vision and dental coverage for employee and family; profit-sharing after 1 year; 401(k) with employer matching contributions; flexible spending account; charitable donation matching program.

All resume submissions will be handled with utmost confidentiality. Please indicate source of listing in header.

This posting offers enticing details about the position and the company to encourage job seekers to respond and lists required skills to narrow the number of respondents to qualified candidates. But what does this posting really tell you about the job? You might deduce that there is a fair amount of interpersonal interaction, budget management, staff management, project management, and some meeting planning involved—but that leaves a lot of room for interpretation. This posting leaves you with a lot of questions, namely:

1. What tasks will consume most of your time?
2. Who will you interact with most on a day-to-day basis?
3. Who else will be on your team?
4. How many people will you be expected to manage?
5. Will you be able to set your own budget?
6. Who will you report to?
7. What kinds of vendors will you have to manage?
8. How much will you need to learn about consumer packaged goods to do your job effectively?
9. How many different tasks will you be expected to juggle at any one time?
10. What hours will you work each week?
11. Will you ever have to work weekends or evenings?
12. Is telecommuting a possibility?
13. Is there any specialized knowledge that would benefit you in this job?

Now let's take a look at a detailed job description for the same position:



Sample Job Description

Read over this sample job description carefully, and then see how many of the questions raised by the sample job posting you can now answer. Answers appear on pages 36 and 37.

Title: Head Office Manager

Location: HQ

Status: FT (exempt)

Responsibilities include:

Administrative staff management (40%)

Manage & mentor administrative staff, including front desk, meeting planners, mailroom, and other support staff

Set quarterly goals for administrative staff, and make regular progress reports to VP HR on success toward these goals

Manage office calendar and administrative staff workflow using Microsoft utilities

Assist HR in hiring administrative staff

Facilities management (35%)

Research, budget, and implement all major office-related purchasing decisions, from vendor/supplier selection through final implementation/installation

Oversee support staff and vendors responsible for facilities management, including equipment maintenance

Direct office renovations and ensure ADA and ergonomic compliance throughout office



Sample Job Description (cont'd)

Maintain central calendar for use/availability of HQ facilities

Create and manage office supply budget

Be accessible by beeper for facilities emergencies as needed

Meeting/event planning (25%)

Work directly with Senior Partners to plan major meetings, office events, parties, and trainings

Hire and manage outside vendors (catering, entertainment, etc.) for all HQ events, including Chicago-based trainings, product launches, and conferences with other company divisions

Coordinate off-site receptions, dinners, and entertainment for affiliates as needed by senior management

Be on-call during events and launches in case of emergency

Answers

1. What tasks will consume most of your time?

Administrative staff management (40%)

2. Who will you interact with most on a day-to-day basis?

Administrative staff (see above)

3. Who else will be on your team?

Front desk, meeting planners, mailroom, and other support staff, plus vendors

4. How many people will you be expected to manage?

*At least four staff members (one receptionist, two meeting planners, one mailroom clerk)
plus unspecified additional support staff and vendors*

5. Will you be able to set your own budget?

Yes, with approval of superiors

6. Who will you report to?

HR plus senior partners

7. What kinds of vendors will you have to manage?

Caterers, party planners, facilities managers, and maintenance

8. How much will you need to learn about consumer packaged goods to do your job effectively?

Need to know about successful CPG product launch events

9. How many different tasks will you be expected to juggle at any one time?

Three distinct areas of responsibility, with 14 specific tasks

10. What hours will you work each week?

Hours will vary; expect to be on call occasionally after office hours

11. Will you ever have to work weekends or evenings?

Yes

12. Is telecommuting a possibility?

Flexible schedule may be possible, but given responsibility for administrative staff oversight, seems unlikely

13. Is there any specialized knowledge that would benefit you in this job?

Product launches, ADA compliance, project and calendar management software

Got most of them correct, did you? Congratulations: You've learned to read between the lines, which will be a useful asset to help you ask informed, intelligent questions on the big day. The information gleaned from the job description will also help you make a convincing case for yourself as the ideal candidate.

Know the Organization

In the course of your job search and networking process, you should have become fairly familiar with the organization where you've applied. But don't stop there—keep asking friends and colleagues what they know about the organization, team or department, and key competitors. Bone up on the organization through industry publications and Web searches as recommended in the sections that follow until you can check off every item on the list below.

And, if you've forgotten why you need to know all this, revisit the first chapter. Look to the last chapter of this Insider Guide to find a number of resources you can use in your research.



Checklist: Background Research

Make a copy of this checklist for each position you interview for.

Industry

- I am aware of three key competitive pressures facing the industry today.
- I can think of three competitive opportunities that make this a promising business to be in.
- I can name the top ten news items in the industry for the past year.
- When I read through a trade publication, I do not come across many terms with which I am unfamiliar.

Organization

- I know the company's website very well.
- I am familiar with this organization's business model and know how it makes its money.



Checklist: Background Research (cont'd)

- I am aware of the key competitive pressures facing the organization today.
- I have visited the websites of the organization's three main competitors.
- I am able to name the company's three main competitive advantages.
- I can name three of the company's main accomplishments in its history and three major accomplishments in the past year.
- I can name the top three news items about this company in the past year.
- I can recount the basics of the company's history, including how the company was founded.
- I know the names of the top executives in the company.
- When I read through the organization's website, I do not stumble over any terms.

Team

- I know the names of the team leaders, including those who would be my direct supervisors.
- I have read all available team member bios on the website, and know where they are from and what their qualifications are.

The Industry

Be sure to familiarize yourself with relevant industry terms and issues. Read respected industry publications, and do an online search to identify the biggest news stories within the field in the past year. Use this information to ensure that you can speak to the competitive pressures the organization is facing and that you can understand the terminology your interviewer is using. Even if you've been in the business for years, reading a few articles discussing new approaches to common problems is good preparation for any topical questions.

You can find a host of invaluable career- and industry-specific information in the Career and Industry Profiles on www.wetfeet.com. WetFeet also publishes Insider Guides on a number of industries; see the last page of this guide for a list of WetFeet publications.

The Organization

Naturally, you'll first look for information about the company online (check out the many Company Profiles available on www.wetfeet.com), but don't stop there: Send an e-mail to friends and former colleagues to find out whether any know someone who works there or might have a contact there. Explain that you're applying for a position at the organization and would like to get the inside scoop on what it's like to work there. Once you have a contact at the organization, introduce yourself, explain your interest in the organization, and find out whether they're willing to answer some questions. If they are, this conversation could take place over e-mail or the telephone. Refer to the previous checklist to be sure you get as much inside information as you can.

The Team

If you do talk to a contact inside the organization, be sure to ask what that contact knows about the team and the person who will be interviewing you. (You did ask for a name when you received the call asking you to come in for an interview, right? We thought so.) Also, look on the “About Us” page on the organization’s website and find out everything you can about the skills and background of everyone on the team, especially the person who is scheduled to interview you. If you can find a point of connection with your interviewer—whether that’s a colleague or vendor you both know, a conference you both attended, a different city or country where you both lived—you will both be much more at ease in the interview, and it’ll go that much better. Check out the organization’s annual report and scan press reports online to find out what the department has accomplished in the last year.

Awards and Accolades

If you’ve been invited for an interview, clearly they think highly of you. You should be sure to return the compliment by learning about the organization and why it would be a great place to work. Most business magazines produce an annual list of the best places to work, so check out these lists to see whether your prospective employer merits a place. Non-profit organizations and think tanks also offer awards to organizations that have made a positive impact on the community or that have set the standard for best practices in their industry. Think about what’s important to you in a company, and the odds are there’s an index that tracks the best organizations in that area. Consider the following indexes:

- 50 Most Desirable MBA Employers (www.fortune.com/fortune/mba)
- 100 Fastest-Growing Companies (www.fortune.com)
- America’s Best Companies for Minorities (www.fortune.com)

- America's Most Admired Companies (www.fortune.com)
- Best 100 Companies to Work For (www.fortune.com)
- DiversityInc Top 50 (www.diversityinc.com)
- Business Ethics Awards (www.business-ethics.com)
- GreenBiz Leaders (www.greenbizleaders.com/)

To find out whether a prospective employer has garnered any other accolades, do a keyword search on the company's website for "award" or scan the press releases in the press/media section of the site.

Know Yourself

Once you've carefully gleaned every last bit of information from the job description and completed your research on the organization and its industry, you're ready to write your own story. Your resume says a lot about your career, but it doesn't tell the whole story of what you have to offer your prospective employer. That story isn't about places worked, tasks performed, and education received, but a much more exciting tale of strengths discovered, lessons learned, interests pursued, and plans hatched. This is the kind of story that will really engage your interviewer—so start piecing your story together.

Strengths

Many job applicants confuse strengths with skills. Skills are abilities that can be cultivated with a certain amount of training, such as facility with a software application. Strengths are personal attributes that you may have been born with and cultivated over the course of many years and life experiences—perseverance in the face of adversity, for example, or a natural friendliness that makes meeting new people easy for you.

If you lack skill with a certain software program, you may be able to learn it in a few months—but a personal strength is not so easily acquired in a 6-month training course. As a result, interviewers are usually much more interested in candidates who have all the strengths needed to do the job well than in interviewees who can only bring skills to the table, even if some of those skills look mighty impressive on paper. Just think about it: Your fluency in Hawaiian may occasionally come in handy in that administrative position you've applied for, but your impeccable sense of organization will probably be a lot more useful on a daily basis.

“More and more, candidates are evaluated for competencies like initiative, integrity, ability to adapt to change, and valuing diversity,” confirms William C. Byham, Ph.D., CEO of the research and consulting firm Development Dimensions International. “Companies also are far more interested than they used to be in trying to figure out an applicant’s motivation. . . . For instance, a person who thrives on personal recognition might not be a good fit for a job that requires intense participation in a team.” (Source: Anne Fisher. Are You Ready for that Big Job Interview? *Fortune*. February 2, 2003.)

So instead of racking your brain to come up with a long list of skills you have to offer, spend an hour or two on the following exercise:

1. Looking over the job description, make a list of the personal strengths that will probably be required for this job. Is this a position that requires handling large sums of money? Then the right candidate will be someone who’s responsible, reliable, and ethical. If it’s a customer care position, they’ll be looking for someone who is personable, patient, and empathetic.
2. Ponder what personal strengths could be considered a plus for the job, and list those too. If the job description includes budget management, a thrifty nature could be a competitive advantage for a candidate. If it looks like you’ll be working with customers overseas, your comfort with other cultures is a definite bonus.
3. For each of the necessary personal strengths for this position, think of an anecdote that illustrates your strength in this regard. Let’s say you can recall a time when you caught an oversight on the annual report, and from then on were entrusted with double-checking the financial numbers on all investor communications. That anecdote would help show you’re thorough and responsible enough to handle fiscal responsibilities. Or perhaps there was a time a customer was so touched that you’d remembered to ask after his

sick cat Snickerdoodle that he always asked to speak to you specifically and became a loyal customer to your company. Right there you've demonstrated your capacity for empathy *and* the advantage your employer stands to gain from it.

4. Look over your list of personal strengths that might prove helpful in this job, and identify those you possess. Can you think of a story that demonstrates each of these personal strengths? Maybe your thriftiness led you to track down a reliable small accounting firm in Virginia to handle an audit, instead of going with that expensive Big Four firm that was later charged with fraudulent accounting methods. Or perhaps your graciousness as a host for visiting clients from Taiwan helped slowly strengthen that client relationship until your company was brokering most of their business dealings in the United States.



Case in Point: Perfectionists Only Need Apply

If you're not sure of the personal skills your prospective employer is seeking in an employee, take another look at the job description, and consider what you know of the working environment. If you've applied for a high-volume sales job in a fast-moving company, you might expect that grace under pressure and results orientation might come in handy. And if you're applying for an editorial position in an academic institution, you might want to take your cue from the following case in point:

"Once an interviewer asked me, 'Are you a perfectionist? I mean the kind of person who will contemplate the perfect usage of a comma for hours?' And I said, 'Well, no, I can't say that I am that obsessive about punctuation, really,' and then he just got up and walked out of the room, as if I'd just insulted him."

Lessons Learned

Nothing is more suspicious or less impressive than a flawless candidate. Either you're hiding some truly terrible flaw that will become apparent after you've been hired or your abilities have come so easily to you that you have no idea what it's like to really work at developing a skill. Show that you've already learned a few important life lessons, and you'll sound more experienced, wise, hard-working, and human. Hiring managers want candidates who have demonstrated an ability to learn and recover from mistakes. After all, mistakes are inevitable. What's crucial is the ability to bounce back and not repeat the same mistakes.

It's an interviewer's job to probe for possible shortcomings, and many won't quit until you 'fess up to some weakness—so you'd be wise to have a "lesson learned" story ready as an answer rather than admitting a character flaw under duress. But how do you tell a story about making a mistake without losing your credibility, or leading your interviewer to wonder whether you'll make the same mistake again? Here are four key tips:

Beware of TMI (too much information) syndrome. Such stories may be standard fare on reality TV shows, but does your prospective employer really want to know about how you learned the hard way not to date your coworkers or the dangers of cocktails before board meetings? Save these stories for friends or an episode of "Life's Most Embarrassing Moments"—they'll only make your interviewer worry about your judgment, not to mention possible sexual harassment lawsuits and drinking problems.

Keep it work-related. You may have learned a lot when your grandmother passed away recently, but do you really want your interviewer to remember you as the person whose grandmother died? It would be much better to tell the story to a financial planning firm of how you discovered how much more you enjoyed the client problem-solving aspects of website design than the actual coding. Then

you'll be remembered as the multi-talented applicant who'd be a natural at helping clients find workable solutions.

Make your interviewer your ally. If you're in the same line of work as your interviewer, chances are your interviewer has experienced some of the same trials you have and will appreciate your graceful handling of a familiar situation. Let's say you're both in the movie business, and in your first production assistant gig you made the mistake of putting your cell phone number on a poster for an open casting call. This story will probably win you a sympathetic groan from your interviewer, who will appreciate the predicament of being flooded with calls from aspiring actors. Then describe a lesson you learned from it that will help you out at the job you're interviewing for—maybe this was the crash course you needed in movie-making protocol or maybe it taught you to be gracious and understanding even when you're inundated.

Explain how the lesson learned relates to this position. If you say you learned that you really don't like elephants and the job you're applying for is in carpentry, that story seems like a bizarre non sequitur. But if you learned that you didn't like working with elephants as much as you enjoyed building sets at the circus, this may actually be a helpful story to get you the job. In other words, be sure that lesson learned is relevant to the position you're interviewing for.

Interests

"I've always found insurance billing so fascinating . . ."

Hold it right there! Before you make a bogus blanket statement of interest like this in the hopes of pleasing your interviewer, be aware that such a claim might actually sow the seeds of doubt in the mind of your interviewer. This statement is far too broad—which of the many and varied tasks of insurance billing are fascinating, exactly? It's also easily refuted: If you've always known you wanted to enter the

field, why did you go to school for interpretive dance instead of getting your certification in insurance billing? You also risk sounding naïve and dreamy-eyed—your interviewer is looking for a candidate who knows the challenges ahead and is prepared to take them on, not someone who is going to quit in disillusioned disgust upon discovering that insurance billing is not in fact endlessly fascinating.

So before you enter your job interview, think carefully about what interested you in the job, and how it ties into other long-standing interests of yours. Which of your interests does insurance billing satisfy? Do you enjoy puzzling through mathematical problems or take particular satisfaction in reconciling discrepancies? Your interviewer is looking to hire someone who is going to be passionate enough about the work to stick with it even when it gets challenging or—worse yet—tedious, rather than someone who wants the job just because it pays well, has reasonable hours, or offers a flexible schedule. What happens when you don't get that bonus or you have to work late to finish a project? Employers are looking for the person who has a long-term interest in the job beyond short-term practical considerations.

Making the leap: advice for career changers. If you are trying to switch careers, a persuasive explanation of your interests can help you make a convincing case for the change. Let's say you're trying to make the leap from a career as a museum curator to a position with a consulting firm that specializes in educational policy. You might begin to build a case based on your interests by answering the following questions:

1. **Why does the position interest you?** As an advocate for the arts and a parent, you've long been concerned that public schools are not providing kids with sufficient opportunities to think creatively and discover their passions. This position is just the opportunity you've been looking for to have an impact on educational policy at a broad level.

2. **What evidence do you have of your interests?** You developed programs for school groups at the museum, served on the board of your state's arts council, and testified at state hearings about the impact of cuts on school arts programs.
3. **How are your interests relevant to the position?** Lobbyists often hire the firm to help them build an effective case for funding school programs, and due to your long-standing commitment to the issue, you'd be both thorough and passionate in mounting campaigns and developing winning grant proposals. Since you've given testimony yourself in state hearings, you can also help coach clients on becoming effective advocates for their programs.



Case in Point: Go with What You Know

Don't exaggerate your skills so that you'll be sweating bullets your first day on the job! Emphasize your personal strengths and relevant experience, and you may land the job as the candidate with the most potential, even if your skills don't exactly match those the employer had in mind. If you don't get the job but make a positive impression on your interviewer with your personal strengths and experience, you'll be first on the list of people to contact when an appropriate position does become available. You never know where a good connection may lead, as this case in point shows:

"I once had an employer tell me 'If we could use your set of skills, I'd hire you in a minute, but we currently don't have need of them. However, I happen to know a guy over at this company who is looking for someone with your skills, and I will recommend you to him, and give you his number to call.' That led to a job for me."

Goals

Once you know how the position matches your strengths, experience, and interests, you need to determine how it contributes to your long-term goals. Even if you're detail-oriented and resourceful and have a demonstrable interest in legal research, that doesn't necessarily mean you're destined to be a paralegal. Maybe you should go to law school instead or become a legal librarian. You need to be clear about how being a paralegal fits in with your life plan—for your own sake and to present a convincing case for giving you the job.

Your interviewer will want assurance that you chose to pursue this job above all other options, rather than simply by default. Perhaps you can convince your interviewer that your goal is to be a paralegal without being entirely sure yourself, but what happens after you get the job and realize that you'd be much closer to your career goal of being a head legal librarian if you'd taken that job in library science instead? Spend some time considering your career path before your interview, and you'll save yourself a lot of backtracking.

You're not just in it for the money. When you're considering your career goals, think beyond cold cash. As *Fortune* magazine columnist Noshua Watson points out, a steadily rising salary is not a very meaningful goal, nor is it very realistic anymore: "A 30-year-old today is 50% more likely to have a bachelor's degree than his counterpart in 1974 and earns \$5,000 more a year, adjusted for inflation," he says. "But that's where the good news stops. He also has more in student loans and credit card debt, is less likely to own a home, and is just as likely to be unemployed. His salary probably topped out during the boom, whereas his predecessor's rose throughout his career." (Source: *Fortune*, October 14, 2002.) High-paying jobs are also very elusive and extremely volatile, and even successful careers in highly paid fields (such as sports) are often short-lived.

Long-term planning. Even though the “Where do you see yourself in 5 (or 10 or 15) years?” question is not as ubiquitous as it once was, many interviewers continue to cling to it, so you should be prepared with an answer. Interviewers who use this question are trying to gauge some combination of the following: your level of interest in the field or industry you’re pursuing, your commitment to the company, and your long-range planning skills.

This can be a very difficult question to answer for those just starting out. Consider the skills that you might develop in the position you’re interviewing for, and highlight those in your answer. If you’re interviewing for an entry-level position, it’s a good idea to figure out what the next two positions in the hierarchy are and mention that, after mastering the position you’re interviewing for, you hope to be promoted into one of those.

If you’re a midcareer candidate, focus your answer on potential career development areas, such as honing your management skills, or learning more about an aspect of your career that you’ve yet to explore. It’s a good idea to find out about possible career paths in the company you’re interviewing with—you don’t want to suggest that you’d eventually like to work in the operations department if the company doesn’t even have one.

If you’re having trouble coming up with a good response, take some time to consider the following goals and related questions:

1. **Impact:** Will this job offer an opportunity for you to change your community, industry, or the world for the better?
2. **Pride:** Does the job description reflect your aptitudes, strengths, and interests?
3. **Achievements:** What opportunities will you have to shine in this job?
4. **Learning:** What subjects will you have an opportunity to explore in this job?

If you can't answer all of these questions, don't worry—the full rewards of a position may not be immediately clear to you until you've been on the job awhile. But if you can't think of any career goals this position will help you attain, there's a problem. Maybe this isn't the right job for you, or maybe your career goals are inconsistent or contradictory. If you want to have lots of adventures on the high seas, then working on a farm may not be the best career move—and you may have to give up on the idea that you can be a sailor all your life and win the Nobel Peace Prize to boot.

If you get the impression from your interview that the position is not going to be as promising for your career as you'd hoped, you should think twice before accepting the position. Ideally, both you and your interviewer should leave the interview convinced that this job is not just another job for you, but rather a sound career move.



Case in Point: Nice People, Wrong Job

They loved you, they called you in for four interviews, they took you out to lunch . . . and they hired someone else. These things happen in the selection process. But the more you interview, the more you learn to not take employment decisions as comments on your character and to regard any meaningful personal contact you've managed to make in an impersonal process as a triumph. Any positive contact in an interview may help you later on and can really boost your professional confidence, as this case in point illustrates:

"I recently found a letter I received from the head of a museum after I'd interviewed with her for a position there. That was one of the better interviews I had, and I got along so well with all the personnel that I met at the museum, but the position I was applying for, as I recall, wasn't a great match for my skills. It says, 'Thank you for going through the whole, long interview process. It was a pleasure getting to know you better. You're a wonderful person and a strong candidate. . . . I'm sure your job hunt will go well, with your skills, background, and winning ways, the perfect match between person and position. I wish you all the best.' I kept the letter because it's so sweet."

Line Up Your References

Many people dread approaching their colleagues and former bosses for job references because they feel like they're asking for special favors or fishing for compliments—but it's all a matter of what you ask. If you were to say, "Robert, I need you to vouch for me with this company where I'm trying to get a job," it might sound a bit presumptuous. You're asking him to put his good name on the line for you, but since you didn't tell him anything about the position, he has no way of knowing whether you're actually a good fit for the position. Don't put your references in an awkward position by demanding their blind faith in you—they might be willing to do it once, but they probably won't want to repeat the experience. Keep your request limited and specific instead, and your references will be much happier to oblige.

Give Advance Notice

When your interviewer calls to set up an interview, don't wait until you're asked to gather references. The right time to ask your colleagues for a reference is not when they're smack in the middle of a project, and you have to interrupt because you've promised to get references to your interviewer tomorrow. If you're calling or dropping in, the first thing you should ask is not "Could you give me a reference?" but "Is now a good time to talk?" You should always approach four or five people who have had substantial experience working with you, in case one or more is inaccessible.

Explain Your Plans

Send an e-mail to each possible reference explaining the opportunity, what you have to offer, and the abilities you'd like them to attest to. Since you know exactly why you want to pursue this job and how it matches your strengths and interests, it should be easy for you to explain your interest and qualifications to potential references. This is good practice for making your case to your interviewer!

There's always a chance that a person you contact won't feel comfortable providing a reference—maybe a current teammate is afraid that giving you a reference would be perceived as encouraging you to leave the company, or someone you worked with in a different industry doesn't feel able to speak to your abilities in another field. Don't put anyone on the spot—a grudging reference is worse than no reference at all. Instead, pose your request as an open-ended question, preferably in an e-mail, along the following lines:

"I've applied for a position as _____ at _____, and I'm really excited about this opportunity, which will put my abilities in _____ to good use doing _____. This would be an ideal chance for me to pursue my interest in _____, so I'm delighted that I've been invited in for an interview. Since we've worked together on projects that require similar _____ as this job, would you be willing to provide a reference attesting to my abilities in this regard? Obviously I'd like a strong reference to support my application, so please think it over and let me know if this is something you'd feel comfortable doing.

If you could get back to me with an answer by [date], that would be ideal. I'll send further details about the position and my qualifications. I really appreciate your thoughtful consideration, since this would be a big career move for me."

Supply Three Points

Once you've made the initial approach and scored a few yeses from prospective references, the next step is to make it as easy as possible for your references to give glowing recommendations by providing talking points about the position and the three main strengths that make you an ideal candidate. If you haven't worked with your references in a while, you might remind them of projects that you worked on together that illustrate your strongest qualifications for the position.

Assure your references that this would only entail a phone call and that you'd be most grateful for their time and support.

Follow Up

If, after the interview, you decide that you're not interested in the position, let your references know that they won't be contacted after all and explain why. They'll appreciate your taking the time to keep them in the loop. Likewise, if in the course of interviewing, you discover that your potential employer is concerned about a specific skill or strength that isn't evident from your resume, take the opportunity to let your references know that any positive comments they can offer in that direction will be most helpful.

If you hear that your references were contacted, send them a nice thank-you card—and if you get the job, you might consider sending them a small gift as a token of your appreciation. Everyone likes to feel appreciated, and a reference that is enthusiastic enough to help land you a job deserves tremendous gratitude—and not incidentally, a little added encouragement to keep the praise coming for future jobs.

Even if you find out that they weren't contacted, thank them for their willingness to help and let them know that they're off the hook—for now.

With your research in place, your references lined up, and a strong sense of why you are the ideal candidate for the position, the hardest part of your interview prep is now over. In fact, you're probably raring to go to that interview—but first, look over the next chapter and be sure you've got all the basics covered.

Basic Interview Expectations

- Look the Part
- Bring the Right Stuff
- Make an Entrance
- Say It with Body Language
- Build Rapport
- Master the Art of Q&A

Think of a job interview as a formal social event, like a wedding or company holiday party, where certain social graces, attire, and other trappings are expected. You don't necessarily need to obey all these conventions, but you should know what they are so you can make an informed choice about whether to observe them. There's always a balance to be struck in an interview: You don't want to unintentionally do, wear, or say something that will make you *persona non grata*, but you also want to be sure the way you present yourself is an image you can live with after you get the job.

Look the Part

Most job applicants spend hours tailoring their resumes and crafting cover letters to make sure they put their best foot forward with employers. Yet so many otherwise first-impression-savvy candidates get dressed in a 15-minute mad dash before an interview. This is an error in judgment: When you walk through that door, it's you the employer is going to see, not your resume. If you come in looking disheveled and out of place, your interviewer may find it hard to believe those claims you make on your resume about your attention to detail and consummate professionalism.

Spend an hour or two on your personal presentation, and you'll remind the employer of why you were called in for an interview, namely:

Career aspirations. No employer wants to waste valuable time on a candidate who doesn't seem interested in the job and prepared for the interview. Show that you care about the position by taking the time to look sharp, and make sure

that your attire is consistent with the professional expectations of the position. This could mean that tousled, beachgoer hairdo may require a makeover—unless the job you’ve applied for is in outdoor education or the sports and entertainment industry, you don’t want to convey to your employer that you’re more serious about surfing than you are about stakeholder value.

Industry insight. Make sure your attire is industry-standard. If you come in to interview for a finance position looking like a comedian instead of a banker, you may not even last the 5 minutes it takes to make a case for your candidacy before being dismissed by an interviewer eager to move on to “serious” candidates who aren’t sporting a fish necktie and rainbow suspenders. On the other hand, if you show up to interview for a comedy gig looking like a banker, your interviewers may feel like you’re trying to make a joke they don’t get—and you might lose the gig to a comedian whose humor is less esoteric.

Individual strengths. Look over your resume, and visualize the person described there. Is the innovative, award-winning graphic designer whose career you’ve outlined someone you’d expect to see in a boring gray flannel suit and white shirt? Is the licensed practical nurse with a decade of hands-on experience someone you’d envision in cowboy boots and impractically tight jeans? Consider your interview attire an outward reflection of your inner strengths, and let it be neither a costume that inadvertently disguises your professional capabilities nor a uniform that hides your individual strengths.

Attire

Aim for a look that’s more spare and conservative than you would normally wear and a bit more formal than seems typical for employees in that organization, based on your background research. Candidates with insider information about the organization may be tempted to dress as its employees do, but that may be perceived as presumptuous by your interviewers. You haven’t yet landed the job

or earned the right to wear sneakers as long-time employees have. Plus, there's nothing like the sudden realization that you're seriously under-dressed to decimate your confidence. The accepted rule of thumb is to dress up one notch more formally than you would if you were to land this position.

Plan out your outfit at least 3 or 4 days before your interview, to leave yourself time to make any necessary wardrobe fixes. You might discover that your suit needs dry cleaning or that your stockings have a run. Model your entire interview outfit for someone else (preferably someone with impeccable judgment), and ask whether your look seems appropriate for the job, company, and industry for which you'll be interviewing. If your fashion consultant confirms any of your suspicions that something about your look seems to send the wrong message, make adjustments no later than the day before your interview—you don't want to be frantically shopping for socks the day of the interview. Then the night before the interview, lay out your clothes, jewelry, socks, and shoes and make sure it's all clean and free of rips, wrinkles, lint, loose buttons, and hanging threads. That way, you can rest assured you'll look your best.

Tips from Head to Toe

You will be looked over from head to toe in an interview, so groom yourself accordingly. Consider these tips for an appropriate interview look.

Hair. Tidy is the way to go, even if that entails styling products and a blow dryer. That doesn't mean you have to show up coiffed and lacquered like an anchorperson for the six o'clock news, but you shouldn't appear shaggy or (heaven forbid) show up with wet hair. Some additional considerations:

- **Short hair:** Short-haired women and men should appear clean and well-styled, with the back of the neck shaved as necessary for especially short looks. Hair that was trimmed no more than two weeks before the interview will give you that neat, kempt appearance you're aiming for in an interview.

- **Long hair:** Women with long hair may wear it down or pull it back in a barrette or a neat, but not overly elaborate, updo—you don't want your interviewer to be distracted with the thought "How did she do that with her hair?" Ribbons and glittery hairclips are to be avoided, since they're generally more appropriate to a high school cheerleading squad than a professional setting. Men with long hair do not have to chop their locks, as has been advised in the past—long hair for men is more widely accepted these days, though shoulder-length is generally considered the limit for most positions that don't include the words "rock star" in the job description. These conventions vary according to location, with long hair on men generally considered more acceptable in larger cities. Men with hair shoulder-length or longer should pull it back in a neat ponytail, and men with hair chin-length or longer should consider using styling products to keep it out of their face so as not to thwart the interviewer's attempts to look them straight in the eye.
- **Hair color and style:** While the thought of changing your hair for an interview may be anathema to you, understand that your interviewers could be so distracted by your army-style buzz-cut, George Clinton rainbow weave, or foot-high blue Mohawk that they might not hear everything you have to say. You might be used to looking at your radical hairstyle every day, but your interviewer may not have had that much practice—and like it or not, could have a hard time looking past your highly individual hair when picturing how you would fit in with the team or represent the organization and its culture to clients or constituents (especially in a risk-averse, conservative organizational setting such as a bank). This doesn't mean you have to "sell out" and look like someone you're not and never want to become. But if you don't want your hair to be the factor that makes or breaks your chances at a rewarding career, you might want to tone your signature hairstyle down a couple of notches—pull that vintage hairdo back in a barrette instead of a 1940s snood, or gather your dreadlocks in a tidy bundle at the nape of your neck.
- **The hair that's not on top of your head:** Men with facial hair should keep it well-groomed and short rather than bushy and are advised to adopt a contemporary but not overly trendy style. According to recent American workplace standards, goatees and narrow sideburns have graduated from unconventional to widely accepted; mustaches, long beards, and chin-strap beards tend to seem dated; and sideburns sculpted like lightning bolts are likely to be viewed as trendy. Eyebrows should not be a distraction for interviewers, so you should groom them accordingly. You may startle your interviewer with hair in unexpected places too, so consider keeping that hair

out of sight or groomed in accordance with current, culturally specific social conventions. For example, nose and ear hair should be trimmed for both men and women, since this may be considered unsightly by some interviewers. Women don't necessarily need to remove leg or armpit hair, but to avoid distracting their interviewer, women can always choose to wear pants or opaque stockings and shirts or dresses with sleeves.

Makeup. Unless you're pursuing a career onstage, there should be nothing particularly dramatic about your makeup. This means no brightly colored eye shadow, lipstick, or blush and no heavy mascara or eyeliner.

Jewelry. You don't want interviewers to be so blinded by your flashy accessories that they overlook your accomplishments, so keep jewelry understated. Remember the classic truism about accessories, and take off one piece of jewelry when you're fully dressed. In general, avoid jewelry that makes noise, such as bangle bracelets. If the shirt you are planning to wear requires cufflinks, be sure you have a pair to wear besides the novelty flamingo pair your Aunt Gladys gave you as a gag gift. Necklaces should be minimal and tasteful. For men and women alike, earrings should be smaller and simpler than you might wear typically, so as not to attract attention away from your eyes. Facial jewelry such as eyebrow hoops, lip studs, nose rings, or tongue studs should be kept to a minimum. Even in more progressive organizations, there is a generational gap in the United States when it comes to acceptance of facial piercings, so you might consider removing facial jewelry or wearing small, demure studs in place of heavy steel barbells or colorful jeweled hoops.

Nails. Your hands will be noticed by your interviewer at key times during the interview: when you shake hands, when you hand over your resume, and when you receive further reading material on the company. So be sure to make a good impression with hands that are clean and well-kept. Men's nails should be short and clean. Women should also have clean, shaped nails, and any nail polish worn



Case in Point: Being Yourself Is Not Always a Bad Thing

Making the tricky decision to remove a piercing, cut your hair, or purchase a suit may be an important decision for you to make in your job search—but before you take the leap, find out if it's actually necessary in the company, industry, and interview setting you're entering. Consider this case in point:

"I was just out of college and had splurged on two very conservative business suits—never mind the nose piercing, which I decided not to take out, since no employer I wanted to work for would demand that I remove it. I'd prepared an awkwardly large portfolio, too. But the interview that got me the job I wanted was conducted over the phone, so none of this mattered. I remember going for a jog, coming home, grabbing a beer, lighting a cigarette, and waiting for the phone to ring. There I was, sweaty, stinky, and basically doing things more appropriate to a bar than an interview, convincing these people to hire me. And hire me they did! I never wore the suits again; I eventually donated them to one of those charities that gives business attire to welfare recipients. The portfolio, now buried in my storage closet, is more a source of embarrassment than anything else these days. I'm not sure there's a good lesson in all this, but I learned that being relaxed in an interview is very effective, especially for people like myself who work in creative fields."

should be neat and relatively inconspicuous. Women's nails should be short or mid-length rather than long—very long nails are usually impractical for office jobs.

Shirt. Men and women alike should inspect any shirt to be worn to an interview to make sure it's clean, wrinkle-free, stain-free, and shows no other obvious signs of wear such as holes, yellowed collar, frayed cuffs, or pulled threads. Women usually keep the top button of their shirt unbuttoned to convey a more relaxed, confident air, and men may opt to do the same in a more relaxed workplace setting.

Women's shirts should not be overly revealing or show much skin below the clavicle bone, however, and men should wear undershirts under buttoned shirts to keep chest hair and pectoral muscles out of sight and off the interviewer's mind. The goal here is to make it easy for interviewers to keep their attention on your professional capabilities, rather than on your physical assets. Shirts should fit well and comfortably, without being clingy or constricting around the neck, bust, shoulders, or arms—you don't want to spend the entire interview fretting that you'll pop out of your shirt like the Incredible Hulk. Baggy shirts will show more wrinkles than ones that fit, so be sure you buy the right size. Whatever you do, don't make the mistake of wearing a shirt that isn't quite right and planning to wear a sweater or jacket over it for the duration of the interview. You just can't predict what the climate control in the interview room will be like, and this solution will only make you hot and uncomfortable when the pressure is on. You should always have a shirt appropriate to the season and climate (long sleeves for a Boston winter, short sleeves for Hawaii) and never settle for something that makes you feel itchy or awkward.

Neckwear. With the widespread acceptance of business casual attire in the United States, few professions require male employees to wear a tie every day anymore, and in some industries—such as technology, non-profit social services, arts, laboratory sciences, sanitation, entertainment, and advertising—it might even seem strange for men to wear ties in interviews unless they are applying for executive-level positions. But when in doubt of the industry and company standards on neckties, wise men resort to a tie for the interview. Men in more creative professions can afford to wear brighter and more boldly patterned ties, whereas men in more traditional fields might go for the classic regimental stripe or subtly patterned red “power tie.” Women do not have such wardrobe constraints, but may choose to wear a simple necklace or scarf as an accent.

Jacket. Jackets are not always required in office settings and are seldom required in blue-collar jobs, but wearing them in an interview does give male and female

candidates alike the advantage of a neat, structured, professional appearance. When selecting men's jacket fabric, take not only climate into account but corporate culture, too: tweeds and corduroy are more appropriate for academic, research, and scientific jobs than for cutting-edge technology companies or consulting firms. Denim and khaki are generally too casual as fabrics for interview jackets, either for men or women. Women have more latitude otherwise in terms of fabric or color, though white might leave you feeling overly concerned about where you sit or rest your pen. Be sure your jacket is clean and free of wrinkles, frayed cuffs, hanging hems, and loose buttons.

Outerwear. Since you will enter the office in your outerwear, your coat, scarf, gloves, hat, and umbrella may well be the first impression you convey. So make sure you show the same professionalism in your outerwear as you do in the rest of your interview outfit. Double-check that there are no gaping holes, loose threads, stains, or unraveling seams; that it's all clean; and that the colors coordinate rather than clash.

Pants/Skirt. Contemporary and coordinating are what you're looking for in pants to wear to an interview. Your pants can be separates you've paired with a crisp shirt and coordinating jacket, or you can go the formal route and wear a suit. To keep your look contemporary, your pants should be flat-front instead of pleated, not too baggy, and not too tight. Khakis and jeans are too casual for most interview settings, so opt for a dark color or neutral shade of gray or brown—or for women, a neutral tone or color that matches your jacket will be flattering and appropriate. Women can choose to wear skirts, though they should not be more than an inch or two above the knee to keep the look appropriately professional, and they should be higher than ankle-length for mobility's sake.

Socks/Stockings. Men should wear dark socks to compliment their dress shoes, but women have more fashion choices (and dilemmas) in this regard. Novelty socks and brightly colored stockings are best avoided. Women used to be expected to wear flesh-colored pantyhose or sheer trouser socks, but now subdued neutral tones

of black, brown, and charcoal in opaque or sheer stockings are widely acceptable. However, stockings should be only subtly patterned at most, and fishnet stockings are out of the question. Bare legs are often considered acceptable at workplaces in warm climates, as long as the skirt is long enough that you're not flashing as much leg as Marilyn Monroe over a sidewalk grate.

Shoes. Wear professional, polished, sensible, low-heeled shoes to your interview—sorry, those canvas athletic shoes and spike-heeled go-go boots just aren't appropriate unless you're an aspiring skateboarder or dancer. Whatever shoes you choose, be sure you've worn them at least a few times before the day of your interview—painful, blistered feet are one sure way to start your interview off on the wrong foot. Women have the option of wearing shoes in brighter shades than men can usually get away with in an interview setting, but are advised to be sure the color of the shoe isn't too loud and is the exact same shade as some other aspect of their outfit—such attention to detail won't go unnoticed and may boost your confidence too.



Case in Point: These Boots Were Made for Walking

Footwear may seem like a minor detail, but attention to detail is a key criterion for many employers. Consider the following case of an otherwise qualified applicant whose boots made her seem out of touch and out of place in the corporate world:

“We were hiring a research specialist to whip our corporate research and development center into shape, and it was my bright idea that rather than bringing in still more disorganized eggheads or consulting firm types with their incomprehensible acronym-based systems, we should try to hire an actual librarian to create a functional system. Unfortunately, only one librarian responded to our posting, and she arrived for the interview in a faded, flowered, ruffled shirt; clashing plaid kilt; and knee-high red rubber wading boots, carrying a battered manila folder with papers spilling out. It was the ultimate interview outfit fashion faux pas, like Paddington Bear meets the Nutty Professor! We finally hired a consulting firm guy whose acronym system actually made sense and whose shoes I can’t remember—and perhaps that’s as it should be.”

Bring the Right Stuff

Leaving a good impression on your interviewers takes a certain amount of poise and grace, but it also takes the right equipment. Everyone knows to bring extra copies of their resume, but what really gives you a competitive edge is actual, physical evidence of what you've accomplished for other employers—and could do for your prospective employer. Consider the following possibilities.

Portfolio

Take a tip from the designers, advertising executives, and other creatives whose livelihood depends on their ability to sell their skills, and create a sharp professional portfolio of work that highlights your strengths and accomplishments. Whether you're applying for a job as a project manager or engineer, charts and graphs that show earnings or savings due to a project or process you implemented are sure to impress prospective employers. If your reports were published or you wrote a newsletter or sections of the annual report, add those to the portfolio too, along with any positive feedback you received. Stills of web pages you helped develop would be a terrific addition, particularly if you can supplement that visual with data on online sales, page views, site traffic, or other quantitative measures of your successful efforts. Create a “network map” of key relationships you helped your department or organization build by forging constructive relationships with key vendors, clients, other departments, new hires, investors, and you'll show the value you can offer your employer. In the back of the portfolio, include a narrative bio that sums up your strengths and work history in one paragraph, accompanied by a full curriculum vitae or resume.

Offer to walk your interviewer through your portfolio once he or she has had a chance to ask you a few general questions, and at the end of the interview offer to leave the portfolio behind to peruse over the coming week. By giving your interviewer a chance not only to hear about your accomplishments but to see them, you double your chances that your strengths will be remembered. Mention that you can stop by in a week or two to pick up the portfolio, since this gives you an additional point of contact with your interviewer to make a lasting impression. If you don't live near the office, provide a preaddressed, stamped envelope to return your portfolio—this shows your consideration for your interviewer's time and budget. But do be sure that there's nothing irreplaceable in the portfolio you leave behind.

Presentation

Since PowerPoint presentations have become an essential aspect of doing business for many organizations, why not show employers you come professionally prepared by creating a brief PowerPoint presentation for your interview? This is an especially good choice for those interviewing in a field that makes frequent use of PowerPoint presentations. For a first interview, you might opt to print out slides from a 5- to 10-minute presentation that you prepared for a previous employer or client.

Interviewers are likely to mention challenges facing the team, organization, or industry, so when you are invited in for a second or third interview, consider preparing a presentation focusing on sound, creative approaches to these issues. Print out handouts to accompany your presentation, and you'll give your employer another leave-behind that conveys your strengths.

If you do choose to prepare a presentation, be sure that it's a stellar example of the form. No one is likely to be impressed if you haven't mastered PowerPoint. If you've only learned the basics, leave this option to the PowerPoint jockeys out there.



Case in Point: Putting the Power in PowerPoint

Not every applicant will be thorough and thoughtful enough to listen closely to the organization's challenges and prepare a presentation, so you stand to gain the advantage by setting yourself apart. Consider this applicant's experience:

"When my current company invited me in for a second interview, they asked me to prepare a response to a case scenario likely to arise in the course of the job. So instead of walking in there and fumbling through index cards with my key points on them, I decided to present my response to the case on a 12-page PowerPoint and pass out handouts of each slide. It's not something the interviewers explicitly asked for, but I know at least one other candidate did something similar. It's not necessarily an interviewing requirement, but I think a presentation helps distinguish you as a serious candidate—after all, I got the job!"

Articles

Even the most skeptical, hard-to-please interviewer will be impressed by independent, third-party validation for your professional efforts in the press. So if you or your work have received favorable coverage in articles in trade publications, magazines, newspapers, or websites, by all means bring a photocopy of these clippings as a handout for your interviewers. If you're not sure whether your efforts have received media attention, run a Google search on your name, the names of organizations where you've worked, and the name of any products, events, accounts, or services you've worked on in the past. If you or your work has been favorably mentioned in multiple press stories, pick the ones that emphasize the professional strengths most pertinent to the position you hope to land, and provide a bibliography listing all the articles that show you and your work in a good light. With clippings and a bibliography to your credit, your candidacy will look even more impressive.

Make an Entrance

Your interview begins long before you meet your interviewer. Every person you meet from the moment you step through the door to the building may have the power to influence the decision to hire you: the doorman who chats every day with your prospective boss; the building security officers you ask for directions who are on a first-name basis with your future colleagues; the people on the elevator who may be your future team members; the receptionist who knows everyone in the organization; and that other woman in the bathroom who happens to be the administrative assistant to the head of the department. So beware of inadvertently snubbing any of these influential people by neglecting to say hello in a rush to get to the office, giving a curt response to an inquiry about the time, or forgetting to give thanks for directions to the right office. When asked what they thought of you, their response will at best be a lukewarm “OK, I guess”—and it could be much worse.

Being polite, friendly, and relaxed with everyone you meet is a great way to ensure a warm welcome into the organization. Approach people politely, look anyone you meet straight in the eye and offer a friendly greeting, apologize for interrupting if you need to ask a question, thank everyone who takes a moment to help you, don't hesitate to engage in conversation if someone approaches you or asks you a question, and mention that you've enjoyed your chat when you need to wrap up the conversation. Treat everyone with respect, and they'll reciprocate with a warm reception.

When you do meet your interviewer, you can follow a simple four-step protocol to get the interview off to a promising start. Here's a step-by-step breakdown:

1. **Get to your feet quickly** when your interviewer enters the room. Women aren't obliged to do this by custom as men are, but rising from your seat is a good way for both men and women to show eagerness to meet interviewers.
2. **Make eye contact** for at least a few seconds—don't just glance quickly, then glance away. You may do it because you're shy, but it's often interpreted as rudeness or aloofness. If you do look away, your interviewer may spend the rest of the interview wondering if there's something caught in her teeth. If your interviewer is a woman, keep your gaze strictly above the neck. Few mistakes can bring an interview to a grinding halt faster than a wayward glance that could be construed as a sexual advance. At the very least, you'll be remembered as the candidate who gave your interviewer the creeps, and this impression of you may be passed around in professional circles for some time to come.
3. **Smile—and mean it!** This person was intrigued enough by you to pick your resume out of a stack and is dedicating 30 minutes (often more) of a busy day just to talk with you—and with any luck, will soon be singing your praises to colleagues and possibly offering you a job. That's plenty to smile about.
4. **Shake hands firmly.** Not with fingers limp like wet noodles, but with a nice, firm grasp. Know your own strength, and don't cause your interviewer's eyes to water by squeezing too hard. A few seconds of shaking should do the trick—pump your interviewer's hand more than a couple times, and you may come across as desperate. If your palms are sweaty, subtly wipe your palm on your thighs as you stand to shake hands so that you don't offer a clammy handshake. Practice with a professionally savvy friend or two to find out whether your handshake seems about right to them.

Say It with Body Language

Nonverbal cues can be every bit as important to your interviewer as what you have to say. A brilliant remark can be undermined by a shy or uncertain delivery, and your interviewer may think you're making up your accomplishments if you avoid making eye contact while you're relating them. Throughout the interview, make sure that your body language conveys your confidence, openness, and enthusiasm.

Confident

Even if you occasionally look away, be sure you begin and end your responses by looking your interviewer steadily in the eyes for a few seconds. When you do look away, try to make sure your eyes aren't rolling upwards to the left or right, since this indicates you're grasping for ideas and distracts your interviewer with the thought, "Is there something hanging over my shoulder?" Try to keep your gaze at eye level, and by no means fixate on some physical part of your interviewer. There's a fine line between an absent-minded stare and a perceived offense, so be aware of where your gaze is aimed.

Your voice should also remain steady, and if you find it's beginning to shake, clear your throat and take a breath.

Open

Crossed arms indicate a certain wariness or defensiveness, and that's not how you want to approach your interviewer. Try keeping your hands in your lap, or hold a pen in one hand and your notepad on your lap with the other. Tightly crossed legs can make you appear inaccessible, and loosely crossed legs (with

one calf resting on the opposite knee) may seem overly relaxed for an interview setting. Try to be conscious about not bouncing your knee either—this can make you appear eager to leave or go to the bathroom.

Enthusiastic and Alert

Some people get too nervous and fidgety. Some are mellow to the point of narcolepsy. But no matter the reason, there is never a good excuse for neglecting to show active interest in an interview. If you don't show genuine enthusiasm and engagement when meeting your interviewer and discussing the position available, your interviewer may justly conclude that you're just wasting both of your time.

Follow these simple tips for using body language to convey your enthusiasm.

Listen actively. Remember what your grandmother always told you and sit up straight in your chair. This makes you appear confident, alert, and interested in what your interviewer has to say. Try not to rest your head in one hand, as this can make you appear bored or sleepy.

Nod when appropriate, respond to your interviewer's comments with appropriate interjections or exclamations, crack a smile when your interviewer injects some humor into the proceedings, and ask questions for clarification when needed.

Give your undivided attention. Lean forward a little when your interviewer is speaking to show your interest. You don't need to stare intently at your interviewer the entire time, but you shouldn't be gazing idly at the ceiling or out the window while your interviewer is trying to make a point or pose a question. Always look directly at your interviewer when you begin to respond to a question, so that it's clear to whom you're addressing your remarks.



Case in Point: Attention, Please

If you're in a panel interview, make a conscious effort to share your attention with each of the interviewers so that no one feels slighted by inadvertent inattention. Consider the following case in point from a longtime career counselor:

"I can't tell you how often I've seen interviewees make the mistake of addressing their remarks exclusively to male interviewers on a panel, especially if they're white men. There's this subconscious belief that that's where the decision-making power lies, and that's certainly not always the case—I know I've always been hired by women, just as an example. Sharing your attention among multiple panelists can be a hard habit to learn, but it's essential in an ever more diverse workforce."

Be responsive. Don't let your expression become wooden or fixed, stare blankly, or zone out in the middle of your interviewer's commentary. Take notes periodically if that will help you stay engaged while your interviewer embarks on a particularly long monologue, but don't stare down at your notes the entire time or you might miss out on some nonverbal cue your interviewer is giving you: rolled eyes, a smile, a grimace.

Don't fidget. Your itchy scalp or stockings can wait—this interview is more important than any momentary discomfort. If you give in to a scratch more than once or twice in your interview, your interviewer is likely to think you (a) have got a nervous tic that indicates you might not be able to withstand the pressures of the job; (b) are impatient and can't wait for this interview to be over; or (c) recently contracted a skin disease that may be communicable and neglected to mention it before you shook hands.



Case in Point: Body Language Is a Two-Way Street

Interviewers may not always use body language you consider appropriate, and you'll have to use your best judgment about how to respond. If your instincts tell you an interviewer's intentions are not entirely above board, you may be better off wrapping up the interview as quickly as possible and moving on to more promising opportunities. Consider this nightmare scenario:

"I moved to New York City after graduation without a job lined up, but with big plans about finding a dream job in the film and video industry. I sent out dozens of resumes and discovered that no one was too interested in hiring a liberal arts grad with no work experience, so I began cold calling film and video production companies to see if they needed any freelance or permanent help. After a few dozen calls, I found a firm that was not looking for help now, but might be soon, and Mr. MightBeHiring asked if I could come in 'right now' for an interview. I threw on my interview dress, grabbed a cab, and arrived at the office—a loft in a mixed-use building. Mr. MightBeHiring himself answered the door wearing nothing but a towel around his flabby torso. A wise person would have turned and walked out right then, but I saw nothing but a job ahead, and the film industry was, after all, laid back, and he apologized profusely, saying he didn't think I'd get there THAT SOON. Mr. MightBeHiring went upstairs to 'change' and began conducting the interview over the wall while I sat downstairs. The interview went well, I thought, despite the unusual circumstance. We talked half an hour, and then he told me he thought it would work out. Yes, he said, you can come on up now. 'Let me show you the rest of the office.' Only when I reached the loft, Mr. MightBeHiring was completely naked and hiding in a back corner of the room. Needless to say, I got out of there quickly. I cringe whenever I think about that experience; things could easily have been a lot worse.

Build Rapport

Consider your interviewer's point of view: Would you rather hire the qualified candidate who easily engages you in conversation and would make a great team member and lunch partner, or the equally qualified candidate who is stony-faced and tense, and whose office you would probably approach with the same dread you would a dentist's? By the end of the interview, you want to leave visions dancing in your interviewer's head of what a delight it would be to work with you on a daily basis. No, this doesn't mean you should drug your interviewer—but you should do everything else in your power to put your interviewer at ease. This includes seeking common ground and showing your sense of humor.

Seek Common Ground

From your background research, you may already know of one or two things you have in common—an interest in scuba diving, say, or a background in marketing. Find a way to work these into the conversation, if your interviewer doesn't. Nothing establishes rapport like a shared passion or experience.

Be cautious when you proffer opinions, though, because you never know whether the book on gardening you found pointless might have changed your interviewer's life, or vice versa. Find some positive aspect of the book to comment on even if you weren't crazy about it, and be prepared to explain any reservations you express. If you're an avid fan of the book, avoid getting defensive if your interviewer offers a critique of it, and perhaps invite further details on the subject instead. Whenever points of commonality arise, explore them enthusiastically with follow-up questions.

Exhibit a Sense of Humor

Due to the judgment inherent in the process, interviews have the propensity to be anxiety-producing, awkwardly formal situations for everyone involved, so it is often a pleasant surprise and a huge relief when someone breaks the ice with wit or humor. However, off-color jokes are certainly not appropriate, and self-deprecating remarks, cheap gags, and painful puns may actually lower your estimation in an interviewer's eyes. Humor that is too highbrow can backfire, too. If you make a joke that's a complicated play on words or makes an erudite reference to Shakespeare, there's a chance the joke may go right over an interviewer's head—and no one likes to feel left out of a joke. Some interviewers may even misconstrue your meaning and think that you're making fun of them. So unless you're an aspiring comedian, stick to low-key jokes, and rely on humor only when it seems appropriate or necessary to break tension. And don't forget to laugh at the interviewer's jokes!

Master the Art of Q&A

After the obligatory introductions and preliminary chitchat with your interviewer comes the heart of the interview: the question and answer session. This is the part of the interview job seekers tend to dread most, but it doesn't have to be the grueling oral examination you may have imagined. In fact, the secret to mastering this part of the interview is to loosen up and make it a pleasant peer-to-peer *interaction* instead of a lowly-applicant-to-all-powerful-examiner *transaction*. In this exchange of ideas and insights, you should be interviewing your interviewer as a possible colleague, co-conspirator, and even friend, rather than appealing to a powerful entity to put you on the payroll. You share common interests in the organization and industry, and you are meeting to explore those shared interests and see how you might collaborate to address them. It's as simple as that.

Pay Attention to Clues

As long as you approach the interview as a dynamic interaction rather than a grilling session, you'll find there is no cause for panic. There are no magic right answers to any questions your interviewer may ask—only answers that are thoughtful, well-reasoned, and memorable. What's more, interviewers often provide clues about the kind of response they're looking for by asking leading questions. For example, let's say you're asked how you handle a particular project, and after your response the interviewer asks this follow-up question: "And how exactly might you involve the rest of the technology team in that process?" This is a strong hint that your interviewer considers involving the technology team important, and you should specifically address this concern in your response and in future responses.

Prepare for the Old Stand-Bys

Many interviewers don't have enough time to spare from their daily duties to dream up hard-hitting, unique interview questions, so they often resort to generic, tried-and-true stand-bys. You should always be ready to answer these common questions so you can provide exactly the kind of sharp, memorable responses your interviewers expect from a prime candidate.

Below are ten of the most common interview questions you'll come across in your job search. You'll notice that they're not necessarily good questions, but that should suit you fine—you can use a vague, ill-defined question to segue into a story that highlights one of your strengths.

1. Tell me about yourself.

What this really means: "I'm looking for personal insights about you that would make you seem less like a list of credentials and more like a person I'd like to work with every day."

Good answer: From my resume, you can see that I'm an experienced [job title] with [number] years in [field] and specialized expertise in [desired skill area]. But one thing you may not be able to tell from reading about me on paper is how [personal strength] I am when it comes to [requirement of job]. Just to give you an example, . . . [success story]."

2. What are the best and worst jobs you've ever had, and why?

What this really means: "Does this job match your ideal, or are you going to leave this job in 6 months for something better?"

Good answer: "When I was just starting out, one of my first jobs was as a [name position]. It was a tough job because of all the [job characteristic unrelated to job you're applying for] involved, but I stuck with it, and in the end I think it

tested and strengthened my [personal strength] and gave me a greater understanding of how [job characteristic related to job you're applying for] works. So that job ultimately helped me become a better [job title], and land a great job at [company] that allowed me to hone my skills at [job requirement] and really focus on [area of job specialization]. On one project there, I was even able to . . . [success story].”

3. What project are you most proud of, and why?

What this really means: “What can you do for me and my organization?”

Good answer: Tell a success story related to the position, and wrap it up as follows: “That project resulted in [impressive numerical proof of success] for the company, but I’m particularly proud of the positive personal impact it made for our [key organizational constituency]. I heard from [number] of [key constituency] that our efforts changed the way they [positive feedback from others to demonstrate your success] for the better. One person even told me that [personal anecdote].”

4. What are your greatest strengths and weaknesses?

What this really means: “Prove to me that you’d bring value to this organization, and show me you’re aware of and can learn from your mistakes.”

Good answer: Again, mention a strength related to the position and illustrate it with an anecdote. Then follow this with a weakness that stems from inexperience rather than a lingering personality flaw. Show your knowledge of what’s important to the industry, and describe what steps you’re taking to work on it. Consider this example: “I learned the hard way that even if you’re only required to submit invoices once a month, it’s better to submit them the minute they come in to keep your key vendors happy. Vendors aren’t going to tell you they’re unhappy about getting paid more slowly, of course—they’ll just take longer to

respond to your requests. That's what happened to me in my last position with a graphic designer, right in the middle of a deadline push, and I ended up having to pull a team member off another task at the last minute to get the job done—not something I like to do to the team. In our business, reliable, responsive vendors are worth their weight in gold, so I'm learning to pay attention to these subtle signals to get the very best work out of vendors that I can."

5. Why did you leave your last position?/Why are you thinking of leaving your current position?

What this really means: "Was there any trouble with your last employer? Are you a chronic job-hopper?"

Good answer: If you were laid off, explain that "the position was eliminated as part of a broader shift in the business plan, as the organization shifted its emphasis from [business niche] to [another business niche]." That way, it's clear that you weren't dropped for not delivering enough value. That should be enough of an explanation to satisfy your interviewer—these days, everyone understands that downsizings usually aren't personal. If you were fired, briefly mention that "it wasn't a good fit" for reasons specific to the position. Don't blame it on personality conflicts, because you don't want to lead interviewers to speculate that you can't work well with others. Career changers who are making a shift "to pursue their true calling" should be prepared to show evidence of long-term interest in the field they're entering, so that employers don't think of them as career-hoppers. If you are considering leaving your current career "because this seems like too perfect a match for my skills in [specialization] and long-term interest in [field] to pass up," by all means say so—this is the kind of thing employers will be glad to hear.

6. Describe a time when you had to perform under pressure.

What this really means: “You’re going to be asked to perform under pressure here, and I want to make sure you can handle it.”

Good answer: Think of a high-pressure scenario your interviewer will relate to, and then describe how you handled it and the positive outcome you achieved. Just be sure that the situation you describe was not made difficult by factors in your control—you don’t want interviewers to think you create needless drama in the workplace. For example, “Two weeks before a client’s annual conference in Kansas City, there was a tornado that took the roof off of the hotel where attendees were supposed to be staying. But as any event planner knows, this is why you always have to have a plan B. I’d had a block of rooms in another hotel we regularly use for other events set aside in case of overflow, and by pulling a few strings I was able to expand the block to accommodate all the registered attendees. Another conference ended up having to cancel for lack of accommodations, but our conference went off without a hitch, and received high marks from attendees, too.”

7. What kind of people do you enjoy working with most and least, and why?

What this really means: “How are you going to get along with me and/or the others on the team? Are you going to fit in with our corporate culture?”

Good answer: Think about what you know of the organization and the position before you answer. If it’s a buttoned-down, conservative, financial setting, you might express your affinity with creative types as “people who are solidly grounded in their own business, but never lose sight of opportunities for competitive advantage” rather than for “wild-card, out-of-the-box thinkers.” The reverse would be true for a more casual, creative environment. But because you never know if there will be exceptions to the rule on your future team, you should also mention that you get a lot out of working with people who have

different styles and skill sets than you: “Because I’m [personality characteristic] myself, I find that I learn the most from people who are [personality characteristic].” If you’re pressed to name a least-favored personality type, mention a universally unlikable type in an offhand way, “Well, I guess I wouldn’t particularly enjoy working with a very mean-spirited person, but I’ve really never come across anyone in our line of work who fits that description—have you?”

8. Tell me about one success and one failure you’ve had in your career.

What this really means: “How do you measure success, and how do you handle setbacks?”

Good answer: Mention a success story that relates to the position, with numbers and anecdotal evidence of success to back you up. Then describe a failure that dates from early on in your career due to inexperience, and describe what you’ve learned from it. The mistake should be understandable, forgivable, unrelated to the job at hand, and have had no lasting consequences. For example: “One summer in college I had an internship as a lobbyist, and I was given a call sheet of 20 elected officials a day to call, along with talking points for each one. Unbeknownst to me, one day there was a glitch in the database, and all the talking points were mismatched. So there I was, passionately urging legislative aides about the importance of measures that weren’t even in their district. The first two legislative aides on the other end of the phone sounded genuinely puzzled, and said, ‘I’m sorry, the representative doesn’t have a stance on this bill,’ which I took as an invitation to press further. Finally on the third call, I spoke to an aide who said, ‘I think you’ve got the wrong district.’ I felt about an inch tall—but now I’ve learned my lesson not to think of technology as infallible, and to always check over my facts twice before I present them. It’s helped me a lot in giving fundraising speeches for the last nonprofit I worked for, and saved me some heartache too!”

9. Where do you see yourself in 3 to 5 years?

What this really means: “Are you going to stick around so that we can reap the benefit of the training we’d invest in you?”

Good answer: Start off your response by saying: “Right here.” Don’t mention advancement right away, because you don’t want your interviewer to think you’ll be unhappy in the position and that you’re really after someone else’s job. Mention ways you hope you and the organization will grow in tandem: “I can see this department becoming a real profit center for the company with a growing consumer base among [target market], so I anticipate that I’ll have an opportunity to further hone my skills within that market niche and possibly expand the department as we grow.”

10. Why should I hire you over other qualified candidates?

What this really means: “Let’s cut to the chase—what can you offer me that others can’t?”

Good answer: This is your opening to reiterate your three strengths. Then close with a statement of your enthusiasm for the job: “I don’t think you’re likely to find another candidate who has my passion and commitment to this work, and that will be clear once we’ve had a chance to work together.”

Anticipate Some Tough Questions

Even the best-crafted resume probably raises a few awkward questions about detours along your career path. Why did you leave that veterinarian's office after only 6 months? Why do you want to be a stockbroker now, after finishing vet school? What were you doing in that year off between your last position in finance and now? Don't get caught unprepared—have answers ready to questions about the following:

Gaps in employment. An unexplained gap of 6 months or more might raise questions in your interviewers' mind about your commitment to your career or even your work ethic, so be prepared to address the issue head-on. Don't approach the issue defensively—"I was raising my kids, OK??"—but present your decision as a considered choice consistent with your long-term goals. Maybe you wanted to have kids sooner rather than later, so that you could concentrate on your career. A good explanation goes a long way—that decision to spend a year traveling around the wilds of Madagascar might be perfectly consistent with your interest in biodiversity and easily factored into your decision to pursue environmental law.

Layoffs and firings. In this economy, everyone knows someone who has been laid off or fired, and your interviewers might have been laid off or fired themselves at some point. So your interviewers are predisposed not only to understand termination of employment, but actually sympathize with this—provided you can discuss it without sounding bitter or accusatory. If you were laid off, you can simply explain that your position was eliminated as part of a broader institutional business decision—a restructuring, merger, or shift in the business plan—and leave it at that. No need to describe what a huge mistake it was or how sorry they ought to be. If you were fired, briefly explain why the role and/or organization just wasn't a good fit for you at the time, and leave personality and any pending lawsuits out of it. Mention any lessons learned or valued relationships you gleaned from your time in the position, and you'll sound the wiser for it.

Any stated qualifications not evident on resume. If you've mentioned that you're an accomplished writer but you have no bibliography of articles by you on your resume, explain why. Do you write speeches for your CEO that always get rave reviews from the audience? Have you written a grant as a volunteer that secured \$20,000 for an after-school program? Bring up these accomplishments before your interviewer asks, to resolve any lingering doubts about your qualifications.

Evidence of job hopping. If you've had five positions in the last 3 years, your interviewer may have reason to suspect you'd leave the organization as soon as you get a better offer elsewhere. Explain the circumstances that precipitated so many moves and how those circumstances are different now. Maybe the frequent changes were the result of a combination of a downsizing, your spouse getting reassigned to another state, and taking some short-term contract positions while you were looking for the right job (this job, naturally!) to come along.

Inconsistent array of jobs. If it's not clear from your resume what you want to be when you grow up, you need to show your interviewer that there's a common thread in your interests. If you can explain that your career goal has always been to make a difference in kid's lives, suddenly it will make a lot more sense that you've been a track coach, a volunteer for the March of Dimes while you were pursuing a career in finance, and ultimately left your job as a banker to become a social worker for disabled children. Instead of being perceived as flaky, you'll come across as committed and well-rounded.

Career changes. Why should a florist hire someone who has spent most of his or her career to date as an auto mechanic? If this will be your first position in a new field, you need to explain how your skills and strengths are relevant to the position. You might explain that creative problem-solving and client interaction were always your favorite parts of your job at the body shop. And nothing wins over an interviewer like a shared passion—the money was great as an auto mechanic, but you knew from the first time you walked into an ikebana class that you'd

found your true calling, even though it meant that you'd have to start over in a new field from the bottom up. With an anecdote like that, who wouldn't want to give you a shot?

Money, money, money. Perhaps the trickiest question you might be expected to answer in an interview is when you're asked how much you'd expect to be paid for the position. Most interviewing experts agree that you want to avoid being the first person to name a number, if at all possible. There are a number of potential responses to the initial salary question. Here are just a few:

- I'm willing to entertain any fair offer.
- I've learned a lot about the position today, and I'd need to take some time to think about the roles and responsibilities described before I can arrive at an answer.
- There are a number of elements that make up a compensation package, so I prefer not to discuss salary in isolation. Can you describe a typical compensation package?

It's best to wait as long as possible to discuss salary—preferably after you've convinced your potential employer that you're the only choice. The best leverage you have in the salary discussion is their desire to hire you.

When it is time to discuss salary, be sure that you have researched median salaries for the relevant position, industry, and geographic location. Your research should enable you to complete this sentence: "I know [\$X to \$X amount] is the standard salary range for a [position] in [geographic location], and given my [years of experience, specialized training/degree, skill set], I'd expect to come in at the [middle/upper] end of that range." Never suggest that you belong on the rock-bottom end of the pay scale, even if you're just starting out; you need to communicate your value to the organization.

For a more in-depth discussion of salary negotiations, turn to the WetFeet Insider Guide to *Negotiating Your Salary and Perks*.

Remember That It's a Conversation

The most important (and difficult) thing to remember in crafting appropriate responses to interview questions is that this is really just a conversation, so keep it conversational. Lengthy monologues and curt yes or no answers would be considered rude in any conversation, so avoid them in an interview, too. Role-play your responses to a few questions you expect your interviewer to ask with a friend and a stopwatch, timing yourself to make sure your answer is not too short (under 30 seconds) or too long-winded (longer than 2 to 3 minutes). But though you may want to jot down a few points you'd like to make and questions you'd like to ask, don't memorize your answers or spend all your time staring at your notepad. You run the risk of sounding too rehearsed or phony, and you want to be responsive to your interviewer and allow your personality to shine through in your off-the-cuff remarks.



Case in Point: Watch for a Spark

Gauge your interviewer's interest in what you have to say, and tailor your responses accordingly. Take this tip from a senior manager who's spent quality time on both sides of the interview table:

"I always talk to interviewers with the same interest that I would getting to know someone at a party that I'm interested in knowing. This means paying attention to details, the words they use, inflections, the questions they ask—it's really just like any other social interaction. I follow their lead in the conversation, and watch them as they speak and listen to my response. If I see them spark with an idea I've brought up, I explore it; if not, I drop it. I'm not going to spend 10 minutes going on about something they have no interest in, even if it's the hottest, newest thing in business. It's all about building rapport, and not at all about giving the 'right' answer—that's too stilted and two-dimensional."


Focus Your Response

Some questions may seem tough to answer at first. Since interviewers get nervous and flustered, too, they may ask questions in a roundabout or long-winded way. If you're not quite sure what is being asked of you, by all means ask your interviewer for clarification. Ask for confirmation of what you think you heard, with a query that begins: "Let me make sure I have this right. . . ." Your interviewer also may present you with complicated case questions and detailed hypothetical scenarios, and in this situation you may want to buy yourself a little time by briefly (30 seconds or less) summarizing the case and seeking confirmation on those details before giving your answer. Try to keep your responses focused and succinct, so that your interviewer does not lose interest or begin to think of you as someone who is big on talk but short on concrete solutions. If you get the sense that your interviewer is dissatisfied with your answer or is looking for more, you can invite further input with a follow-up query such as, "Does that answer your question?"

Deflect Inappropriate Questions

The most awkward questions, of course, are those that are utterly inappropriate in an interview. If your interviewer asks a personal question that seems intrusive to you, politely give your interviewer a way out by saying, "I'm sorry—I'm not sure I understand the question." If your interviewer repeats the question instead of dropping it, you can choose to respond or attempt to return the conversation to less personal topics by saying, "Why do you ask? Do you expect that this will come up in the course of the job?" That puts the onus on the interviewer to explain the point of the question. If the interviewer persists and you still feel extremely uncomfortable answering the question, you can always graciously evade the question by saying with a smile, "Well, to be honest, I feel put a little on the spot talking about this since we've only just met. . . . You know how that

is.” And know that no matter what, you are not obliged to answer any illegal questions along the lines of those listed in the table. (For more resources on this subject, see the For Your Reference chapter at the end of this book.)

 Questions You Shouldn't Have to Answer
<p>According to Human Resources Powerhouse, any of the following questions about an applicant's "protected characteristics" could provide grounds for a legal discrimination claim:</p> <p>Are you a U.S. citizen? What is your nationality? Have you ever been arrested? Have you ever filed for bankruptcy? Do you have a physical or medical condition? Are you married? What are your child care arrangements? Are you a member of a union or labor organization? Have you ever sued a former employer? Have you ever filed a workers' compensation claim? What were some of the problems in your last job? When did you graduate from college (or high school)? Are you available to work on Easter Sunday? Are you planning on starting a family? What type of military discharge did you receive?</p> <p>Source: HR Powerhouse. www.hrpowerhouse.com.</p>

Getting Down to Brass Tacks: Interview Types

- Phone Screen
- Online Screen
- Job Fair Interview
- Office-Visit Interview

Now you're equipped for your interview—but what kind of interview will that be? Different interview types require slightly different strategies, so review the types described in this chapter and plan your approach accordingly.

Phone Screen

Many job seekers think of a phone screen as a formality: The employer is clearly interested, so all you have to do is sound relatively competent and set up an in-person interview, right? Wrong. This is actually a first-round interview, and you should be prepared to make a stellar impression over the phone just as you would if you were meeting in person. But instead of having a week to prepare yourself, you may be expected either to respond to questions on the spot or to set up a conversation in a day or two at most. So, you'll need to review the job posting carefully and do as much interview prep as you can in the time allotted. Then you're ready to follow these ten steps to phone-screen success.

1. Have a professional-sounding outgoing voice-mail message.

Imagine you're an employer looking to fill a midlevel manager position, and you're taking a chance by calling a candidate who doesn't have much management experience, but seems capable enough to take on added responsibility. How do you think you'd react to an outgoing message of your promising candidate singing, "I'm wasting away again in Margaritaville—can't get to the phone"? You probably wouldn't even bother leaving a message. The moral of this story?

Record a professional-sounding message in your voice with no singing, no gimmicks (e.g., a message recorded by your 4-year-old cousin), and no slang (“Yo, what up?” is out, and so is “Howdy—leave a message, y’all!”).

2. Express appreciation for the call.

Even if you’re caught completely off guard by the call, be welcoming and enthusiastic. “Hello. I’m so glad you called!” Smile when you say it—the person at the other end of the phone can’t see your expression but will be able to hear the warmth in your voice.

3. Make sure it’s the right time and place.

Maybe you get the call while you’re at work, with your boss breathing down your neck for that quarterly earnings report and your colleagues hounding you for the latest sales figures. Or the phone rings when you’re telecommuting from home, with kids in the kitchen yelling to make themselves heard over the sound of the automatic ice-maker. Either way, this is not the ideal scenario for a phone interview—you need to be able to give your interviewer the benefit of your full attention, without any distractions.

So when the interviewer catches you at a bad time and asks, “Is this a good time to talk?” your response should be something along these lines: “Actually, is there a time I can reach you tomorrow or the day after? I’m very interested in the position and I want to give you my undivided attention, but I’m afraid now isn’t the best time.” Make plans so you can receive the call in a quiet place where you won’t be interrupted. Ask the interviewer to reach you at home where you’ll be more free to talk, and send your roommates out for pizza if you have to.

4. Be sure you're speaking on a land line.

A poor cell phone connection can leave both parties feeling frustrated, and you don't want to inadvertently hang up on your interviewer. If you're speaking on your cell phone, ask if you can call your interviewer right back on your land line.

5. Have your resume, notes, and datebook in front of you.

Your interviewer may ask you specific questions about your work history, and giving vague answers will not make a good impression. The phone screen is like an open-book exam: You can have all the notes you need right in front of you.

Your cheat sheet should include:

- Explanations for any inconsistencies in your work history.
- An anecdote about each of the past positions that are most relevant to the one you've applied for.
- Stories outlined and ready to relate about your strengths, weaknesses, and proudest accomplishments.
- A few questions about the position and the company to demonstrate your interest and enthusiasm.

Don't inquire about money or benefits just yet, unless your interviewer asks you about your salary point-blank—now is not the time for you to negotiate. Finally, be sure to have your calendar handy so you can set up an in-person interview right away.

6. Be an active listener.

Hear out your interviewer's questions in full, without interrupting, and make sure you ask follow-up questions for clarification if need be. Your interviewer cannot see you nod, and may interpret your silence at the end of the phone as a dropped line—so be sure to interject the occasional active listening cues, such as "I see,"

“right,” “OK,” “that’s interesting,” and “absolutely.” Give your interviewer the benefit of your undivided attention. This means switching off the television or radio and not making distracting noises by chewing gum or rustling papers.

7. Expect elimination questions to come first.

Unlike in-person interviews, phone interviews often cut right to the chase, without a lot of preliminary chitchat. Prepare for tough, awkward questions to be asked right away, such as:

- Why do you want to work for us?
- Why did you leave your previous job(s)?
- What are your greatest strengths and weaknesses?
- What’s one problem you wish you had handled differently at your last job?
- What traits do you like most and least in a supervisor?
- What salary would you expect in this position?

8. Avoid verbal tics.

You know how some people, when they’re, like, all nervous and stuff, say things in a way that, ummm, makes them sound, you know, kind of, well, less than professional? Be aware of your verbal mannerisms on the phone, since your interviewer will have few other cues by which to judge your professionalism. If you know you tend to hem and haw, practice with a friend over the phone until you can make your case clearly and succinctly, without mumbling, speaking too quickly, or clearing your throat often. Tape yourself, and note how many times you say “umm,” “like,” and “you know,” and make an effort to decrease such verbal tics in future practice sessions.

Another verbal tic that interviewers tend to associate with younger, less experienced candidates is “upswing,” a tendency to have the cadence of the

voice rise as though every sentence (or portion of a sentence) ends in a question mark. For example, listen to yourself say this out loud: “Then I worked in London for 3 years? and as you’ll notice on my resume? I was promoted twice? so by the time I left, I was in charge of a team of ten?” With upswing, this statement sounds much more dubious and less impressive than if you said it using a more factual, even cadence: “Then I worked in London for 3 years, and as you’ll notice on my resume, I was promoted twice—so by the time I left, I was in charge of a team of ten.”

9. Earn your 15 minutes in the spotlight.

With in-person interviews, most interviewers will grant you at least 15 minutes out of sheer politeness, even if you’re clearly not the right fit for the position available. But over the phone, interviewers feel much freer to abruptly terminate interviews that don’t seem promising. So don’t save your best stories for last—make a favorable impression early on, and do your best to maintain it throughout the phone call.

When you answer your interviewer’s questions, make sure that you are direct and to the point, try not to ramble or flounder, don’t exaggerate or downplay your experience, and tell stories that present your abilities in a positive light. Instead of answering yes or no questions with a single word, follow up with a comment about your past experience. For example, instead of responding “Yes,” to the question, “Are you comfortable occasionally working weekends?” you might say, “Yes—in fact, during my time as a public relations rep, I worked most weekends.”

10. Inquire about next steps.

When the interviewer takes steps to conclude the interview by thanking you for your time or asking whether you have any additional questions, respond with, “I’m very interested in the position, and I would like to know about the next

steps in the hiring process. Could we set up a time to meet in person?” Even if your interviewer does not seem particularly enthusiastic during the interview, you should still ask—HR reps in particular are trained to give as little indication of interest as possible, to test your perseverance and to avoid raising any candidate’s hopes prematurely. If your interviewer declines your offer to set up an interview on the spot, ask when you should follow up.

Finally, enthusiastically thank your interviewer again for taking the time to call. Your graciousness, appreciation, and interest will leave a positive impression.



Case in Point: Be the Answer to Their Prayers

If you think a phone screen is stressful, consider your interviewer’s point of view: Most managers who do phone screens probably have dozens of other items on their to-do lists for the week and would like nothing better than to wrap up this candidate search and get on with their previously scheduled work program. Be the calm in the storm of your interviewer’s hectic schedule, and you may win yourself the job. Consider this advice from a gainfully employed individual who has survived many a phone screen:

“If a manager is taking time out of a busy day to call me, I know it’s because they really, really need help. They’ve probably put off hiring far too long already, and now they probably only have time to meet with the three or so top candidates. So I’m always calm and reassuring, and I ask them how they’d describe the most pressing demands of the position. Once I’ve heard this, I respond by saying, ‘That sounds manageable to me. I’ve been in the business for 10 years now, so this would not be the first time I’ve handled that kind of situation. . . .’ Then I go on to describe a time I’ve faced a similar problem to the one the interviewer described, and achieved a good outcome. I keep the conversation positive and low-key. You can sometimes hear the sigh of relief at the end of the phone! This is a good sign—if the manager sees you as the solution to their problems, you’ll land the job.”

Online Screen

Rather than weed through stacks of resumes to fill technical or administrative positions, many employers are narrowing down their lists of viable candidates with automated online forms or tests. These tests use answers entered, keyword searches, and red-flag questions to sort candidates according to skills, experience, and expectations. Sometimes these tests aren't even reviewed by an HR representative until after they are put through an automated sorting process to screen out tests with undesirable responses to yes-or-no questions. Since these forms are Web-based, an unexpected technical glitch or lapse in the Internet connection could mean your answers are wiped out. To make sure you don't have to recomplete the entire form from scratch, you might want to fill your answers out in a word-processing document (or on good old-fashioned paper) before cutting and pasting or copying them into an online form. Using this method will also allow you to run spell-check on your answers before you paste them into the form.

Take extra care when crafting your responses, since you can't backtrack in writing the way you can in conversation. Always read the questions carefully to be sure you understand each one, the directions provided, and ratings scales—online screens are intended to test your attention to detail. When you craft your response, think strategically about what you are saying. Mistakes made are irrevocable once you hit the send button, so read over each answer once for content and once for spelling before you submit them. Below is an example of a Web screen for a senior administrative position, along with hints about what answers might qualify or disqualify candidates for the job.

Sample Web Screen

1. Why are you interested in leaving your current position, or why did you leave your most recent position?

Red light: “Bored” or “Got fired” are probably not the best answers, since these may raise red flags for the screener, and get your application tossed onto the “no” pile after the first question.

Green light: Instead, try a longer explanation without red-flag buzzwords: “Having effectively managed a three-person team for 2 years, I’m ready to take on responsibilities for a larger team and further hone my strengths in personnel management.” Another option: “My position became redundant after a merger that changed the business model of the company and eliminated all support staff positions.”

2. What is your current or most recent salary?

Red light: Inflating your salary. Your employer can easily find out if you’re telling the truth by checking your references.

Green light: Tell the truth—but don’t be afraid to ask for a higher salary than your current one, either (see next question).

3. What salary are you seeking?

Red light: Asking for the same amount or less than you're currently paid for a position of equal responsibility—you'd be discounting your value before the employer has gotten to know your merits. Unless this position comes with much less responsibility than your previous position, always ask for more than what you were paid at your last position, in accordance with industry standards for your years of experience, geographic location, and other factors. This shows that you are aware of the value you add to the organization.

Green light: Provide a salary range that starts from just above your current pay scale to one notch higher, and explain the reason for your answer in terms of standard salary ranges. For example: "Since this position comes with greater responsibilities than my current position, I would expect the pay to be higher. The salary range I propose is in accord with industry standards for this position." Here's another example: "Since my last position was at a non-profit organization, the salary standards were below industry average for equivalent positions in the for-profit sector. In a private-sector company, I would expect my salary to reflect industry averages for the position in for-profit enterprises."

4. Has your current position or a recent job required you to support more than one individual on a daily basis?

Red light: If they're asking, it must be important—a "no" answer could disqualify you.

Green light: Think about how many people you support regularly: your immediate supervisor(s), senior executives, cross-functional team leaders, and co-workers. Count them carefully—your interviewer may double-check this number with your references.

5. Please rate the frequency with which you use the following skills in your current position (or used them in your most recent relevant position if currently in a career transition), using the following scale:

1 = daily or almost daily

2 = weekly or almost weekly

3 = monthly or almost monthly

4 = quarterly or almost quarterly

5 = rarely if ever

___ Drafting, editing, and proofreading professional correspondence

___ Creating/developing presentations

___ Creating/preparing reports

___ Coordinating meeting arrangements

___ Creating and maintaining databases and spreadsheet files

___ Coordinating and assisting implementation of website updates

___ Coordinating, proofreading, and distributing e-mail newsletters

Red light: Don't jot down all 1s and 2s to impress a potential employer with your multi-tasking abilities, unless it's actually true. Remember that after you're hired, you will be expected to live up to the reputation you've built for yourself!

Green light: Stay true to your experience. Even if you don't update websites often in your current job, you may be able to develop those skills in your new job.

6. Please rate your level of expertise with each of the following technologies on a scale of 1 to 5, as follows:

1 = expert

2 = professional competency

3 = basic proficiency

4 = some familiarity

5 = unfamiliar

(Note: In addition to a number, please give an example of a task or project that has required you to use and further develop this skill.)

____ Word

____ FileMaker Pro

____ Excel

____ PowerPoint

____ Crystal Reports

____ HTML

____ XML

Red light: If you're looking over this list of technologies and thinking, "I don't know half of those technologies," don't despair. As long as you have a firm grasp of the technologies typical for the position (e.g., Word and databases for administrative positions), you should still be a viable candidate. The list provided here includes many technologies that are not typically expected of administrative specialists—for example, XML is a complex computer language more commonly

required in tech positions—this list probably represents the company’s wish list of technological skills.

Green light: Go with what you know. Some familiarity is obviously better than none if they’re asking, but it’s better to be honest up front so you don’t have to give yourself a crash course in Crystal Reports before you’re brought in for an interview and tested on it.

7. In case we wish to conduct a telephone interview with you, what number should we use to reach you during normal business hours (8:00 a.m. to 5:00 p.m. Central Standard Time), and what is the best time of day to contact you?

Red light: Providing a work phone number that goes through the receptionist instead of directly to your desk. Imagine how that page might sound: “Betsy, our company’s biggest competitor is holding for you on line two.” Your colleagues will surely wonder what you’re up to—not to mention your boss.

Green light: If you’re currently employed, you might provide a cell phone number and request that the prospective employer call you during your lunch hour, so that you can speak more freely.

8. If we decide to bring you in for an in-person interview, how much lead time do you need to make arrangements to come in for an interview?

Red light: Saying “2 days” to be accommodating, when that means you might have to take an expensive, uncomfortable red-eye flight to get to an interview for a job you might not get. On the other hand, a month is probably too much to ask for—the employer needs to fill the position, and can’t afford to wait around for you forever.

Green light: Be reasonable. If you’re local and you have a flexible schedule, there’s no reason not to say 2 days. But, if you’re not local, 2 weeks should be

enough to get a reasonably priced ticket and make arrangements for someone to cover you for a day at work, if need be.

9. If you live outside of commuting distance from our company headquarters in Boulder, Colorado, please answer the following questions:

Why are you thinking about relocating to Boulder?

Would you expect the company to pay your relocation expenses?

Red light: “I love to ski” is clearly the wrong answer to the first question, even if it’s an important reason for you. “For this job” may seem appropriately enthusiastic, but it’s an insufficient answer. The company is probably asking this question because they are concerned about turnover; they don’t want to hire people who love their job but can’t stand the weather, or otherwise discover that they are ill-suited to life in Boulder, and vacate their positions quickly.

Obviously the company would rather not pay relocation expenses, if they are taking the time to mention it here. The second question is also something of a catch-22: If you have some other reason for moving to Boulder other than the position, why should the company pay for your moving expenses?

Green light: For the first question, try an answer that demonstrates your familiarity with or connections to the area. For example: “This position is a big draw for me. I also have family in Colorado, and it has become a priority for me to live nearer to them.” You can also use your research on the area to appeal to your prospective employers’ civic pride: “This position would be a major impetus to relocate, but Boulder has long appealed to me and my family on its own merits as one of the most highly rated small American cities for its quality of life, many cultural activities, and of course the scenic setting. We have been contemplating a move from Detroit to a smaller city for some time now, and this position offers a prime opportunity to take the logical next step to Boulder.”

Both of these answers name the position as the prime reason for moving, so it's legitimate for you to suggest that the company cover some of your costs if it is within their budget to do so. Here's how you might word that suggestion: "A modest moving stipend would be helpful to defray some of the relocation costs to be incurred, if such a stipend is available."

Other Online Screening Forms

The preceding example is the type of brief, basic screen you are most likely to come across as a candidate for nontechnical, nongovernmental positions in the United States, but online screens for technical and governmental positions and jobs overseas can be much more laborious. Online screens for technical positions often include a section that tests proficiency with specific technologies (e.g., Oracle databases, programming languages such as Java) or understanding of technological functions (e.g., networking). Technology companies may also use online screens to test your interest in and knowledge of their company, in addition to their products and applications. Forms for governmental positions may include questions intended to assess your eligibility for security clearance and may also test the specific skill sets required for the positions. (Some U.S. governmental agencies, such as the Foreign Service, require all candidates to take a rigorous exam before their applications will be considered.) Positions overseas may be subject to different labor laws and require knowledge of languages other than English, and these requirements may be reflected in online screening forms.

Job Fair Interview

Don't let the name fool you: Job fairs are not all fun and games. The HR representatives and recruiters with booths at the fair may be all smiles, but they have serious business to attend to: identifying a limited pool of qualified applicants from the ocean of job seekers.

Job fairs aren't just for young 'uns, either; anyone considering switching careers or industries or simply expanding their career horizons might benefit. (However, if you're currently employed, you may not want to advertise the fact that you're attending a job fair.) Look for job fairs in your region organized by local universities or non-profit professional associations around a specific theme (e.g., jobs overseas or public service opportunities) or industry of interest to you. These are often open to the public for a modest entrance fee (usually less than \$150, and even less for students). You should be able to check the list of organizations scheduled to attend and identify some you might like to target in your job search.

Why Bother?

There's a common misunderstanding that the best companies don't need to recruit at career fairs, and that job fairs are completely divorced from the hiring process. On the contrary, some companies refer candidates to career fairs as a first step to getting taken seriously as a candidate, especially for entry-level positions. Few organizations actually hire on the spot at career fairs, it's true—but a successful job fair screening can catapult your candidacy to the top of the heap of applications that flood appealing organizations. It's not just computer companies that recruit at career fairs, as is commonly believed; a career fair might be a great place to get your start in any of the fields listed in "Industries that Recruit at Career Fairs."

 Industries that Recruit at Career Fairs	
Industry	Company Types
Biotech	Agricultural and pharmaceutical companies, biotech research and development laboratories, biomedical research institutions
Consumer goods	Food and beverage manufacturers, major retail chains, fashion merchandisers
Engineering	Environmental engineering firms, consulting and construction firms, aerospace companies, governmental research and monitoring agencies, non-profit advocacy organizations, utility companies
Entertainment	Talent and literary agencies, publishing houses, entertainment conglomerates, special effects studios, video game companies
Finance	Investment banks, stockbrokerages, financial services companies, venture capital firms
Government	Education, parks, Peace Corps
Non-profit agencies	Direct service providers, research institutes, advocacy organizations, cultural/arts organizations, religious charitable organizations
Technology	Computer/software companies, technology systems/infrastructure service providers, online retailers, wireless and satellite technology companies, semiconductor manufacturers

More Than a Face in the Crowd

One glance at the crowds at a career fair, and you might think that making an impression on a prospective employer is a long shot in this setting, . . . at least when you send in your resume for a position, you don't have to come face to face with your competition! But if you can give an employer a good reason to remember you at a job fair, your resume is a lot less likely to languish at the bottom of that big stack. Here are eight tips to make that happen:

1. Target three organizations. Go over the list of organizations that will be in attendance, and identify at least three booths you want to be sure to visit. (If there aren't at least three, you may want to reconsider ponying up the entrance fee for this particular job fair.) Then do some background research on each of these organizations as described in Getting Ready, identifying competitive pressures, key opportunities, and major milestones for that company. Jot these down on a notepad to take with you, and then add three questions to ask each target organization. Know your answers to the ten most commonly asked interview questions, and do some research to identify FAQs for organizations in your chosen field (see previous chapter).

2. Bring four (yes, four!) versions of your resume. Tailor your resume for each of your three target companies, and print out a couple copies of each tailored resume to hand out at the appropriate booth. Then print out several copies of your standard, all-purpose resume for positions in your field. Make sure you direct the correct version into the proper hands.

3. Map out your plan of action. Locate the booths for your target organizations on the map of the job fair so that you can find them easily amid the throng. But instead of planning to make a beeline for your target booths, make arrangements to arrive early so that you can warm up with a round or two of interviews at other booths before you approach any of your targets.

4. Browse through handouts. If there's a crowd around the booth when you approach or a line to speak with recruiters, bide your time patiently and productively looking through the literature on hand. You may think of other pertinent questions or come up with an insightful comment to open a conversation from something you read in the brochure, media clipping, or annual report.

5. Strike up rewarding conversations. Recruiters are required by their employers to screen many candidates at a job fair, but you make their job easier and set yourself apart by approaching them proactively with a relaxed, confident, friendly manner. Check over your notes before you approach your target booths, so that you're not left awkwardly fumbling through papers when you should be making an up-close and personal career connection. Remember that this is an interview, no matter how relaxed or rushed it may seem, so you'll want to carry yourself with the same professional demeanor from the minute you approach the booth that you would walking into the office of a prospective employer. And as always, greet your interviewer with a handshake, smile, and at least a few seconds of steady eye contact.

6. Work up an elevator pitch. Prepare a 30-second monologue that sums up your interests and strengths in the field, and your interest in the organization in particular, then turn the conversation over to your interviewer with an informed question. As an example, try filling in the blanks in this spiel:

"I studied/worked as a [position title] at [name of university/organization], which was great because it allowed me to hone my skills in [name of discipline]. I found that I particularly enjoyed [specialty area], so I'm excited to learn more about how I might make use of my abilities in [name of discipline] while pursuing my interests in [specialty area]. That's why I wanted to seek you out today. I know [name of organization] is well-respected in the [name of discipline] field, and I'm curious: In the future, what role do you think [specialty area] might play in your organization and the industry overall?"

7. Make good use of your time—and the interviewer's. Plan to go early and stay through lunch late into the day, so that you don't miss the opportunity to chat at length with representatives of your target organizations when the crowd thins out. Some organizations may have to pack up early, though, so don't put off visiting your target organizations too long. Don't take up too much of the interviewer's time or ramble on, especially if the lines are long behind you. Stick around for 10 minutes or until your interviewer begins to lose focus on you, and then offer to pick up the conversation later. A graceful exit goes something along these lines: "I don't want to keep you, but this is a fascinating discussion. Maybe we can chat more later today, when things are a bit less hectic for you?" If the interviewer agrees, stop by later and at least say hello, offer thanks for the conversation, inquire about next steps in that organization's hiring process if you're interested. Some interviewers may even set up a longer interview later in the day for you.

8. Gather key information. Be sure you get a business card so that you can follow up on your conversation later. Make notes immediately after each conversation so that when you send a thank-you note later, you'll be able to refer to a specific insight or comment your interviewer shared with you.

Office-Visit Interview

Last but far from least is the type of interview that looms largest in our imaginations: the office visit. And with good reason, too—office-visit interviews are one step closer to getting hired than job fair screens or phone screens. If you've diligently done your homework and taken the preparations outlined in the preceding chapters, you should be set to impress in your office-visit interview.

That said, you may have to go through several rounds of office-visit interviews before an actual job offer is made. The approaches to these office-visit interviews may vary too: The first meeting might be a one-on-one behavior-based interview with an HR rep, the second a job simulation, and the third a panel interview. Or you might find that you have to go through several rounds of interviews using different approaches in one day. So take a deep breath, pace yourself, make sure you have a firm grasp of the various types of office-visit interview approaches outlined in the sections that follow, and prepare to go the distance between that first step across the threshold and the final handshake that confirms your employment.

Behavior-Based

One of the most widely accepted axioms about human behavior is that the best indication of future behavior is past behavior, so it should be no surprise that the behavior-based approach is the most common type of office-visit interview. This approach probes your potential to make positive contributions to the organization in the future by asking you to define past contributions you've made to teams, organizations, and volunteer efforts.

What to expect. Most behavior-based questions will begin with: “Can you tell me about a time when you . . .” “Please describe an instance where you . . .” “Could you give me an example of a situation when you . . .” When you hear this cue, know that you are being asked to relate a specific anecdote that shows how you applied your talents to help an organization tackle a problem or make the most of an opportunity. Your answer will be judged according to set criteria that you can remember as the “Straight A’s” of behavioral interviewing:

- Analyzing the opportunity or problem effectively
- Approaching the opportunity or problem creatively, to overcome major obstacles
- Accessing appropriate team resources to implement solutions
- Achieving concrete results, with figures wherever possible

Sample behavioral questions.

1. Please tell me about a time when you had a conflict with someone and how you handled it.
2. Can you describe an instance when you had to juggle several tasks at once, and describe how you prioritized your work?
3. Can you give me an example of a time when you took the initiative to seize an opportunity your organization might have missed otherwise?

Special preparations. Now all your hard work preparing brief anecdotes to highlight your strengths will pay off. Be sure to focus on achievements that will be relevant and meaningful to the organization, and describe them in terms your interviewer will understand. For example, if you used to produce a television show and you’re making the jump to commercial advertising, you may want to focus on how your programming changes helped hit the show’s target market, as demonstrated by increased viewership for the show and

advertising dollars, rather than how many complimentary e-mails you received. But don't make your story straight facts, figures, and industry jargon, or your interviewer's eyes are sure to glaze over. Make your story a rollicking adventure of trials, tribulations, and triumphs. Consider this example:

“When I started working at Channel Z News, it was the lowest-rated news program, and we were selling prime commercial air time for a song to low-budget purveyors of hair plugs. . . . You've seen those commercials, right? Well, I analyzed the ratings, and they showed that we were actually holding our own in the first few minutes of the broadcast, but there was a steep drop-off after our hard news coverage wrapped up and we moved on to soft stories—you know, human interest, traffic, weather, sports. Then I analyzed our competitors' broadcasts too, and I noticed that we were giving our audience the same 3 minutes of hard news as all our competitors. So we did some audience testing and found that people actually wanted more hard news, and it was the traffic and accidents that turned them off because they found it depressing. We lengthened our news segment with special investigative reports and condensed our traffic and accident reporting into 30 seconds right before weather and sports. Within 2 months our ratings had shot up from last to first in the time slot, and our advertising revenues had gone up 35 percent. That's the kind of analytical and creative problem solving I could contribute to XYZ Advertising—it's all about examining the audience's needs until you find the market opportunity.”



Case in Point: Not on Best Behavior

An interview is a two-way process, so while your interviewers are trying to get a sense of what you'd be like as an employee from your past behavior, you should be scrutinizing their behavior to see what they'd be like as supervisors. If something about your interviewer's behavior strikes you as odd, do your best to overlook it in the interview, but consider it carefully before you accept the job to be sure you can live with it. Consider this extreme case of a bad match:

"Once when I was in my early twenties, I was thrilled because I had made it past the first interview for what I thought was a prime position in my field in New York. Then in the second round, I met with a bigwig in the company. She was perfectly coiffed and put together, but then she started chain smoking neurotically in the interview—and she was seven months pregnant! I was flustered and horrified, and I don't think I was able to completely hide that fact during the interview . . . there were long, awkward silences. I definitely passed judgment on her, and if you don't want to know someone you're just not going to do well in an interview. I'm still embarrassed about it, even though I don't think I would have wanted to work for her—if I saw her on the street I'd cringe.

Hypothetical

Hypothetical questions are the curve balls of the interviewing game. Interviewers throw them at you to test your ability to think on your feet and react using your best professional instincts. A job interview seldom consists only of hypothetical scenarios, since this is not an effective approach to gauge a job candidate's skills or competencies on its own. Hypothetically speaking, anyone might be able to achieve nuclear fission—but few of us could actually demonstrate a potential to make it happen based on past performance (unless you're Albert Einstein). So

expect hypothetical questions to pop up occasionally in your interviews, but the bulk of your questions will probably be behavior-based.

What to expect. Hypothetical questions begin with “How would you . . .” or “Imagine if you were to . . .” or “What would you do if . . .” Hypothetical questions are by their very nature hard to anticipate, but don’t allow yourself to be blindsided by them. If you need to, use these tricks to buy yourself some thinking time:

- Restate the question: “Let me get this straight: What would I do if . . .”
- Praise the question: “That’s a good question. Let me think about that . . .”
- Ask for specifics: “What resources would be available to the team to solve this problem?”

Sample hypothetical questions.

1. If one of your teammates was falling behind on a project you were working on together because of problems at home, how would you handle the situation?
2. How would you deal with an employee whom you suspected of asking for inflated travel expense reimbursements?
3. Imagine you were allowed to institute any new workplace policy you wished for 1 week. What would that be, and why?

Special preparations. Tie the hypothetical problem to a similar or related past experience you’ve handled well. For example, if you were to be asked the second question above about inflated travel expenses, you might answer as follows:

“I always find that the easiest way to deal with a suspected breach of workplace ethics is to first explain the company policy in a casual, impersonal way, so that there are no misunderstandings about what is expected and no feelings hurt. I

once felt that I was being overcharged by a vendor who was sending in invoices that were a little vague on services rendered for dollars spent. I explained to the vendor that while the company didn't necessarily require a time card, the company did need a detailed accounting for time spent by project on every invoice. Lo and behold, the invoices that came in were significantly lower than they had been—and our working relationship was stronger than ever. So I think I might go with a similar approach in this case: Ask everyone on the team to provide annotated receipts with their travel expense report, then check over that employee's receipts—and spot check the rest of the team's, too, just to be fair. I'd also be sure to do the same myself, to set a good example.”



Case in Point: Hypothetical vs. Rhetorical Questions

Technically, there should be no such thing as a wrong answer to a hypothetical question. But sometimes employers will turn hypothetical questions into rhetorical questions, hoping you will pick up on their cues and give them the answers they are looking for. If you don't take the hint and give another answer instead, it can be hard to recover. But as career counselor Rosanne Lurie suggests, you can always take the direct approach and ask, “How would you like to have had that resolved?” But there's a certain type of directness that can be counterproductive, as described in this case:

“At one interview, the guy who was doing the hiring asked me, ‘Do you love our software product? Do you?’ I decided to be honest and say ‘Actually, no, I don't.’ That sent him around the bend, as they say.”

Case Analysis

This is an interviewing approach most commonly used in the worlds of business consulting, finance, marketing, business operations, and development. Case questions are intended to test a candidate's abilities to analyze a problem or opportunity, perform under pressure, make use of appropriate resources, come up with creative solutions, and communicate and present ideas effectively. Some organizations reserve case questions for the second round of interviews, and even give candidates a chance to prepare responses—but many organizations fire case questions at candidates in the very first round, to weed out as many candidates as possible early on in the interview process.

What to expect. These questions don't sound like questions at all, but more like the story problems you might remember from your GRE or SAT tests. They present a series of facts, variables, and resources, and then ask you to answer a specific question given this data. With case questions, your interviewer may or may not respond to a request for additional details, but you can usually ask your interviewer to repeat the relevant data to make sure you have your facts straight.

There are four common types of case questions:

1. Market-sizing questions ask the candidate to estimate the size of a given market.
2. Business operations cases pose questions about the running of a business.
3. Business strategy questions focus on future business strategy issues, usually with a high-level approach.
4. Resume questions take one of the preceding types and relate it to something from your resume (e.g., career or academic experience), and thus ask you to apply your specialized knowledge.

Sample case questions.

1. **Market sizing:** How many golf carts are there in the United States?
2. **Business operations:** The general manager of a popular ski resort has called on you to help her figure out why her resort has been experiencing declining profits over the past 3 years. How would you help her?
3. **Business strategy:** A French technology outsourcing firm that has done good business with one U.S. microchip-maker now wants to cultivate a broader clientele in Silicon Valley, but they're an outsider in that particular market and are concerned about public perceptions of offshore operations. How would you help them identify market opportunities?
4. **Resume:** I see that you used to work for a major airline. Suppose that your frequent flier program isn't attracting enough new recruits. List options to improve the program while keeping costs down, and then prioritize those ideas according to their relative cost-effectiveness.

Special preparations. Most organizations are careful not to use the same case questions for too long and even vary the questions from one candidate to the next just to ensure that no one has an unfair advantage. That said, advance preparation is essential on case questions, just as it is for any standardized test—familiarity with the common formats, tricks, and logic of case questions will greatly improve your performance. Case questions vary by industry, so you're best off getting some practice with the types of case questions that are most common in your industry. WetFeet's best-selling *Ace Your Case!* series goes into much more detail and provides many practice questions (along with examples of good and bad answers) for those looking down the barrel of the case interview.

Job Simulation

The classic example of the job simulation approach is the typing test. If you can perform the job well in a simulation, you should be able to do it just as well (if not better) in real life. Job simulations are most often used to test candidates in a specific skill area required for the job, such as database QA for a software tester, forklift driving for a warehouse operator, or editing for a proofreader. This may be used in combination with a behavior-based interview or as a screening method to identify the candidates least in need of additional training. It's also a way of finding out whether you're as good as you say you are.

What to expect. If you know your field and have filled a similar position in the recent past, you already know what to expect from a job simulation. Your job simulation may take place on the premises, and you may either be given a strict time limitation or allowed to go at your own pace—but don't take your sweet time, because this may be part of the test! You may be presented with a problem, and challenged with coming back and presenting your solution or findings, such as a graphic designer charged with tweaking a logo. This should be a genuine test of your skills, not a dishonest attempt to get free labor. If you turn in your work, never hear a response, and suddenly see your design on a billboard, you have every right to contact the Better Business Bureau.

Sample questions. There are no standard questions in this type of interview. You'll be expected to walk the talk and show what you can do for the employer. Following are examples of professions and related job simulations:

- Salesperson: Sell me this book.
- Graphic designer: Design a new logo for Bodo's Bagels.
- Teacher: Develop a lesson plan and lead a group of students through that lesson.

Special preparations. You might want to brush up on your technical skills, in case it's been a while since you've put some of them to use. In particular, you should cover any skills you listed on your resume.



Case in Point: Testing Twists

The skills immediately relevant to the job aren't the only abilities that might get put to the test in an interview. Any special skills, talents, or credentials listed on your resume may be put to the test. Consider this story of an unexpected test that left an otherwise confident applicant tongue-tied:

"When I walked into an interview at an online retailer, I was feeling great. I'd done my homework on the organization—I had a firm grasp of its business model, main competitors, the platforms they were using, and the strengths I could bring to the organization to help it capture new business. I'd boned up on case questions, and felt sure I could ace those, too. But who knew that of all the things they could have quizzed me on, it would be the proficiency in Arabic listed on the bottom of my resume that would be put to the test? Turns out the comptroller had been in the Peace Corps in Tunisia, and he conducted the first 10 minutes of the interview in Arabic. I managed to stammer my way through it, even though I hadn't spoken it in ages. Imagine my relief when he switched to English and said, 'I'm glad to see you weren't exaggerating your credentials. So many people do in business these days, and I think it's important to call people out on it.' After I survived that initial trial by fire, the interview was much more relaxed—and I got the job."

Panel Interviews

The one interview approach most likely to make job applicant break out in a cold sweat is the panel interview. Two or more interviewers meet with a candidate at once in this scenario, and after the candidate leaves, the interviewers compare notes and assess the candidate. A panel interview can come at the beginning of the hiring process, right after the initial phone screen or job fair screen, or it may come after the candidate has already been through one or more preliminary one-on-one interviews with an HR representative or manager and/or a job simulation.

What to expect. Many job applicants think of the panel interview as a tense courtroom scenario, where they have to make their case to skeptical judges looking for inconsistencies in the testimony. But a panel interview actually seldom resembles a made-for-TV legal drama—in fact, it’s usually more similar to a congenial conversation over lunch, with questions interwoven with discussion of shared concerns and possible solutions. In fact, some panel interviews take place over a perfectly pleasant lunch, rather than in some stuffy boardroom. Interviewers actually tend to be more sensitive about putting the candidate on the spot in panel interviews, so this may work in your favor, too. Even if one interviewer does start to fire tough questions at you, chances are another panel member will empathize with your plight and lob an easier question your way.

Sample questions. The questions in a panel interview are likely to be a combination of behavioral and hypothetical queries. Depending on your industry, this might be when some case questions come up, too. See the sample questions in the preceding sections.

Special preparations. The same preparations described in the previous chapters apply here: Do your background research, know which strengths you plan to emphasize, prepare stories that illustrate these strengths, and have some insightful questions ready to ask your interviewers. The tricky part is making the conversation

comfortable among multiple participants, much as you would as a host at a dinner party. If you're not a big fan of dinner parties, you might role-play a panel interview with some friends to get more comfortable with the idea. That way, if you get tense in the actual interview, you can imagine you are just talking with your friends again to help you relax. In the interview, put on your best dinner-party-host manners and make sure that you share your attention around to all the panelists. Make eye contact with each person, and greet and shake hands with each one if possible. If you miss someone's name when the introductions are being made, don't be afraid to interject and ask for it to be repeated so that you can call each person by name. When the questions begin, you can direct your attention primarily to the individual who posed the question, but be sure to look around and engage others so that it doesn't become an exclusive two-way conversation. If one interviewer is firing questions at you or otherwise dominating the conversation, redirect your attention to pull in the others.

Physical Screenings: Know Your Rights

Drug screenings and fitness tests are part of the selection process in a wide number of industries, so you shouldn't be surprised if these are part of the process for an interview. Some companies make job offers contingent upon a clean drug-test result, and positions that require physical exertion can also request you to take a fitness test before offering you the job. However, it is illegal for employers to require you to take any psychological tests or medical examinations before you're offered a position. You should be aware that as a condition of proceeding to the next stage of the hiring process, you might be asked to take a drug screening test. Even if you're an adept pilot, an airline won't want to entrust you with hundreds of passengers if you are often under the influence of controlled substances. You can refuse to take the test, of course, but the employer can also refuse to hire you.

Concluding Gracefully

- Ask Really Good Questions
- Have an Exit Strategy
- Follow Up

You've made a stellar first impression—congratulations! Now is your chance to cinch the deal by leaving your interviewer with a positive final impression.

Before you walk out that door, be sure you've asked a few good questions, executed an effective exit strategy, and are ready and willing to follow through with a postinterview recap and a timely, thoughtful thank-you note. If you do, you may soon be coming back through that office door for a second interview or to report for work at your new job.

Ask Really Good Questions

Many candidates focus on answering hard questions in an interview, but the most promising candidates come prepared to ask them, too. If you don't ask questions, your interviewer may take it as a sign that you either “are not that interested in the job, or just aren't prepared,” says Rosanne Lurie, licensed career counselor. “That leaves your interviewer thinking, ‘If you can't be bothered to come up with a few questions, why should I bother with you?’” This is not the impression you want to leave with your interviewer—so be sure to have some questions ready to ask at the end of the interview, if they haven't come up already in the course of the interview.

How do you know what's a good question to ask? You should have some idea from your background research what kinds of questions would be appropriate to ask about the position and the organization to determine whether they're a good fit for you and your career plans. But ideally, your question should not just help you suss out the position—it should help you land it. A good question does this in three ways:

1. **It reveals your knowledge of the industry and/or company.** The time you spent reading news stories, trade publications, and annual reports enables you to ask a well-informed question like, “I know you recently merged with Company X, and mergers often place demands on the communications department on multiple fronts—developing a new corporate identity, bridging two corporate cultures, fielding media requests. What do you see as the greatest burden on the communications team as a result of the merger, and how do you think I could be of the greatest help to the team in this area?”
2. **It shows that you’ve been paying close attention to your interviewer.** It’s fine if a few of your questions are a little generic—odds are, your interviewer asked you some generic questions, too. But if you take a few notes during the interview, you can refer to comments your interviewer made to personalize your questions. Instead of asking, “What personal attributes do you think will be most helpful in this position?” use your notes to tailor your question as follows: “You mentioned that excelling in this position takes perseverance and grace under pressure. What other personal attributes do you think would be especially useful in this job?”
3. **It establishes a personal connection.** If you spend the entire interview talking about yourself and the job, it won’t be the kind of bonding experience that would stand out in an interviewer’s mind. Besides, most people like to talk about themselves—so provide an opening for your interviewer to reveal personal insights by asking, “How did you start working with this organization? What keeps you here and interested in your job?”

**Ten Very Good Questions to Ask and 1 Essential Question**

1. What three words would you use to describe the work environment here?
 2. What would you say are the organization's greatest opportunities in the next 3 years?
 3. What would you say are the organization's greatest challenges in the next 3 years?
 4. How has [major business trend or current event] affected your organization?
 5. What are the greatest learning opportunities you've had at [name of organization]?
 6. What do you like most about working here?
 7. What do you find most challenging about working here?
 8. Can you describe three specific opportunities for growth this position offers?
 9. What do you see as the potential drawbacks of this position?
 10. What personal qualities do the teammates you value most possess?
- ... and the most important question of all:
What are the next steps I should take to be hired for this position?

Touchy Subjects

Questions about turnover, expected working hours, and stress levels can be difficult to broach, but if you can ask them sensitively you'll find out whether this is a place you really want to work—and show that you know your worth and want to be part of an organization that values its employees. “Timing is important for these delicate questions,” notes Rosanne Lurie. “Wait to pose them until later in the interview if you're feeling confident, or hold off until a second or third interview.” When you do broach the subject, says Lurie, make sure your tone is casual and conversational: “There should be no anxiety or confrontational make-or-break tone to your question.” Instead of asking a direct and potentially awkward question about why the last person left the position, Lurie advises, “ask what changes came about that created this position.” If you've developed rapport with your interviewer, you can ask personal questions like, “Is this a good place to work? What is it like here?”



Case in Point: Turnabout Is Fair Play

If you're less impressed with a job the more you hear about it, you might want to probe the positives and negatives of the position rather than focusing on selling yourself for a position you might not want. Consider the following case of an awkward interview and even more awkward job offer:

"After I sweated through a very difficult interview at a religiously affiliated organization, during which I was grilled about my qualifications and asked uncomfortable [not to mention illegal] questions about my religious beliefs and marital status, my interviewer finally invited me to ask a few questions. By this point, I had a hunch that this might not be the easiest place to work and was willing to bet the last person had left due to stress, so I delicately asked how the position became available. Bingo! The interviewer admitted the last person left due to a nervous breakdown. So I wrapped up the interview politely yet swiftly. I only wished I'd spared us both the trouble by asking the question earlier in the interview! By then I'd sold them on my strong points and they actually offered me the job, so I had to backpedal and explain that it sounded like the work environment was more stressful than seemed healthy."

Have an Exit Strategy

Once you've asked at least two or three questions and received answers, you'll know the interview is coming to a close. Don't wait until your interviewer is out of steam and all talked out to start wrapping things up—it's always better to leave a potential employer wanting more! When you sense the energy level is beginning to dip and before your interviewer cuts the interview off abruptly, start putting your exit strategy into action.

A sound exit strategy consists of seven steps:

1. Make Amends

Now is your final chance to modify any answers you don't think you answered particularly well, or clarify your reasoning behind an answer that didn't seem to please your interviewer. As long as you can leave them satisfied that your reasoning is sound, interviewers won't be so concerned they didn't get an answer they were after. "I don't want to take too much more of your time, but I did want to get back to that question you asked me about how I'd handle a tough customer. Just to clarify, I wouldn't recommend referring the customer to a supervisor until I'd made every offer I am authorized to make to put things right."

2. Make Your Final Pitch

Remind your interviewer of the three main reasons why you are a good match for this position in a minute or less. Think of it this way: Your interviewer is your target buyer, and your strengths are the very special package deal you're selling. According to the time-honored marketing Law of Seven, the average

consumer doesn't hear a sales message until it's been stated seven times—so don't be shy about repeating your strengths one last time. Make your final sales message clear, quick, and memorable, and you just might cinch the deal.

3. Say You Want the Job

Don't leave any doubt in your interviewer's mind about your interest in the position. Sometimes interviewers won't offer the job to well-qualified candidates they fear are disinterested, overqualified, or otherwise might be "settling" for a job they don't really want. Interviewers dread rejection too—no one wants to get their heart set on a candidate who then turns down the job. So if you let your interviewer know you want the job, you've removed one more possible obstacle to a job offer. Look your interviewer right in the eye and say, "I was excited about this position even before I came in today, but after talking to you I'm more certain than ever that I really want this job." But be sure you mean it, because there's always a chance your interviewer may respond, "Great. When can you start?"

4. Ask About Next Steps

If the interviewer doesn't give you a definite answer right away and says they'll let you know, don't be disappointed or dissuaded. This isn't necessarily an easy let-down; they may just need to check in with colleagues to schedule a second (or third) interview or confirm an offer. Ask how soon you should follow up, and mention that you'd be delighted to have the chance to meet the rest of the team.

5. Ask Whether They Have Any Other Questions for You

This gives you a chance to address any issues that might be left unresolved in your interviewers' minds and shows that you are attuned to their concerns. If your interviewers say, "No, that about covers it," you should take the hint and thank them for their time.

6. Give Your Interviewer Something to Remember You by

A business card would be ideal, and an article by or about you would be an impressive bonus. At the very least, hand your interviewer an extra copy of your resume—everything you can do to keep your candidacy top of mind and top of inbox helps.

7. Make a Smooth Move for the Door

Look your interviewer in the eye and offer a few words of appreciation for how much you got out of your conversation. Here's an example: "I have to thank you again for taking time to meet with me today. You really got me thinking about the potential for growth in this industry and this organization, and I would welcome the opportunity this position offers to contribute to that growth." Then be sure you have all your belongings and offer your interviewer a warm handshake and smile. This is a powerful last impression to leave with your interviewer: personal, meaningful, and consummately professional. This handshake should mark the end of your interview, and the beginning of a rewarding professional relationship.



Case in Point: Closing Remarks Close the Deal

When you make your final comments to your interviewer, remember that you have nothing to lose and everything to gain. Consider this last-minute success story:

“When I was 24, I interviewed for a job at a weekly newspaper in Budapest. The publisher and executive editor were jowly 40- and 50-something Brits with gray suits, who appeared to be interviewing me as a courtesy to the friend who’d recommended me. They asked a few rather standard questions and didn’t particularly seem to be listening to the answers; I was sure that I didn’t have the job. So I had nothing to lose. After I was done answering their questions, I said, ‘Look, I’m a damn good editor and a damn good writer, and both are in short supply. And I know you’d prefer someone a bit older, with more connections locally—but I’m good, and I’m smart, and I’m willing to work awfully hard. So I think you should hire me.’ They sort of stammered and were taken aback, and I very sweetly closed things up—told them to call if they had any other questions, and said that I’d check back in a week or so to follow up. I got a call 2 days later. And a job offer.”

Follow Up

Once the interview is over, you should review your notes from the interview and start planning your follow-up. If your interviewer told you to follow up in a week, mark that date in your calendar and be sure to call then for a “status check” and reiterate your willingness to meet with other members of the team. (Just remember, there’s a fine line between talking and stalking—if you’ve called two or three times over the course of a couple of weeks and there’s still no definitive response one way or another, you may want to downshift your follow-up contacts to e-mail at less frequent intervals.) Take a minute to review your performance, and identify areas where you excelled and areas you might improve upon in future interviews. Your notes can also help you identify experiences you neglected to mention or questions you’d like to ask in follow-up interviews.

Thank-You Notes

While the interview is still fresh in your mind, sit down with any notes you took during the interview and craft a warm, personal thank-you message. Much has been written on the importance of prompt, personal thank-you notes—but although virtually every career advisor emphasizes how important they are, many candidates overlook this perfectly sound professional advice. Put other candidates’ oversight to your advantage, and send thanks no later than the day after your interview. A typed note on business stationery or a legible, handwritten note on an elegant card (no gag cards) would be ideal, but don’t spend ages looking for the perfect card or wordsmithing your note to death. A quick, sincere e-mail is preferable to a stunning card that arrives 10 days after your interview, when the interviewer has already forgotten your name and offered the job to someone else.

In addition to showing your appreciation for your interviewer's time, a thank you note is a prime opportunity to:

- Mention something you neglected in your resume.
- Alleviate any concerns raised in the interview.
- Convey your enthusiasm.
- Reiterate key strengths you possess that relate to the job.

Here's how a thank-you note might read:



Sample Thank-You Letter

Dear Ms. Gonzales,

Thank you again for a most inspiring meeting. I know how hectic a head chef's schedule can get right before a restaurant opening and how many resumes you must have received for the assistant chef position, so I am especially appreciative of your taking the time to meet with me and share your insights on the business. I picked up a copy of that issue of *Gourmet* you mentioned, and you're so right—that feature article on Tuscany really missed the boat! There's so much more to Tuscan cuisine than steak and white beans, as you've demonstrated in your cookbook. I look forward to branching out from Neapolitan cuisine, and am sure our regional specializations will prove a fitting complement for one another—and a delicious one, at that.

I look forward to continuing our conversation in the kitchen at LouLou in the near future.

Best regards,

Sally

p.s. Your friend and mine, Ruthie, sends her best, and says to say thanks for the pork chop tips.



Case in Point: The Power of Thanks

A few words of appreciation can go a long way to building your professional reputation and your career. Consider this story of a particularly resilient and appreciative job-seeker:

“When we were hiring for a support position, we interviewed a guy who turned out to be far too qualified for the position. We got such a nice note from him, we felt obliged to call and tell him he didn’t get the job—even though our usual modus operandi is just to not call the interviewee back. Far from being crushed, he actually wrote us another note thanking us for taking the time to let him know, and mentioned that he would keep an eye out for future opportunities with the company.

“True to his word, he applied again 6 months later for a position in the editorial department. We actually offered it to a candidate with more editorial experience, who turned it down. So we decided to take a chance on an enthusiastic candidate who was willing to learn, and there was a file with this guy’s resume and follow-up notes floating around the office. . . . I don’t know if it was divine intervention or the sheer power of suggestion, but he got the job.”

For Your Reference

- Additional Interviewing Resources
- General Interviewing Advice
- Job Search Resources
- Background Research Tools
- Salary Negotiation Tools

Additional Interviewing Resources

With a little extra research, you can prepare for some of the less obvious questions interviewers will ask. Rather than inventing these questions themselves, interviewers often pull them from professional resources you, too, can access: the Internet, human resource and development services, interview books, and workplace advice columnists. Here's how to find them:

Internet Searches

Run a Google search on “interview questions” or “job interview questions” and check out the search results to find the most popular (top 20) websites that list interview questions employers should ask. Chances are, interviewers who are pressed for time will be on the same (Web) page as you when it comes time to prepare for their end of the interview—so make a note of any questions you find on more than one website, and prepare your responses to those key questions. Sites such as www.job-interview.net offer lists of some of the toughest interview questions and appropriate responses, too.

HR and Recruitment Services

Spend a while thinking like a recruiter or HR professional, and you'll be better prepared for their questions. HR professionals make an effort to stay on the cutting edge of interview best practices, so boning up on current interviewing trends will help you anticipate questions you might face before an HR representative or recruiter. Look up HR professional associations and HR and recruiter

professional websites and run a keyword search on “interviewing,” and see if you can find recommended questions or practices. Sites such as HR Internet Guide (www.hr-guide.com) offer valuable lists of interview questions and outline other ways HR professionals test candidate competencies. Your background research should have helped you identify the competencies interviewers will be looking for in candidates for a position.

Books

If you are looking for work in a field that follows a specialized interview process, look for books that specifically address that interview type. WetFeet publishes the four-volume *Ace Your Case!* series of Insider Guides for consulting interviews, which rely heavily on the dreaded case question. For those looking to work in the investment banking industry, check out the WetFeet Insider Guides *Beat the Street: Investment Banking Interviews* and *Beat the Street II: I-Banking Interview Practice Guide*.

General Interviewing Advice

For a leg up on the competition, peruse these general interviewing advice sources:

WetFeet's Interviewing Advice

www.wetfeet.com/advice/interviewing.asp

Covers every interviewing scenario from brainteasing case quizzes to deceptively casual lunch meetings, and offers tips for dealing with tricky situations such as getting unflattering references, arriving late for an interview, and turning down a job offer.

Job-Interview.net

www.job-interview.net

Insights from top career counselors, a database of 900 common interview questions and samples of excellent answers, tips to perfect your skills with mock interviews, and much more.

National Association of Colleges and Employers' Career Library

www.jobweb.com/Resources

In-depth information on job fairs, thank-you notes, and other interview concerns, plus salary and job outlook data, job fair listings, college career center resources, and features on employers.

MSN's Interviewing Advice

msn.careerbuilder.com/Custom/MSN/CareerAdvice/Interviewing.htm

Helpful hints on interview fashion blunders, calming your jitters, putting a positive spin on your role at a now-defunct company, and other interview issues.

HR Guide to Legal Issues

www.hr-guide.com/data/075.htm

If you feel an employer has asked you inappropriate interview questions, use this site to review the legalities of interviewing and learn more about your recourse under the law.

Job Search Resources

WetFeet Insider Guides

Networking Works!

Many job vacancies are filled before an opening is announced publicly—but follow these strategies for effective networking, and you'll tap into this hidden job market.

Job Hunting A to Z: Landing the Job You Want

This information-packed guide covers networking, interviewing, and negotiation all in one handy reference, with tips on drumming up contacts and referrals, handling weird interview situations, and choosing from several offers.

Websites

American Staffing Association

www.staffingtoday.net

The “Selecting a Firm” tips on this site can help you find a staffing company that will seek out jobs for you and advocate on your behalf in the job market.

Employment Law Information Network

www.elinfonet.com

Concerned that visa status, fitness, or drug testing requirements might be barriers in your job search? Get the latest on legal hiring requirements on the “Hot Topics” section of this site.

Background Research Tools

WetFeet's Company Profiles and Interviews

www.wetfeet.com/research/companies.asp

Get the lowdown on hundreds of high-profile employers, including key numbers, personnel highlights, key facts, and an overview for each company.

Fortune Career Resources

www.fortune.com/fortune/careers

Fortune's annual reports on the best places to work, most admired companies, and the best places to work for women and minorities are key background reading. Also check out their columns to discover jobs you never new existed ("You Do What?"), the latest on workplace practices such as telecommuting and casual dress, and career quizzes.

Bureau of Labor Statistics

www.bls.gov/oco/home.htm

Search the Career Guide to Industries and the Occupational Outlook Handbook to research opportunities in your field and explore the most promising career options. The Occupational Employment Statistics will help you identify mean salaries, the current rate of layoffs, and wage comparisons for your industry and geographic location. Check out the Occupational Outlook Quarterly's special report, "Employment Interviewing: Seizing the Opportunity and the Job," at www.bls.gov/opub/ooq/2000/summer/art02.htm.

Business Week Company Research

<http://bwnt.businessweek.com/company/search.asp>

Get the inside scoop on some 4,000 employers. While you're there, check out *Business Week's* "Career Strategies" section for job search strategies for MBAs, downsized midcareer employees, and aspiring executives.

U.S. Census Bureau

www.census.gov

Check out the latest economic census figures as of March 2004, including earnings for your industry, earnings cross-referenced by occupation, education level and gender for your geographic location, and hard numbers on e-commerce.

Labor Market Information Center

www.careeronestop.org/lmi/LMIHome.asp

Find out what occupations are hottest in your geographic area and across the nation.

Current Economic Conditions by Federal Reserve District

www.federalreserve.gov/FOMC/BeigeBook/2004/

If you're considering relocating to look for work, use this government index known as the "Beige Book" to identify where the economic prospects are brightest in the United States.

The Conference Board

www.conference-board.org

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Who We Are

WetFeet is the trusted destination for job seekers to research companies and industries, and manage their careers. WetFeet Insider Guides provide you with inside information for a successful job search. At WetFeet, we do the work for you and present our results in an informative, credible, and entertaining way. Think of us as your own private research company whose primary mission is to assist you in making more informed career decisions.

WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

Interviewing is *the* most important job-seeking skill and the one barrier that every job seeker must face before getting hired. But it doesn't have to be a harrowing experience. At its core, a job interview is really just a specific kind of conversation. This book, complete with sample interview scripts and workbooks, will help you make the preparations necessary to keep that conversation focused, productive, and pleasant, so that you can keep your wits about you even when the stakes seem alarmingly high.

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- What employers are really getting at when they ask certain questions.
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- The ins and outs of the basic interview types.
- Insider tips for answering difficult questions, emphasizing your strengths, and concluding the interview gracefully.
- Strategies for following up and staying top of mind with hiring managers.

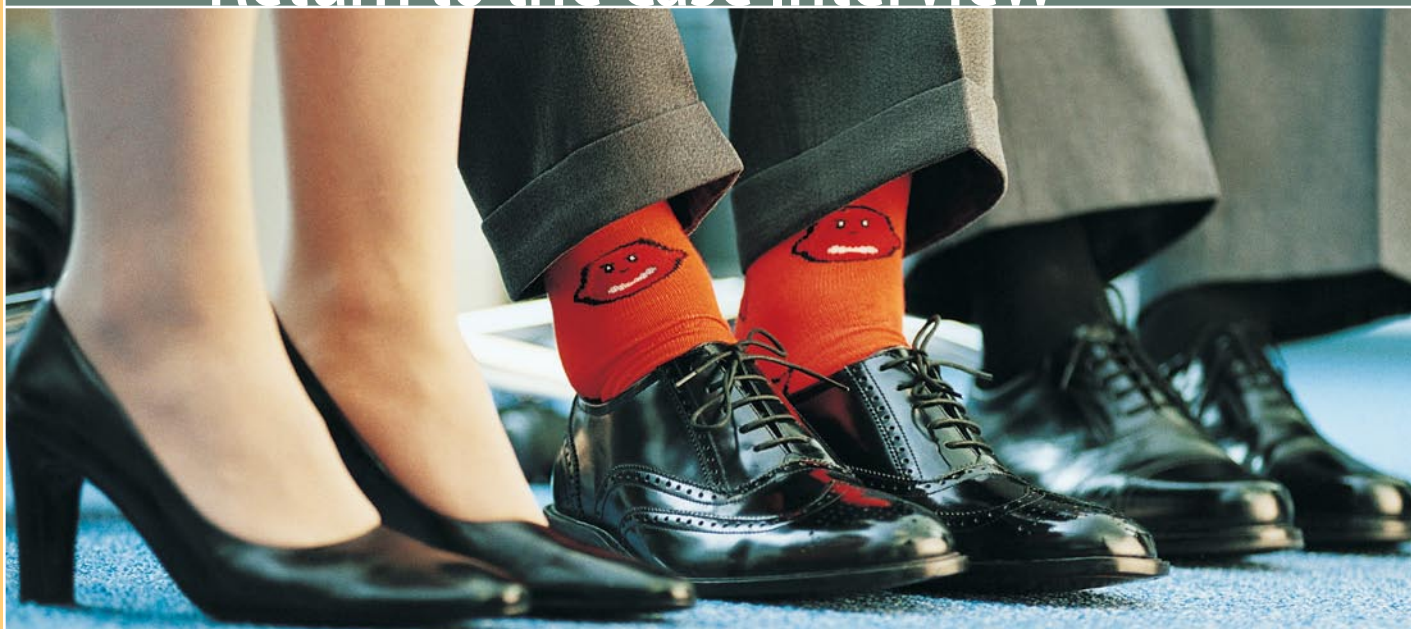


WetFeet has earned a strong reputation among college graduates and career professionals for its series of highly credible, no-holds-barred Insider Guides. WetFeet's investigative writers get behind the annual reports and corporate PR to tell the real story of what it's like to work at specific companies and in different industries. www.WetFeet.com



Ace Your Case[®] V

Return to the Case Interview



WetFeet Insider Guide

The WetFeet Research Methodology

You hold in your hands a copy of the best-quality research available for job seekers. We have designed this Insider Guide to save you time doing your job research and to provide highly accurate information written precisely for the needs of the job-seeking public. (We also hope that you'll enjoy reading it, because, believe it or not, the job search doesn't have to be a pain in the neck.)

Each WetFeet Insider Guide represents hundreds of hours of careful research and writing. We start with a review of the public information available. (Our writers are also experts in reading between the lines.) We augment this information with dozens of in-depth interviews of people who actually work for each company or industry we cover. And, although we keep the identity of the rank-and-file employees anonymous to encourage candor, we also interview the company's recruiting staff extensively, to make sure that we give you, the reader, accurate information about recruiting, process, compensation, hiring targets, and so on. (WetFeet retains all editorial control of the product.) We also regularly survey our members and customers to learn about their experiences in the recruiting process. Finally, each Insider Guide goes through an editorial review and fact-checking process to make sure that the information and writing live up to our exacting standards before it goes out the door.

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Ace Your Case[®] V: Return to the Case Interview

2005 Edition

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Case-by-Case Rules at a Glance

Here's a summary of the different types of cases you'll find in this Insider Guide, along with some rules that should help you ace your answer.

Market-Sizing Questions

- Use round numbers.
- Show your work.
- Use paper and calculator.

Business Operations Questions

- Isolate the main issue.
- Apply a framework.
- Think “action.”

Business Strategy Questions

- Think frameworks.
- Ask questions.
- Work from big to small.

Resume Questions

- Know your story.
- Keep the Parent Test in mind.
- Let your excitement shine!

The Interview Unplugged

- Overview
- The Case Interview

Overview

When it comes to preparing for your case interviews, there's one word and one word only: practice. By now, you're spending all of your spare time thinking about why Google is getting into e-mail, why customer service jobs are moving to India, and how much mustard is consumed in Idaho. Your family thinks you're an oddball, but you're on the right track. You're probably even starting to enjoy thinking about these issues. Watch out: You might be turning into a consultant.

This guide is designed to be a companion volume to *Ace Your Case!*, *Ace Your Case II*, *Ace Your Case III*, and *Ace Your Case IV*. It offers a brand new set of case questions and answers accompanied by new detailed explanations about the different case types. Many of our sample case questions are based on real, live case questions that people received in their interviews last year.

For those who haven't seen our other case-interviewing guides, *Ace Your Case!* discusses the consulting interview in general and offers a primer containing a number of common frameworks and B-school-type tools (watch out for the 4Cs and the 4Ps, not to mention the infamous Five Forces) that should help you attack your case questions. *Ace Your Case II*, *Ace Your Case III*, and *Ace Your Case IV* each contain 15 specific case questions and detailed recommended answers, as does this edition.

A word about how to use this guide: We strongly recommend that you try to solve the questions first, without looking at the answers. After you've given them your best shot, go ahead and check out our recommended answers. If

you find that our “good answer” differs from yours, see whether there’s something you can learn from our suggestions. But don’t panic—there are usually numerous ways to answer any case question. It’s far more important to note the approach, as well as the interviewer’s likely responses, which obviously won’t be included in your own answers. As you sharpen those skills, keep thinking to yourself, “I love these case questions!” Pretty soon you’ll find yourself talking like a consultant!



Insider Tip

Keep the firm’s reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give.

The Case Interview

Background

Many management consulting firms, especially the strategy firms (McKinsey, Boston Consulting Group, Bain, Mercer, et al.) love to give prospective employees a problem to solve during the course of the interview. These problem-solving exercises, known generally as “case questions,” are designed to help the interviewer screen candidates and determine which people really have what it takes to be a real, live, card-carrying management consultant.

Case questions come in many forms and levels of complexity. To help you get a handle on them, we have identified four different categories of questions:

- Market-sizing questions
- Business operations questions
- Business strategy questions
- Resume questions

(Note that we are not covering the brainteaser category in this Insider Guide. Consulting firms rarely ask brainteaser questions; other types of cases give much more insight into the type of thinking that makes a good consultant.)

Each of these prototypes has certain distinguishing features, which we discuss below. In addition, our insiders recommend certain “rules of the road” that should help you successfully navigate the different types of questions. Don’t worry—you’ll never be asked to spit out a category name and serial number for the questions you receive in the interview. Nevertheless, if you can identify the type of question, you will have a better idea about how to effectively attack the problem.

What Your Interviewer Is Seeking

It may seem as if your interviewer is using the case technique for one purpose alone: to humiliate prospective consultants. Although a few interviewers do seem to take a perverse pleasure in watching candidates writhe, this isn't the true goal of the technique. According to insiders, case questions really do help interviewers evaluate a candidate's aptitude for consulting. What does that mean exactly? Whether you're an undergrad, an MBA, or a PhD, consulting interviewers will likely depend on the case questions to check you out on the following dimensions:

- Analytical ability
- Structured thinking
- Intelligence
- Ability to not break into hives under pressure
- Common sense
- Ability to think on your feet
- Interest in problem solving
- Business intuition
- Facility with numbers
- Presentation skills
- Communication skills
- Ability to sort through information and focus on the key points
- Ability to analyze and then make recommendations based on the analysis
- Creativity
- Enthusiasm

Before you bid all your points to get an interview with name-your-consulting-firm, we recommend that you spend some time thinking about how consulting fits you. In particular, you must have good answers to two questions:

- Why do you want to be a consultant?
- And why do you want to work for this firm?

If you have good answers to these two questions, then you're ready to start thinking about cases. We start by discussing the case interview as it relates to several categories of candidates: undergraduates, MBAs, advanced-degree candidates, and experienced hires.

Undergraduates

Consulting interviewers tell us that the case questions and the expected answers for undergraduates tend to be simpler and more understandable than those for MBA students. Market-sizing questions are very popular (you will almost certainly get at least one of these), as are general business strategy problems. In the business strategy area, the companies and the topics may also seem a little friendlier; you're more likely to get a case about a beer company than about a company trying to license the latest packet-filtering technology for data encryption. Operations questions (with the exception of the ever-popular declining-profits question) are less common for undergraduates, and resume questions will more likely focus on academic or extracurricular activities than on work experiences.

Interviewers say that they often provide more prompting to undergraduate candidates during the interview. In evaluating your answer to a question, only the most sadistic interviewer would expect you to regurgitate all of the standard business-school terminology and techniques (after all, how else could the company justify paying MBAs the big bucks?). But beware: Rank amateurs

are definitely not welcome. Thus, you must have a general understanding of basic business relationships (e.g., revenues – costs = profits), but don't get your knickers in a knot if you can't name even one of the Five Forces.

Here are a few real, live case questions fielded by our undergraduate customers:

- How many jelly beans would it take to fill a 747?
- Your client is the owner of a hip sushi restaurant and bar in New York. The place is always packed, but it isn't profitable. What's going on?
- Two prominent hospitals are planning a merger. What are some of the issues they should think about?

MBAs

MBAs have long been the heavy hitters of the consulting workforce. As a result, the case interview reaches its most sophisticated and demanding form in the MBA interview. All types of questions—from the simple market-sizer to the gnarliest of business strategy problems—are fair game. Practically any industry or functional issue area is possible material for the case question. An MBA candidate will be expected to be familiar with a number of the standard MBA frameworks and concepts. Also, the case will possibly have a few tricky twists or turns. For example, what might seem like a pure and simple international strategy question might be complicated by an unexpected restriction related to the European regulatory environment.

Interviewers tell us that most MBAs have a polished interview technique and understand the basics of many case problems. Therefore, they look for depth in the answer (what they describe as an ability to peel the onion and a real familiarity with business concepts). We understand that at least some recruiters like to ask resume case questions because they provide an opportunity to get more detail about the candidate's background and problem-solving experiences.

Here are a few real, live case questions fielded by our MBA customers:

- How many diapers are sold in the United States in a year?
- An online brokerage is contemplating expansion into additional financial services categories. Should it go ahead with the expansion?
- A sunglasses manufacturer discovers that its costs are far above industry average. What should it do?

Other Advanced-Degree Candidates

Although consulting firms are attracting record numbers of MBA applicants, several of the top firms have started to look beyond traditional feeder programs to identify top talent. According to WetFeet customers and recruiters, the different firms have very different approaches to advanced-degree candidates. McKinsey and BCG, among others, have launched aggressive recruiting programs aimed at PhDs, MDs, JDs, and others at the top schools. In the process, some of these firms have created customized recruiting and training programs for advanced-degree candidates. Other firms continue to consider advanced-degree candidates on a case-by-case basis, often pitting them against undergraduate or MBA candidates, depending on their background.

If you enter a separate recruiting track, you will, according to our customers, still have to contend with interviews that are similar in format to that of undergraduate and MBA recruiting programs. In other words, expect a heavy dose of case interview questions along with the general get-to-know-you queries. One slight difference is that, in addition to seeing whether you can handle the substance of the case question, the recruiter will also be looking to see “if [you] can break out of the PhD box.” In other words, can you adapt to the real world and answer questions without giving too much detail?

According to WetFeet customers, case questions for advanced-degree candidates usually don't require you to carry your own MBA toolbox. Instead, the questions may relate to previous research (your resume is usually a font of material), or

they may resemble undergraduate case studies that check a person's intuition, common sense, analytical skills, and problem-solving abilities. Interviewers at various top firms say they may be more inclined to prompt candidates with questions, and they may be satisfied with a good, solid analytical answer that doesn't necessarily incorporate all of the latest business buzzwords.

Check out these case questions fielded by our advanced-degree customers:

- How many taxicabs are there in New York City?
- A winery has hired you to tell it why it has been experiencing declining profits.
- Question for someone who studied physics: What has been the most important development in the field of physics in the last five years?

Experienced Hires

If you are seeking to join a consulting firm from industry, or from another consulting firm, your interviewing experience may differ from that described in this report. According to WetFeet customers, experienced-hire candidates may or may not face a battery of case questions. There is no hard-and-fast rule, but it seems as though people with more experience (10-plus years) and people who have already worked for a name-brand consulting firm are relatively unlikely to face a case as part of their review process. In contrast, people who have worked in industry for a few years and who are seeking to enter at a middle level are likely to go through a process similar to that used for MBAs (i.e., expect lots of cases). In particular, if you are changing careers (e.g., moving from nonprofit work to consulting) and not signing on as an industry authority, you'll probably be scrutinized for your consulting aptitude—as demonstrated by your ability to field case questions.

Typical case questions faced by our experienced-hire customers include:

- Your client is a struggling telecom firm. How would you turn it around?
- Your client is a U.S.-based company that sells telephones by mail. Mail sales of telephones are a small portion of the company's overall business, and sales are below average for mail-order sales of appliances. Should the client continue to sell phones in this way? If so, how should it make the operation more profitable?
- Specific questions related to their area of expertise.

Company-Specific Variations

As you enter the ring with consultants from a variety of firms, you'll probably notice differences in the questions you receive, as well as the style and approach of the case interview. More often than not, these differences arise from the differences in the personalities and experiences of your interviewers. However, several firms have developed their own approach to the case interview. One variation involves giving a candidate a written case before the interview and asking him to prepare to discuss the case in detail during the interview. We understand that IBM Global Services (formerly PricewaterhouseCoopers) and Monitor Group have given preprinted cases to candidates before an interview. Monitor has also used a group interview technique that requires competing candidates to work with each other to solve a problem, while McKinsey has been experimenting with a process for undergraduates that includes both a written case test and a group interview.

One other thing to keep in mind: Recruiters suggest that you would be wise to keep the firm's reputation and areas of strength in mind as you launch into your case answer. Firms that are known for a particular type of work are likely to be more sensitive to those issues in the case questions they give. For example, if you're interviewing with Towers Perrin, you shouldn't be surprised to find a

“people issue” somewhere in the case. If you’re talking with Deloitte Consulting, keep “operations” in mind as you craft an answer—and don’t talk about how it’s important to work only with the company’s top management. And, if you’re interviewing with Bain, remember how much importance the company attaches to “measurable results” and “data-driven” analysis.

Case-by-Case Rules

- Market-Sizing Case
- Business Operations Cases
- Business Strategy Cases
- Resume Cases

Market-Sizing Cases

Overview

Consultants love to ask market-sizing questions. Not only are they easy to create, discuss, and evaluate, they are also highly representative of an important type of work done by consultants. In their simplest form, market-sizing cases require the candidate to determine the size of a particular market (hence the name). In the real world, this information can be especially helpful when gauging the attractiveness of a new market. In the interview context, a market-sizing question might be pitched in an extremely straightforward manner (e.g., “What is the market for surfboards in the United States?”). Or it may be disguised as a more complex question (e.g., “Do you think Fidelity should come out with a mutual fund targeted at high-net-worth individuals?”) that requires the respondent to peel away the extraneous detail to identify the market-sizing issue at the core. In a more highly developed variation, the interviewer might ask a strategy or operations case question that requires the respondent to do some market-sizing in order to come up with an appropriate recommendation.

The Scorecard

Market-sizing questions allow the interviewer to test the candidate’s facility with numbers, powers of analysis, and common sense. For example, if you were asked to size the surfboard market, you would need to make basic assumptions about the market. (How many people surf? How many boards does a typical surfer dude or gal own? How often will he or she get a new one? Are there other big purchasers besides individual surfers? Is there a market for used

boards?) You would also need to make a few basic calculations (number of surfers \times number of new boards per year + total quantity purchased by other types of customers, etc.). As you work through these issues, the interviewer would also get a glimpse of your common sense. (Did you assume that everybody in the U.S. population would be a potential surfer, or did you try to estimate the population in prime surfing areas like California and Hawaii?)

“ ”

We get the ‘deer in the headlights’ look from time to time. That’s an automatic ding.

Location

Market-sizing questions can pop up in all interviews. They are almost certain to make an appearance in undergraduate and advanced-degree interviews. Indeed, both undergraduates and PhDs report receiving exactly the same market-sizing questions in their respective interviews. MBAs are also likely to receive market-sizing questions; however, a common and more complex variation typical of an MBA interview involves assessing the opportunity for a new product. For example, you might be asked whether your pharmaceutical company client should develop and market a drug for male pattern baldness. Part of the analysis would require you to estimate the market potential (i.e., market size) for the drug.

Mastering Your Market-Sizing Questions

Market-sizing questions can intimidate. But once you understand the rules (and practice your technique), you can come to view these cases as slow pitches right over the center of the plate. So, just how many golf balls are used in the United States in a year? You don’t know, and the truth is, neither does your interviewer. In fact, your interviewer doesn’t even care what the real number is. But remember,

she does care about your ability to use logic, common sense, and creativity to get to a plausible answer. And she wants to make sure you don't turn tail when you've got a few numbers to run. Which brings us to the three rules for market-sizing questions.

Rule 1: Use Round Numbers

Even if you weren't a multivariate calculus stud, you can impress your interviewer with your number-crunching abilities if you stick to round numbers. They're much easier to add, subtract, multiply, and divide, and since we've already decided that the exact answer doesn't matter anyway, go ahead and pick something that you can toss around with ease. Good examples? One hundred, one million, ten dollars, two, one-half. The population of New York City? Ten million, give or take. The length of a standard piece of paper? Round 11 inches up to a foot.

Rule 2: Show Your Work

Case questions are the ultimate "show your work" questions. In fact, your exact answer matters less than the path you took to get there. Remember, the market-sizing question is merely a platform through which your interviewer can test your analysis, creativity, and comfort with numbers.

Rule 3: Use Paper and Calculator

If you feel more comfortable writing everything down and using a calculator, do! Most interviewers will not care if you use a pencil and paper to keep your thoughts organized and logical. And if pulling out the HP to multiply a few numbers keeps you from freaking out, then by all means do it. Your interviewer will be more impressed if you are calm, cool, and collected, so if using props helps you, then go for it.

Business Operations Cases

Overview

A fair number of case questions cover operations issues. Given the existing economic environment, the mix of consulting business has shifted more toward operations and process-focused cases, so be prepared for at least one of these types of questions. Broadly speaking, “operations” refers to everything that’s involved in running a business and getting product out the door. In a manufacturing plant, this would include the purchasing and transporting of raw materials, the manufacturing processes, the scheduling of staff and facilities, the distribution of the product, the servicing of equipment in the field, and so on. In its broadest sense, operations would even include the sales and marketing of the company’s products and the systems used to track sales. Whereas strategy questions deal with the future direction of the firm (e.g., whether to enter a new line of business), operations deals with the day-to-day running of the business. It is particularly fertile ground for consulting work, and for case questions. Some of the most typical case questions of this type are those that require the candidate to explain why a company’s sales or profits have declined.

The Scorecard

Consultants like to ask operations questions because they allow the interviewer to see whether the candidate understands fundamental issues related to running a business (e.g., the relationship between revenues and costs, and the relationship and impact of fixed costs and variable costs on a company’s profitability). In addition, operations questions require the candidate to demonstrate a good

grasp of process and an ability to sort through a pile of information and identify the most important factors.

Location

Operations questions are fair game for all candidates, including undergraduates and advanced-degree candidates. According to our customers, the declining profits questions are some of the most popular types of cases around, and almost all candidates can expect to get at least one of these. That said, MBAs are typically expected to explore these questions in greater detail and have a better grasp of key business issues and terminology. MBAs could also get tossed more complicated operations questions. For example, an MBA case might involve understanding the implications of allocating fixed costs in a certain way, or, perhaps, the impact on the balance sheet of a certain type of financing.

Undergraduates and non-MBA candidates still need to be familiar with a few basic operational concepts, such as the relationship between costs and revenues, and the various things that might have an impact on them. In addition, undergraduates might expect the topic of the question to be more familiar. For example, an undergraduate might get lobbed a question about the implications of launching a new national chain of restaurants. An MBA might get a question about factors that would allow a manufacturing operation to increase throughput.

Optimizing Your Business Operations Answers

Operations case questions are more complex than market-sizing questions. Not only do they typically require basic business knowledge (or, at the very least, a good deal of common sense), but they also frequently require the candidate to think like a detective. For example, the interviewer might ask why an airline has

been losing money while its market share has increased. There could be many reasons for this: Revenues might be down (and that, in turn, might be caused by any number of things, including ticket price wars, lower ridership, growing accounts payable, and so on); costs might be higher (due to higher fuel costs, greater landing fees, higher plane maintenance costs, and other factors); or the airline could be operating more inefficiently (e.g., higher passenger loads might require it to lease additional aircraft or pay staff overtime). In any case, a successful analysis of the question requires the candidate to think clearly and efficiently about the question. To help with these types of questions, here are some rules you'll want to keep in mind:

Rule 1: Isolate the Main Issue

Operations questions usually have lots of potential answers. The first step in identifying a good answer (and demonstrating your analytical firepower) is to separate the wheat from the chaff. Once you've zeroed in on the main issue, you'll be able to apply your energy to working out a good conclusion to the problem.

Rule 2: Apply a Framework

Frameworks were made for cracking operations questions. They will help you sift through lots of data and organize your answer. A useful framework can be something as simple as saying, "If the airline is losing money, it has something to do with either costs or revenues," and moving on to talk about each of these areas in turn.

Rule 3: Think Action!

Unlike your market-sizing question, operations questions never end with a nice, neat analysis. Rather, the goal here is action. The hypothetical client is usually facing a critical issue: Revenues are falling, costs are rising, production is crashing. Something needs to be done. As a consultant, you will be hired to give advice.

As a candidate, you should be sensitive to the fact that your analysis must drive toward a solution. Even if you need more data before you're able to make a final recommendation, you should acknowledge that you are evaluating various courses of action. Better yet, you should lay out a plan for next steps.

Business Strategy Cases

Overview

Business strategy cases are the granddaddies (and demons) of the case question world. Consultants love to use these questions because they touch on so many different issues. A good strategy question can have a market-sizing piece, a logic puzzle, multiple operations issues, and a major dose of creativity and action thrown in for good measure. Moreover, a complex strategy question can go in many different directions, thereby allowing the interviewer to probe the candidate's abilities in a variety of areas. Again, strategy case questions can run the gamut from a complex, multi-industry, multinational, multi-issue behemoth to a localized question with a pinpoint focus.

The Scorecard

Depending on the nature of the question, the interviewer can use it to assess anything and everything from your ability to handle numbers to your ability to wade through a mass of detailed information and synthesize it into a compelling business strategy. Of all the different types of case questions, these are also the

most similar to the actual work you'll do on the job (at least at the strategy firms). One other thing the interviewer will be checking carefully: your presentation skills.

Location

Strategy case questions are fair game for any type of candidate. For undergraduates, they will often be more two-dimensional and straightforward. For MBA candidates, they frequently have several layers of issues, and perhaps an international or other twist to boot. Although most strategy boutiques will use this kind of case as a mainstay in their recruiting efforts, firms with more of an operations focus may rely more heavily on operations questions.

Simplifying the Strategy Stumpers

Because business strategy questions can involve many different elements, they may inspire fear in the weak of heart. Although it's true that strategy questions can be the most difficult, they can also be the most fun. This is your opportunity to play CEO, or at least advisor to the CEO. You can put all of your business intuition and your hard-nosed, data-driven research to work and come up with a plan that will bring a huge multinational corporation into the limelight—or not. Does it matter that you just crafted a story about why a credit-card company should go into the Italian market when your best friend who interviewed immediately prior to you recommended against going Italian? No, not really. Unless, of course, your friend did a better job of exploring the case question. What does that mean? By going through this book (and the other *WetFeet Ace Your Case* guides), you're already a step ahead of the game. However, here are the rules you'll want to keep in mind as you tackle your strategy case questions.

Rule 1: Think Frameworks

While analyzing a really juicy strategy question you might be able to draw information and jargon out of almost every course in your school's core business curriculum. Don't succumb to temptation! Your interviewer will be much more impressed by a clear and simple story about how you are attacking the question and where you are going with your analysis. The best way to do this is to apply a framework to the problem. As with operations questions, this means setting out a plan of attack up front and following it through to conclusion. One other big benefit: Having a clear framework will help you organize your analysis.

Rule 2: Ask Questions

Successful consulting is as much about asking the right questions as it is about providing a good answer. Likewise, your solution to a strategy case will be much better if you've focused your energy on the right issue. To help you get there, don't hesitate to ask your interviewer questions. In the best case, he may help you avoid a derailment; in the worst case, he'll understand your thought process as you plow through the analysis.

Rule 3: Work from Big to Small

Even though the strategy case you are examining was the subject of a study that lasted several months, you probably have about 15 minutes to provide your answer. Therefore it's essential that you start by looking at the most significant issues first. Besides, this is a great discipline for future consultants; the client may be paying for your time by the hour, so you'll want to make sure that you really are adding value.

Resume Cases

Overview

One favorite type of alternative case question is the resume case. Instead of cooking up a case question based on a carefully disguised project from his files, the interviewer will pull something straight from the candidate's resume. Usually, these cases stem from a previous professional experience, but occasionally you'll get something like: "I see you play rugby. Describe for me all of the different positions on a rugby team, and the play strategy for each." Frequently, the interviewer will ask the candidate to walk through a previous work project or experience and explain how he or she decided on a particular course of action. As the candidate goes through the discussion, the interviewer may then change a few critical assumptions and ask the candidate to explain how he or she would have responded. For example, if you had started and run a successful computer repair service, the interviewer might ask how you would have responded if a local computer store had created a knock-off service and offered it at a lower price.

The Scorecard

The resume case is a way for the interviewer to dig a little deeper into your resume and at the same time test your case-cracking capabilities. (It also adds a little variety to a grueling day of interviews.) Here, the interviewer is testing for your ability to communicate—in layman's terms—a topic that is very familiar to you. Resume cases are generally a good opportunity for you to toot your own horn a bit about your past experience and exude confidence, competence, and enthusiasm about things you really understand.

Location

The resume question is fair game for undergrads, MBAs, and advanced-degree candidates. Naturally, because the resumes for each type of candidate differ significantly, the types of questions also differ. MBAs can expect business-oriented questions; advanced-degree candidates can expect questions related to their previous research. PhD students tell us that they commonly receive resume cases. Not only do resume cases allow the candidate to avoid feeling like he or she has to master a whole new lexicon and body of frameworks, they test his or her communications skills.

Rocking Your Resume Cases

Because the resume case question takes the discussion to your home turf, there isn't really a secret recipe for pulling apart the question. Rather, the way to be successful here is to follow a few basic interview rules.

Rule 1: Know Your Story

Nothing will make you look worse—and help you find the door more quickly—than not knowing what you put on your own resume. Make sure you've reviewed all of the items on your resume before the interview. Write down a few notes about what you did at each job, and the main message you want to convey through each bullet point on your resume. Think up a short story for each bullet point that will provide compelling evidence to support those messages.

Rule 2: Keep the Parent Test in Mind

This is not the place to play the polyglot; nobody will be impressed with your ability to speak techno-babble. The interviewer will assume that you know everything there is to know about your area of expertise, whether that's molecular biology or your computer-repair service. The real question is can you

tell others about what you did without sending them into a coma? It may sound easy, but many people seem incapable of communicating what they know. Our suggestion? Practice talking about your work as if you were telling your parents all about it.

Rule 3: Let Your Excitement Shine

This is your home field, so use it to your advantage. Talk about your past work with energy and enthusiasm. Believe it or not, even consultants like a little passion. Besides, if you're sitting there griping about a previous work experience, guess what's running through your interviewer's mind: "Whoa, Nelly. This cat could be trouble!"

The Practice Range

- Market-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions

Market-Sizing Questions

Remember the rules for market-sizing questions:

1. Use round numbers.
2. Show your work.
3. Use paper and calculator.



CASE 1

What is the total number of automobile tires sold in the United States each year?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 2

What is the average equivalent number of cocoa beans that Hershey's buys each year for its entire U.S. chocolate bar business?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 3

How many pages of paper would it take to completely encircle the earth at the equator?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:



CASE 4

How many pay phones are there in Manhattan?

Key questions to ask:

Basic equations/numbers:

How you'd track the numbers down:

Business Operations Questions

Remember the rules for business operations questions:

1. Isolate the main issue.
2. Apply a framework.
3. Think action!



CASE 5

Your client is the head product manager in the sports division of a major online auction company. He has brought you in to help diagnose why his division's profitability is declining and to determine ways to improve the performance.

Key questions to ask:

What are the main issues?



CASE 5 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 6

The CEO of a small to medium-sized sock company has hired your consulting company to assess why profits have been falling from respectable levels 4 years ago to declining 1 year ago to a projected loss this year. You have been assigned to be the main business analyst on the engagement. How would you help analyze the situation and what would be your preliminary recommendations for how to address it?

Key questions to ask:

What are the main issues?



CASE 6 ... continued

Key approaches/frameworks:

Possible courses of action:



CASE 7

The COO of a business services company supplying technology consulting to Fortune 500 companies is concerned because she has noticed a downturn in corporate spending overall on consulting and other outsourced services during the trailing two quarters. Upon discussing her thoughts with some of her peers at other tech consulting companies, she has learned that other companies are predicting a reduction in demand for their services as well. She is thinking about how to address this issue within her own company, and has asked for your help in thinking about it as well. What would you like to know, and how would you advise this COO?

Key questions to ask:

What process would you use to investigate this question?

Where would you find the information you need?



CASE 8

Your client is the vice president of global sourcing for a U.S. footwear company. The company once owned seven manufacturing plants in the United States, but now only owns a single plant. The client has brought you in to determine whether to close the final plant. What types of questions would you ask to assist the client in making the right decision?

Key questions to ask:

What are the main issues?



CASE 8 ... continued

Key approaches/frameworks:

Possible courses of action:

Action recommendations:

Business Strategy Questions

Keep the rules for business strategy questions in mind:

1. Think framework.
2. Ask questions.
3. Work from small to big.



CASE 9

Your client is a large passenger cruise line company. It's considering whether to invest \$250 million in a new, 1,500-person passenger ship. The CEO of the company has recently declared publicly that he hopes to deliver 10 percent returns on all major investments. Help the client determine if this is a good investment.

Key questions to ask:

What are the main issues?



CASE 9 ... continued

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



CASE 10

Your client is a large regional grocery store player. Most of its stores are located in typical, suburban strip mall-type locations. But that market is almost completely saturated and competition in the grocery industry is fierce, especially with Wal-Mart aggressively expanding its supercenters. The client is looking for new growth options. One idea in front of the CEO is to expand into inner-city communities that have typically been underserved by retailers in general. How might you evaluate this strategic option?

Key questions to ask:

What are the main issues?



CASE 10 ... continued

Key approaches/frameworks:

Outline for my answer:

Action recommendations:



CASE 11

You have just joined a sportswear clothing company with a long tradition of making polo-style short-sleeve shirts and casual button-down, long-sleeve shirts. Let's call this company Eli's. The division within Eli's that you've joined was formed 6 months before your arrival. This new division designs and manufactures shirts for hip, young, fashion-forward urbanites, made in a similar style to those of several other smaller shirt makers who've burst onto the fashion scene in recent years. Your division is losing a significant amount of money, and your manager has assigned you the project to determine what should be done. What do you need to know, and what would you do to assist your new division at Eli's?

Key questions to ask:



CASE 11 ... continued

What are the main issues?

Outline for my answer:

Action recommendations:



CASE 12

Your client is a major sports shoe manufacturer. It has been watching the growth in skateboarding-type shoes in recent years and is wondering whether to start producing these shoes and add them to the existing line. What would you recommend?

Key questions to ask:

What are the main issues?

Outline for my answer:

Resume Questions

Remember the rules for resume questions:

1. Know your story.
2. Keep the Parent Test in mind.
3. Let your excitement shine!

Nailing the Case

- Market-Sizing Questions
- Business Operations Questions
- Business Strategy Questions
- Resume Questions



Insider Tip

The destination is often less important to your interviewer than the road you take to get there.

Now it's time to walk through sample answers to each of the questions posed in "The Practice Range." Although we believe that our recommended answers are good, we know that there are many equally good and even better answers out there. Remember, the destination is often less important to your interviewer than the road you take to get

there. With that in mind, smooth sailing! A quick note on the layout: Each question is followed by bad answers (which are admittedly a bit far-fetched in some cases) and a good answer. The questions and dialogue between the hypothetical recruiter and candidate appear in normal type; the WetFeet analysis and commentary appear in italics.

Market-Sizing Questions

Case 1

What is the total number of automobile tires sold in the United States each year?

This is a straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.

Bad Answers

- I'd say about one million, give or take.
The purpose of this kind of case question is not to hear your final answer, but instead to give your interviewer an opportunity to hear how you think about problems with uncertain or unclear information. This answer neither demonstrates the candidate's thinking skills—the set of assumptions and analysis that he did to arrive at his number—nor gives the interviewer anywhere to go in terms of follow-up to assess the candidate's approach to problem solving. In general, never give the answer to a market-sizing question right out of the gate. A better strategy is to take a moment or two to think about what the interviewer is really asking you. In this case, the interviewer is really asking, “Let me see how you would think through developing an estimate for the number of automobile tires sold each year in the United States by telling me about the process and assumptions you'd use to arrive at your estimate.”
- Well, it's just four times the number of cars sold in the United States, plus maybe a few more.
While this offers a small amount of insight into the basic assumptions and thinking that the candidate would use to structure her response, it is not nearly deep or well thought-out enough to satisfy an interviewer—there isn't enough specificity to her answer. While you don't need to arrive at an exact number in your final answer, you do need to provide a decent estimate based on information you either have at hand or can deduce from other information you know.

- All right, this one's easy! My brother is an industry analyst for cars at Goldman and he told me there are 15 million cars sold each year, so my answer is 60 million. Next question.

Never say that a question you've been asked is easy. If it were easy, it wouldn't be asked of you in a case interview. This answer also implies that the candidate believes one data point or piece of information is all that's required to answer a related—but not perfectly correlated—question. You don't ever want to give the impression that you respond rashly or without measured consideration to a query; this implies immaturity and thoughtlessness, both of which would be very off-putting to an interviewer seeking humble, intelligent, and thoughtful candidates for a role that will often demand maturity and nuanced problem solving.

Good Answer

Candidate: That's an interesting question, considering the various sales channels and the different sources of demand for auto tires in the United States. Let me start by applying a “bottom up” approach towards estimating the total demand for tires.

Good start. The candidate has demonstrated interest in the question and communicated a road map for how he will begin to think out loud about the components of information required to develop a response. Furthermore, the candidate has shown an understanding of both business operations (buzzwords are generally ill advised, but in this case referring to “sales channels” gives the interviewer a sense that the candidate has a basic understanding of operations) and economics (by choosing the demand side of the total market to pursue the market size estimate, rather than the supply side, which is likely to be more challenging in making good assumptions given the relatively arcane nature of tire manufacturing).

Candidate: To begin, I will draw some parameters around the definition of the automobile tires market so that I can then define the sources of demand for tires. In this instance, I'll assume that our market concerns rubber tires for passenger cars and light trucks only. Therefore, I will exclude commercial vehicles, tractors, trailers, and things like RVs for the purposes of my estimate. Is that acceptable, or would you like me to define the market more broadly?

Well done in defining the nature and parameters of the problem before diving in. This demonstrates patience and a desire for precision in defining ambiguous problems before thinking about potential solutions. These are valued skills for consultants and general management strategists, who are hired as much for their maturity in managing complex problems as they are for their ability in solving them. Furthermore, the candidate demonstrates comfort, ease, and most important, respect for his interviewer by asking a question that engages and allows the interviewer to help the candidate define the problem more specifically.

Interviewer: Yes, that's fine. For the purposes of your estimate, just focus on cars and trucks like pickups and SUVs.

Candidate: Okay, sounds good. To start, I believe that one source of demand for automobile tires centers on new cars and trucks themselves. While I don't know offhand what the total number of passenger cars sold each year is, I'll develop a rough estimate that I can use to estimate the tire demand for this channel and then move on. I know that there are about 300 million people in the United States and that about three-quarters of them are above the driving age; this amounts to about 225 million people. I will further assume that about three-quarters of those who are of legal driving age actually own a car; this is based on personal experience with friends and family members in both rural and urban settings. That leaves about 160 million people in the United States who own cars today. Now I'll assume that people replace their cars on average of once every 10 years—just to keep it simple without knowing the exact numbers. That would give an annual estimated number of about 16 million new cars sold, resulting in 64 million new tires sold for those new cars and trucks alone.

The candidate has used a combination of personal knowledge about cars and some round-number estimates using population and demographics to whittle down the new cars element of this market-sizing problem to a manageable and reasonable number. While there may be some inaccurate assumptions in the logic chain the candidate

presents here, by speaking his way through the chain with the interviewer, the candidate shows his ability to extrapolate in a reasonable manner using known information to arrive at an estimate when little information was initially available. Using personal experience, like that involving how many friends and family own cars, is okay so long as the candidate doesn't take it too far—which he hasn't. Furthermore, the candidate has driven to a reasonable component of the estimate without taking forever to do so—enough time to think about the logic chain rationally and completely, but not too much time to be burdensome and unnecessary for this estimation exercise.

Candidate: Now that I've estimated the number of tires demanded for new cars and trucks, I'll move on to estimating the number demanded for used cars and trucks currently on the road. I just came up with an estimate of 160 million people who own cars. For the sake of consistency, I'll use this same figure for the estimated number of used cars on the road.

Good job. Realizing that another component of the estimate relies on a piece of information that had previously been estimated, the candidate acknowledges that he has already thought this out and takes a consistent number for the next demand estimate. In doing so, the candidate is being clear on his progress towards an answer and has demonstrated the ability to return to prior thinking to reassess and reuse relevant data when appropriate.

Candidate: Now I need to estimate the average number of years it takes for a driver to wear the tires out on his or her car. I believe I remember from commercials that tires are rated with an average of 60,000- to 80,000-mile warranties. If we assume that an average driver covers about 15,000 miles per year, then that means each car needs its tires replaced in order to stay on the road about once every 4 years. This means about 40 million cars require new tires to replace old worn-out ones each year—approximately 160 million additional new tires for used cars.

The candidate is doing well with one of the rules of market-sizing questions: using nice round numbers that are easy to divide and multiply into other round numbers. This will

not only ease and speed up his estimation efforts, but it will also allow him to focus on the assumptions he is making—and communicating those assumptions as he works his way through the answer—rather than on the actual mathematics. You are not being hired for your ability to do cube roots and multiply seven digit numbers in your head. You are being hired to think creatively and logically with uncertain information at hand. Therefore, using round numbers will help you focus on what's important in a market-sizing interview: your thinking, not your math. That said, there is no shame in pulling out a pencil and paper if your case question starts to involve so many numbers or assumptions for a particular estimate that you need to write a few down to keep your thinking straight. Interviewers do not deduct points for candidates who assist their thinking by writing—unless of course all you do is write and you fail to share your progress and thinking at every step with your interviewer. Communication skills are as much a part of the market-sizing interview as are the assumptions and answers you deliver.

Candidate: So, we have what I believe are the two major sources of demand for new auto tires estimated. These add up to 224 million new tires per year.

Interviewer: Have you thought of any other potential sources of demand for new tires? I can think of a few myself. Can you come up with a few more?

The interviewer is trying to put the candidate on the ropes. Her question suggests that the interviewer has a particular answer or idea that she wants the candidate to figure out. Do not get flustered if the interviewer takes this tack at the mid-point in a case interview you believe has been going well. Sometimes it's simply a tactic to assess how a candidate will react under stress. Take a moment, then calmly proceed calmly to develop a more detailed and refined answer. Your interviewer will let you know when you are approaching a sufficient estimate, just as she will let you know that a longer and more detailed estimate is expected.

Candidate: One additional source of demand I haven't addressed yet is flat tires and damaged single tires, both of which need to be replaced on a one-off

basis. Would it be helpful to develop an estimate for these tire sales to add to the estimate I've developed so far?

Good job. The candidate demonstrates here that he is able to think about special circumstances, which would add to the market sizing. Although these lesser-order sources of demand or supply in market-sizing questions sometimes do not add materially to the estimated number, it's useful to acknowledge that you consider them and ask the interviewer if she'd like you to augment your estimate with deeper thinking.

Interviewer: That's all right. I believe that you've covered the two largest sources of demand for new auto tires each year, so I think we can settle on 224 million as your estimated annual sales number. I trust you could get a more refined estimate by adding more, smaller sources of new tire demand if we kept pursuing it. We're close enough with what you've given me thus far, so let's move on. Well done.

By simply acknowledging the candidate's ability to go deeper, without actually asking him to do the additional estimating and thinking required, the interviewer demonstrates that she was indeed simply trying to gauge what the candidate's reaction would be to a little pressure or stress in the midst of problem solving. While a little unsettling to a candidate whose confidence may be growing as he moves smoothly through a case, this is by no means out of the ordinary. The candidate did a great job addressing the challenge—and the interviewer acknowledged this by concluding the case in order to use the remaining time in the interview for other problems and discussions. This is a sign that the candidate has done well and has satisfied the interviewer's desire to witness and understand the candidate's logical thinking skills. Well done.

Case 2

What is the average equivalent number of cocoa beans that Hershey's buys each year for its entire U.S. chocolate bar business?

This market-sizing case is one in which it's highly unlikely that you will get anywhere near the actual or real number. In fact, there may not even be a real answer. Instead, the interviewer is purely seeking insight into how you think about large, somewhat undefined problems. In such a case, your best bet is to make a quick decision about whether to drive "bottom up" or "top down" towards an answer and keep working forward as you share your assumptions and math to try to reach a logical end-point.

Bad Answers

- Man, that's a *hard* question! I was expecting some hard questions and I even read up on the companies that you work for, but whoa. . . . That's going to take me forever to figure out. How long are we going to spend on this one? Hold on, I need to get out a pen. . . .

Freaking out not only has the potential to set off your interviewer, but it's also a waste of time. Calm and tactful reactions to even potentially outlandish questions demonstrate poise. Even if you think a case question is overly hard or obscure, you're better off saying to yourself, "Let me think about how to attack this one," and then collecting your thoughts. Then, start at one end of the problem and begin working through it step by step.

- I don't think that Hershey's actually buys the cocoa beans. I read an article in *Fortune* in which it said that Hershey's buys processed cocoa powder and stores it in a series of ultra-low-humidity casks in its warehouses. In fact, I think I remember the exact tonnage of an average warehouse. Do you want to know it?

Don't make your interviewer look like an idiot under any circumstances. Even if you know more about a particular topic, demonstrate your thinking rather than your arcane knowledge and you'll make a better impression on the interviewer. As well, arrogance is generally unappealing, but never more so than when it's your only chance to shine in front of someone who has never met you before. Address the question first and foremost.

Good Answer

Candidate: That’s going to be quite a large number, given how large a player Hershey’s is in the chocolate bar business. That said, I’ll need to break this down into parts. Since I don’t know too much about the cocoa bean wholesale market, I’ll start working towards my answer “top down” by estimating the total market for Hershey’s chocolate bars. Once I’ve got that figured out, I can then multiply by an estimate for the number of cocoa beans it takes to produce the chocolate for one bar.

This is a strong start—and realistically one that would take a moment or two to develop. The candidate has presented a clear layout for how she will attack the problem.

Candidate: I’ll start with the annual market for Hershey’s chocolate bars. I’m not sure about the number of bars that every supermarket and deli in the United States orders each year. Therefore, I think the best way to come up with an estimate for this is to make an educated guess on how many chocolate bars each person eats in a year and extrapolate for the entire U.S. population.

The candidate is explaining that even though she must make some potentially risky guesses and use them as basic assumptions in order to begin the estimation process, at least she’s got a clear structure and line of reasoning to get her to where she needs to go.

Candidate: I know that some of my friends and family members love candy, and on average they will have two or three chocolate bars per week. I myself don’t enjoy candy too much and may have one chocolate bar every 2 weeks or so. I know everyone’s chocolate taste is a personal thing, but for the sake of simplicity I’ll average these out to three chocolate bars every 2 weeks . . . or about six bars per month. Does this seem reasonable?

Although you don’t want to pump your interviewer for too much information throughout the case, it’s okay to check in on wild leap-of-faith assumptions if you want a little reassurance early on with an assumption that will be the basis for the rest of your estimates.

Interviewer: While that might be a little high, even for someone who loves candy, it's reasonable, so let's assume that's correct for the purposes of this case. Continue . . .

Candidate: Okay. Now, I don't know exactly how much of the market Hershey's possesses for candy bars in the United States, but I know that the company is one of the major industry leaders. Given that M&M/Mars is also a very large chocolate company and that there may be a number of other smaller companies out there, and given that this is a big and very competitive market—which I know based on seeing the myriad candy choices in the checkout aisle each time I shop at the grocery store—I'll assume for simplicity's sake that Hershey's controls one-third of the market. Is there a better percentage I should use here?

Again, checking in on such a key data point is okay. Just don't go overboard with striving for precision in what is fundamentally a case that's full of assumptions and educated guesses. As long as you either communicate your thinking clearly, or check in and ask for data points on key pieces of information about which you have absolutely no idea, you can keep driving towards an answer.

Interviewer: I've never worked on a candy company project either, so I'm not sure. But one-third of the chocolate bar market sounds safe to me as an assumption, so go with it.

The interviewer is readily answering the candidate's questions, indicating that there's no problem with asking them. However, the invitation to keep moving means that the candidate should.

Candidate: Great. So that would mean that an average person in the United States buys two Hershey's chocolate bar products each month—assuming that one-third of their six monthly bars, on average, comprises Hershey's bars—for an annual total of 24 Hershey's chocolate bars. Now I need to multiply this number with the total number of people in the United States.

In a case that's drawn out and potentially confusing, briefly summing up where you are and where you're going—at a logical breaking point—may be a good idea.

Interviewer: Wait. Is it a good assumption that every person in the United States eats an average number of 24 Hershey's chocolate bars?

The interviewer is doing a tactful job of indicating that he wants to lightly challenge one of the assumptions the candidate has made. Don't be alarmed if this happens; it's a natural part of the give and take of an interactive interview. Generally, the correct answer to a question framed like this won't be a "yes" or "no," but rather something like, "Hmmm, let me think about that for a bit."

Candidate: Hmmm, let me think about that for a bit and see if I should revise my assumption.

Good job. The candidate takes the challenge calmly and in style. This is a mature reaction to the natural exchange of potentially conflicting ideas that often occurs in a collaborative business environment—even with colleagues.

Candidate: Now that I've reassessed, I suppose it's likely that the very young and very old portion of the population may not put down so much candy each year. I'm not positive about how age spreads across the U.S. population, but I'll make an aggressive estimate of the number of people in the under-8 and 70- or 75-plus age groups to try to balance out my average candy bar consumption estimate. I'll assume that about 25 percent of the population falls within these ranges, leaving about 75 percent of the population remaining as "active candy eaters."

The candidate maintains her poise, catches on to the gist of the interviewer's question, and delivers a solid answer.

Candidate: So if the United States comprises about 300 million people, 75 percent of that number would equal 225 million. If each of these people eats an average of 24 Hershey's bars every year, that would be . . .

Don't worry about needing to do heavy multiplication—or any other calculator-worthy math—instantly in your head. You don't need to be a savant to be good at business. If numbers get too big, it's okay to think for a moment and just round off to a reasonably close amount or make a few scribbles on a handy sheet of paper to help yourself out. People bring note pads to interviews all the time and barely use them. If the paper's handy and you need it, use it.

Candidate: Let's see . . . that makes 4.5 billion plus 900 million . . . which comes to 5.4 billion Hershey's chocolate bars per year eaten in the United States, according to all of the assumptions I've made so far. Okay, so now I need to estimate the number of cocoa beans that go into each Hershey bar to get the total number of beans. I'm not familiar with the ratio between cocoa beans and chocolate bars, but I do know that lower-grade chocolate is made mostly of sugar and other ingredients and has very little actual pure cocoa. I'll make a quick guess that there are five cocoa beans per bar. So with five beans per bar multiplied with 5.4 billion bars, this yields about 27 billion cocoa beans that Hershey's uses each year for its total U.S. chocolate bar business.

Interviewer: Sounds good. I'll admit I don't know the real answer, but it was interesting to hear how you approached the problem. Good job.

If the final number you arrive at doesn't pass your sanity test because it just seems to be way too high or too low, then don't hesitate to take a moment and think through all of the key assumptions that served as the basis for your final answer. If it does make sense and passes your final gut check, then you're good to go.

Case 3

How many pages of paper would it take to completely encircle the earth at the equator?

This is a reasonably straightforward market-sizing question that is perhaps deceptively simple—be forewarned that some wrinkles may emerge. This question would be appropriate for undergrads and advanced-degree candidates.

Bad Answers

- That’s a stupid question. Why are these case interviews always so random? I’m trying to get a consulting job. I didn’t go to a top school to do silly estimates about the size of the earth.

It’s never a smart move to insult the interviewer or the process. The case interview process is what it is and you’re not going to change it. Plus, although no system is perfect, it has actually proven to be a fairly good predictor of consulting success. In fact, if you don’t enjoy the mental gymnastics of doing these problems, you probably won’t enjoy consulting.

- I have no idea. I don’t know anything about the size of the earth. I was an English major. I thought these would be business cases.

While not as bad as opening by insulting the process, giving up or “punting” is clearly not the way to go either. You almost certainly will get a question whose topic is unfamiliar to you. That’s part of the game. Buck up, use any related knowledge you do have, create a structure, and start making some clear assumptions.

Good Answer

Candidate: Well, that’s certainly an interesting question. I must admit, I don’t know much at all about the size of the earth. Nevertheless, I’ll give it my best shot and try to use what I do know, and I’ll talk you through my thinking.

Good start. The candidate admits to a hole in his knowledge, so the interviewer might be willing to cut him some slack initially. But the candidate also indicates his willingness to attack the problem and bring to bear what he does know. This is an important trait that interviewers are looking for. Plus, the candidate is most likely a bit nervous since he’s not comfortable with the topic. A bit of initial reflection (remember to speak slowly and clearly) can calm you down as well as give you time to think!

Candidate: Well, let's start with the paper, since I do know a thing or two about that. You know, it strikes me that the easiest way to tackle the situation would be to consider the paper lengthwise. It's common knowledge that a standard sheet of paper is 8.5 inches by 11 inches. Since 11 inches is pretty close to one foot, I'll just consider a sheet of paper to be 1 foot long.

Interviewer: That's pretty clever. I must admit that I was originally thinking you'd consider the thickness of the sheet of paper, since that's obviously more complicated. But I like your style. You made a solid assumption and chose a path of less resistance. However, I reserve the right to ask you for a different version later in the interview.

Score one for the candidate. He's made a great assumption. Remember: round numbers, straightforward assumptions. Don't make things harder than they have to be.

Candidate: Okay, now for the hard part: the stuff I don't know as well. Let's see. I'll start with something I do know. I've taken a bunch of trips from New York to Los Angeles, and I'm pretty sure that the distance between them is roughly 3,000 miles. I'm going to assume this is right if that's okay with you.

Solid start. Anchor in something you know and go from there. Your interviewer will tell you if she has a problem with your assumption. Otherwise, forge ahead.

Candidate: I'd say there are a few ways to come at this. If I know that the USA is about 3,000 miles across and I then picture the handful of globes I've seen in libraries and such, it seems to me that you could fit about ten USA's around the center of the earth. That would imply 30,000 miles. I'll just assume a mile is around 5,000 feet and therefore that implies 150,000,000 feet. Given my 1-foot assumption for the length of the paper, this equates to 150,000,000 sheets of paper. I know there's some rounding there, but I've at least rounded up on the paper size and down on the mile size.

Excellent round one. Nice round numbers, solid assumptions, awareness of the assumptions, and a decent first answer. This would almost be good enough, but the candidate is a star, so he isn't done.

Candidate: But I want to double check this estimation if that's okay? The 30,000-mile figure feels about right, but let's look at it another way. I'm pretty comfortable with the 3,000 miles being the distance spanning the USA. And I know that it takes about 5 hours to fly from New York to Los Angeles. That feels about right, because I seem to recall reading that 747s fly at about 600 miles per hour. So let me use those numbers to gut check my figures. I think it's about 8 hours from Los Angeles to Tokyo, so let's call that 5,000 miles. So now I'm at 8,000 miles from New York to Tokyo.

This is a good approach: The candidate is using what he knows. When you've got a lot of data floating around, you've really got to make an effort to keep it all straight. Don't be afraid to write things down.

Next I'll go from Tokyo across Russia. I have no idea what that flying time is, but I know it's long. I know Russia is huge: the world's biggest country. I think it has something like ten time zones. So I bet it's about three times bigger than the USA. Therefore, I'm going to say it's 9,000 miles across. Now I'm at 17,000 miles from New York to the Ural Mountains. I've never flown across Europe, but folks are always saying the European Union is similar in size and population to the USA, so why don't I say it's the same 3,000 miles across? I think that's high, but it's close enough. That puts me at 20,000 miles so far. I've flown from London to New York and it takes about 5 hours. So, let's say that distance is 3,000 miles, the same as it is for New York to Los Angeles. That puts me at 23,000 miles total. Of course, I've been flying up in the northern hemisphere for the most part—the distance is greater at the equator. I'll tack on another couple thousand miles and call it an even 25,000. That's within shouting distance of my original 30,000, so I'm feeling more comfortable. In this case,

I'd multiply 25,000 by 5,000 to get 125,000,000 pages of paper. Therefore, if I wanted to take a final step, I could average the two estimates and come out with somewhere between 130,000,000 and 140,000,000 sheets of paper.

Interviewer: That's pretty impressive for someone who didn't know anything about the size of the earth. Just be glad I didn't ask you about the distance to the sun (it's 93 million miles, by the way). I warned you at the beginning, though, that I might ask for a different version, so now you'll have to humor me: Let's quickly suppose you have to consider the thickness of the paper, not the length or the width.

Candidate: Okay, that should be straightforward enough. Paper's pretty thin—too thin for me to think about it in terms of individual pieces. But I do have some experience loading laser printers (don't we all!). I know one of those packs of paper has 500 sheets, and I'd say it's about 3 inches thick. So that tells me there are 2,000 sheets of paper in a foot if you consider the thickness of the paper. Therefore, if we take my rough 130,000,000 feet estimate and multiply that by 2,000, we get 260,000,000,000 sheets of paper at the equator. Let me check my zeros. . . . Yep, that's my estimate.

Well done! The candidate has demonstrated a facility with numbers, a stick-to-it-ive-ness, enthusiasm, creativity, and an ability to apply past learning to current problems. The candidate has responded to interviewer prompts and come up with reasonable answers that he's tested. It's certainly likely that somebody with no idea of the circumference of the earth would also have very little knowledge of the distances from various cities. No matter. The point is that there are many ways to skin a cat. One quick point: Even in round number examples like this one, it's easy to get lost in the commas and zeros. Don't be afraid to use pen and paper to keep things straight.

Case 4

How many pay phones are there in Manhattan?

This is a fairly straightforward market-sizing question, which would be appropriate for undergraduates and advanced-degree candidates.

Bad Answers

- No one uses phone booths anymore. Everyone has a cell. There are hardly any booths anymore, except for the one in that Colin Farrell movie.
Not a smart angle. Despite showing a knowledge of pop culture, your interviewer will not be amused.
- I saw that annoying Verizon guy in the *New York Times* yesterday. The article he was in stated that there are 6,360 payphones in Manhattan. I have a photographic memory, so there's your answer.
Even if you know the answer, the more important thing is still the process. You may want to admit that you know the answer in case the interviewer wants to change the question. Either way, you still need to give a solid case interview answer to this question.
- How am I supposed to know anything about Manhattan? I've never been there. I'm from Paris/San Francisco/Des Moines . . .
This might be a fair point. It's tough when you get a question that pertains to a topic about which you know nothing. And to be fair, if your interviewer knows that you have absolutely no experience with Manhattan, he likely won't ask you this question. But then again, maybe he will. So be ready. If you are indeed from Paris, jump in and say something like, "Well, I'm sorry, I know next to nothing about Manhattan. But I know it's a big city and I come from Paris, another big city. So I'll just use what I know about Paris and try to extrapolate from there. . . ." Your interviewer should be fine with this tactic. If he's not, he'll probably provide some additional information to help get you started.

Good Answer

Candidate: There are a couple of ways to go about answering this question, so I'll try to break it down into parts. I figure I'm going to have to come up with some notion of the size of Manhattan and also the likely locations of pay phones. I'll start with the size of Manhattan.

Good start. The candidate has successfully laid out two key pieces of data needed and has created a logical structure to use in walking the interviewer towards the answer.

Candidate: While I don't know Manhattan intimately, I do know there's a grid system in much of the city, which should help us immeasurably. I know it doesn't cover the entire city and I know there are some non-numbered avenues in there like Park and Broadway, but I'll try to make some round assumptions. I know the streets go at least as high as 125th Street in Harlem. And I think they go even higher, at least to 175th Street if I correctly recall the time I drove down into Manhattan. Plus, I know the southern tip of the island, the older part, doesn't have the grid. For example, down by Wall Street, it's kind of haphazard, like downtown Boston. So when I put all that together, I'm going to say there are 200 streets running east to west in Manhattan. In terms of those running north to south, I know that there are somewhat more than ten avenues, plus the named, non-numbered streets. I will therefore say there are 15 streets running north to south. That leaves me with $200 \times 15 = 3,000$ intersections. I'm going to think in terms of intersections and blocks, since I think that's easiest. Here, I've been scratching this down in a rough map; this is how I'm looking at it. I know there are some exceptions to the rules I've laid out, but my assumptions seem solid and the variations will likely balance each other out. Does this seem okay with you?

Good job. The candidate is developing the structure and has quickly pulled together a number of solid assumptions. There were other bases for these assumptions, including land area or population, but the grid appears to be the easiest way to come up with them. The candidate has done well in making round-number assumptions. The interviewer is fine with his approach, so the candidate should keep on moving.

Candidate: Now let me think about locations of pay phones. I suppose to keep it simple we can think about pay phones that are outside and pay phones that are inside. Outside areas will include things like street corners and the sides

of buildings. Inside would be lobbies of buildings and such. I think there will be very few pay phones in residential buildings, so we are mostly talking office buildings, restaurants, and hotels.

Another good, quick summary that still has the candidate moving ahead confidently.

Candidate: I'll start with the outdoor phones. I know I have the aforementioned 3,000 intersections. And there are four corners to every intersection. Now, I know some corners have no phones and others have a bank of phones. And that's not even covering the banks of phones that sometimes appear mid-block on the sides of buildings. There are a lot of angles to consider, so I'll make the assumption that every other corner of every intersection has one phone, meaning two per intersection, meaning 6,000 outside phones in Manhattan. This number seems a little high to me, so why don't I make it 5,000.

This is a good piece of thinking. Clear, methodical assumptions with solid math. Stating your gut feel is okay, too. Those reactions can be valuable and often right. In a real-world situation, a gut feel might cause you to re-evaluate a position or try another angle. But for now, the interviewer is satisfied and so the candidate can move on.

Next, I have to come up with the number of pay phones inside buildings. This could potentially be pretty complicated, what with restaurants, office buildings, hotels, and so on. Would you like me to be very granular here or shall I make some broader assumptions?

This is a reasonable question. The candidate is not trying to get off easy, but rather stating the facts. If there's enough time, the interviewer may allow the candidate to slog through a bunch of specific assumptions about types of establishments. In this case, she tells the candidate to make some broader assumptions.

Candidate: Okay, I'll try to keep it broad. If I think about an intersection, there's probably an average of one restaurant, one office building, and a quarter

of a hotel. This is assuming that on average each block is mostly residential. Let's just say there is one pay phone in the lobby of each type of building. I realize that some will have many more, but some might have none. So if I use my 3,000 intersections, that means $3,000 \times 2.25$ Well, that's going to be more than 6,000, which added to the 5,000 equates to 11,000 pay phones. That number seems too high. I'm going to revise my estimate and say there's one inside pay phone per intersection, which means 3,000 inside pay phones, which means 8,000 total. Hmm. That still feels a bit high to me, but the assumptions seemed reasonable along the way. What do you think? Should I start over?

Interviewer: That's fine. I actually don't know the exact answer anyway. What I wanted was your thought process and it's been good so far. Let's look at your little map sketch, though, and think through briefly what wrinkles or other assumptions you'd test if you had more time. Just run through them for me.

In some cases, your interviewer will not know the exact answer. Once again, that's because the exact answer doesn't matter. The process does, however, along with your performance and attitude. In this case, the candidate's gut reaction was effective and relevant and has led to this final chance to shine.

Candidate: There are a number of things I'd look at. First of all, you've got Central Park sitting in the middle of Manhattan. And it's big. So that would be a big hole in my grid assumptions. You'd have to knock out a lot of intersections. Next, you have the issue of the streets and the avenues on the edge of the island only having one or two accessible corners, not always four. Finally, when looking at the number of buildings in a block, I'd probably be better off thinking in square blocks, since buildings are large. Finally, because my gut tells me the results aren't quite right, I'd want to triangulate with some more methods. Probably a course of assumptions using phones per population would be reasonable.

A fine effort. This question was deceptively simple, but the candidate has done a good job. The lesson as always: You don't have to be right, but you do have to do the case right. Make good assumptions, nail the math, listen to your gut reactions, summarize, talk out loud, lay out a plan, and follow it. All these things are what count. This is a case in which jotting down thoughts or the map in this case will help you a great deal.

Business Operations Questions

Case 5

Your client is the head product manager in the sports division of a major online auction company. He has brought you in to help diagnose why his division's profitability is declining and to determine ways to improve the performance.

This is a very open-ended, but fairly straightforward, operations question. It will require the candidate to quickly assess the root causes of the problem and to identify solutions. For these types of questions, no preordained framework is required (although you will see that the candidate does throw a clever one in halfway through the case). For the most part, the interviewer is simply looking for a structured answer.

Bad Answer

I don't participate a lot in online auctions, so I don't know a lot about how they work. Can you ask me another question?

The interviewer is not asking for domain-relevant expertise. As a general rule, if you don't know, just ask.

Good Answer

Candidate: Okay. So there are two questions you're asking: (1) Why is profitability declining; and (2) How can we improve performance? Let's focus on the first question, because then I'll feel better equipped to answer the second.

The candidate has stated the obvious, but has given the interviewer a very simple road map for where he's going to go with the case.

Candidate: There are two possible answers to the first question: either revenues are going down relative to costs, or costs are going up relative to revenues. Because I'm not that familiar with online auction sites, and don't want to make any unrealistic assumptions in my diagnosis, can you tell me generally how the client's business model works?

The candidate realizes that it will serve him better to ask questions up front than to make faulty assumptions.

Interviewer: At the risk of oversimplifying, the client's online auction model is structured as follows: Sellers pay a fixed fee—50 cents—to the client to list their products. If their products are purchased, the sellers pay an additional fee, equal to a fixed percentage (5 percent) of the sale price of that item. So, for example, if the seller is listing a bowling ball that sells for \$100, the client's revenue would be \$5.50.

Candidate: So all of the revenue comes from the sellers. This is a free service to the buyers.

Interviewer: That's correct.

Candidate: And are there any other revenue streams?

Interviewer: Not at this point.

Candidate: So what about the cost side of the equation? How does that work?

Interviewer: Good question, and I'm going to try to help you answer that one. There's only one platform for the entire auction site. What do you think this means for the client?

The interviewer has answered enough questions and is ready for the candidate to stop using the Socratic method.

Candidate: If these platform-related costs—hardware and software, I would imagine—are centralized, this probably means that the client has little control over some of the costs of his business, for example site development and online merchandising. Does he have any dedicated costs to his business, for example people or a marketing budget?

Interviewer: The client has 12 people reporting to him and a small marketing budget.

Candidate: Have any of these direct costs changed significantly over time?

Interviewer: No.

Candidate: Okay. I'm going to make the assumption that these centralized costs are not the reason for the lagging profitability. Plus, it sounds like our client wouldn't have a lot of control over them even if they were. So let's ignore those for now. In addition, because the other costs have not changed significantly over time, I feel confident in concluding that the problem with the client's business is on the revenue side. Let's talk about what's going on there.

The candidate has made some broad assumptions, but they are grounded in reality. He has also showed an ability to use those assumptions to make a reasonable conclusion.

Candidate: There are two hypotheses that quickly come to mind. One is that there aren't enough buyers on the site—that is to say, there are a lot of sports items up for auction, but there aren't a lot of people bidding on them. The other is that the client is facing a supply problem, meaning there isn't enough merchandise up on the site to sustain the business. Let me test these two hypotheses in turn.

Again, a very simple road map for where the candidate is going to take the case. If the candidate is way off here (which he is not), the interviewer would be able to stop the candidate and steer him in the right direction.

Interviewer: Sounds like a decent structure to me. What are the types of analyses you would do to determine whether your hypotheses are true or not?

Proposing the right analyses to support or deny an assumption is one of the most critical skills in consulting. The interviewer is testing the candidate and will be looking for very specific analyses.

Candidate: I would do several analyses to determine whether there were enough buyers on the site. One would simply be to assess the total number of visits to the overall auction site over time. This would give me a sense of how popular the site is.

Interviewer: And how would you assess the results?

Candidate: One would hope that the number of visits to the site is increasing—or at least staying constant.

Interviewer: But if there are a lot of people visiting the site, but no one is purchasing anything, then those hits aren't very valuable, are they?

The interviewer is challenging the candidate's thinking, pushing him to be thoughtful in his analyses. The interviewer is also gauging how the candidate will react to this "bad cop" attitude.

Candidate: Good point. Let me revise my proposal: I would want to look not only at overall visits to the site, but also the number of products purchased.

Interviewer: Right. This is what's called the conversion rate. So let's say that overall hits and purchases have been increasing steadily, but in the sports category the conversion rate has dropped significantly over the past year. And the client is feeling pressure because his business is dragging down the otherwise stellar performance of the rest of the organization.

More useful information. Make sure that when the interviewer offers you data, you use it.

Candidate: What this says to me is that the attractiveness of the overall product offering has declined: On a relative basis, the number of purchases has lagged the number of visits, thus decreasing the conversion rate. Can you tell me whether the product mix or marketing has changed, or whether the site navigation—how you get to the site—has changed?

Note here how the candidate has used a simple marketing framework—the 4P framework—and adapted it to the case without making it blatant. He didn't introduce the framework as such, and substituted words such as "site navigation" for "placement" and "marketing" for "promotion." Also, since the interviewer already told the candidate that one of the P's—price—was standard across the entire site, and therefore not under the control of the client, the candidate astutely left it out of his response.

Interviewer: All good questions. In fact, only the product mix has really changed. Both marketing and site navigation have remained constant. The product mix, which at one point was more focused on outdoor recreational sporting activities—for example tents, water skis, and so on—has shifted more to sports clothing.

Candidate: Is there any data to explain why this took place?

Interviewer: Let me turn the question back to you. How might you get this data?

Candidate: Both buyers and sellers, I'm assuming, need to provide e-mail addresses. The client could do a survey, offering rewards in return for filling out a survey on why certain items did or did not sell.

Interviewer: Good idea. What type of rewards might these be?

The candidate is wandering a little off of his framework, but the interviewer is allowing him to do so. Because the candidate offered such a solid road map for where he was going with his 4P framework, he can easily move back on to his original path when the interviewer prompts him to do so.

Candidate: For the seller, this might be a series of free listings. For the buyer, it might be a certain credit to his or her account for the next purchase.

Interviewer: And this is exactly what happened. What the client found was that the value equation for outdoor equipment did not work online. Though the prices were good on the site—for example, a high-quality frame backpack for \$75—the shipping costs (borne by the buyer) made it too costly for the buyer, and the packing requirements to ship the good were too onerous for the seller.

Candidate: I see. So what likely happened is that the model quickly broke down: The buyers left because they didn't see the value, and the sellers left because there were no buyers. So, to answer my two hypotheses around whether this was a supply problem or a demand problem, the answer is yes to both because they are absolutely linked. Fewer buyers leads to fewer sellers, which leads to fewer buyers and so on.

The candidate has scored big points by answering his initial hypotheses and understanding that they are not mutually exclusive. If he had introduced the phrase “virtuous circle” here, he may have been offered the job on the spot—consultants live for the virtuous circle.

Candidate: So it probably follows that if the marketing programs are the same, the client is targeting the wrong consumer segment; instead of going after recreational sports buyers and sellers, the client should switch its focus to buyers who want sports clothing.

Interviewer: And how would you go about targeting this audience?

Candidate: I would want to know who the consumer is—what the demographics are, how and where the consumer is currently shopping, what types of clothing are most popular. And then I would want to locate sellers. The Internet is probably a new and potentially interesting channel for mom-and-pop stores that sell sports clothing. Perhaps signing up more of these sellers could entice more buyers to come—and buy—on the sports site.

The candidate has suggested some simple and basic ideas for how the client could proceed. More important, he has used a structured and straightforward way to answer the case question, and has gotten to the heart of the business problem—the infamous virtuous circle. Well done!

Case 6

The CEO of a small- to medium-sized sock company has hired your consulting company to assess why profits have been falling from respectable levels 4 years ago to declining 1 year ago to a projected loss this year. You have been assigned to be the main business analyst on the engagement. How would you help analyze the situation and what would be your preliminary recommendations for how to address it?

You will notice that this is a question about profitability that is similar to the last operations case, but the candidate (who gives the “good answer”) takes a very different approach.

Bad Answer

Candidate: I’d basically just find out what the problem is by talking to all of the employees and doing a bunch of market research, and then I’d talk about it with my consulting team and figure out what the best thing would be to do.

Wow, that’s really specific. Thanks for the high-level tutorial on how consulting works. Whenever possible, avoid extremely general answers. Although a standard approach to assessing problems and evaluating potential solutions is helpful, don’t stay up in the clouds—you need to focus on the business problem at hand.

Interviewer: Yes, that’s generally what consultants do. But what would you specifically want to focus on in this case?

The interviewer was tactful in delivering the message, “Get on with it. Let me see how you think.”

Candidate: Well, it seems to me that sandals, clogs, and Tevas are getting more popular all the time. I'd guess that the market for socks is shrinking these days since not as many people are wearing formal shoes; it must be that the market is just drying up. I'd recommend that the company look at other products it can produce that are more popular.

With this assessment and recommendation, the candidate will be in sandals often since he will be sitting at home—rather than in an office—looking through the want ads.

Guessing at the heart of the problem without gathering any background information is always a bad idea; it's the equivalent of shooting at a target in a dark room. You might hit the target, but it's more likely that you won't. Even if you do, it won't be a successful interview anyway. The interviewer wants to see how well you ask for help in finding the light switch, what you'd look for in the room once the lights are on in order to find your target, and how you'd aim before you fire at it (to take the analogy to its conclusion). In practical terms, profits may or may not be related to market expansion or contraction. And there are many ways—not just one—to deal with a shrinking market and still be profitable. More information is needed, and the candidate should have tempered the urge to skip ahead to a recommendation before investigating the situation.

Good Answer

Candidate: If profits are down, then either the sock company's costs are up, revenues are down, or both. I'd first want to understand the cost side of the equation at a high level to see whether there are any red flags on the operating side of things. Have costs increased for this company in recent years?

The candidate has successfully recognized this as a profit question. Furthermore, the candidate has chosen one of the key issues in profitability to investigate first: costs and operating efficiency.

Interviewer: Actually, no. I can tell you that costs have even declined a bit as a proportion of revenues as the client has improved sourcing in its materials and has automated one of its weaving plants. Margins were looking pretty good

after the plant investment until a couple of years ago, when things took a turn for the worse.

So it's not costs. Carry on with information gathering. The interviewer, role-playing as the client, has actually given a hint in the bit of extra information he shared after answering the candidate's core question.

Candidate: Okay, so if the problem is not fundamentally on the cost side, it must be on the revenue side. Since revenues are a function of product sales volume and the average price of its products, I'd want to understand a little more about what's going on with each one to dig further on where the problem may lie. Has the overall market for socks of the sort that this company produces been shrinking in the last few years?

The candidate has wisely decided to start by understanding the current dynamics of the industry. Doing so will allow her to determine whether she's dealing with a market share or a market-size problem. Furthermore, the candidate has identified price and volume as the component parts of revenue and has done a good job explicitly communicating this knowledge to the interviewer by saying it out loud. The candidate asked the question to understand if there are macro issues affecting the client's business—a contraction in demand for the client's products that is outside of the client's control.

Interviewer: The market is in relatively good shape, actually. Overall demand for socks like the ones the company produces has been steadily increasing in line with population growth. So, the problem isn't with the demand for these products.

The candidate is now getting close to the heart of the matter. Since it's not a market-size issue, then it must be a market-share issue.

Candidate: All right. What's happening with the company's sales volume and pricing, then? If the market is healthy but the client's profits are declining even though costs are in good shape, I would assume that the client is experiencing a

rapid decline in sales. How have sales volume and average prices been doing for the past couple of years?

The candidate is starting to test a theory—that a decline in sales is hurting profitability. This is a common source of profit loss in industries with high fixed production costs; basically, operating costs cannot be reduced as quickly as falling revenues to protect margins due to big fixed expenses like plants and warehouses, which have lower costs-per-unit as production volumes go up but higher costs-per-unit when production volumes fall. By not only asking about sales volumes, but also about pricing, the candidate is probing to find out if unit sales are falling as well as the potential reason why: competition (which often hurts not only sales volumes but also prices for former market leaders who experience price pressure and often must lower prices to remain competitive).

Interviewer: That's really two questions in one, but they are both relevant here. Yes, sales volumes are falling precipitously. And prices for this client's products have been falling too.

The candidate continues to make good progress through her framework and has identified the forces at work in creating the profit problem. Now she has enough to make a prediction about what's going on and formulate a few potential recommendations.

Candidate: Right. So not only is the client seeing lower revenues, which is probably hurting profitability if that automated plant is suddenly more costly on a per-unit basis than it was before volumes fell, but also the profit margin is getting squeezed by lower average price per unit sold. Given what I know now, I'm going to guess that a growing market for these kinds of socks has attracted a number of new competitors in recent years. I'd guess that these new competitors are stealing market share from the client with similar or better products, and by consequence the client is dropping prices in an effort to retain the share they are losing and boost sales volumes. Does that sound about right?

Interviewer: That's a pretty good guess. Your theory that falling sales and prices are due to the entry of numerous new competitors is correct. So what do you think the client should do about it?

This part of the case is where there is a transition from the analytical to the practical—time to step out of the land of theory and into the land of reality. If the candidate doesn't have a great deal of practical business experience to guide her thinking in how to address the problem once it's identified, that's not a show-stopper. The interviewer will already know that this is the case by having reviewed the candidate's resume. As such, he will likely cut her a little slack so long as the recommendations are framed as possibilities rather than conclusive solutions. Remember: If you have less confidence in your recommendation in a case interview, then consider several possible approaches to dealing with the problem and share them all in turn. This will show that you keep an open mind with challenging problems and don't settle on one solution too quickly—a valuable skill in the kind of team-oriented business practice that is common among leading companies and consulting firms alike.

Candidate: Well, I believe there are several different potential paths for the client to take to address the impact that competition is having on profits. Therefore, I'd want to make several different possible recommendations and then review each recommendation's potential with my colleagues—they are likely to have more experience dealing with this type of situation.

Good job. This could be perceived as stalling, but in fact it shows a balanced and collaborative approach on the part of the candidate.

Interviewer: I can see why you'd want to do that. It always makes sense to review ideas with colleagues before rushing in to give the client one answer only. That said, I'm interested in hearing a few of your ideas. What are a couple potential ideas you'd present to your team to consider as recommendations for the client in this case?

Though the interviewer values the candidate's response, he is not going to let her off the hook and close the case out before hearing at least a few of the candidate's specific ideas. No problem. Do a quick priority of what you consider to be the best ideas in your arsenal and share the top two to keep things moving forward.

Candidate: Well, one idea would be for the client to address the competitive threat head-on by assessing the qualities and value proposition of the products that are stealing market share. In this way, the client can learn if making improvements to the product will make it more competitive, thus earning back some of the lost share—and possibly justifying a higher price in the process.

Good. The candidate has proposed a logical potential solution to address the key source of the profitability problem: market share loss.

Interviewer: Hmmm, that's one interesting idea and it seems to make sense. But what if the client's product development time is too long for this to be viable? Or what if the client lacks the time, resources, and money to really investigate and respond to what's driving competitors' products to take away share?

The interviewer hasn't entirely discounted this potential solution, but he is trying to push the candidate to consider limitations on the client side that could reduce the viability of this recommendation. He wants the candidate to consider an even more real-world perspective—taking into account both how the market and the client's organization might react to a recommendation. The candidate should continue further and present her second recommendation and see if that one is perhaps more viable.

Candidate: If that's the case, I have another potential recommendation. If the client cannot assess and change its product offerings fast enough to combat the competitive threat in the marketplace, then the client might want to consider making a quick acquisition of one of its competitors in order to regain some share. If the client has enough cash on the books to make this viable, it could

be a way to “buy” rather than “make” new products that better compete in the market and thereby increase profits.

The candidate has risen to the interviewer’s challenge by calling on the classic “make vs. buy” strategy when evaluating a response to competitive threats. Would you be expected to come up with two such strong recommendations, both well grounded in practical business? Not necessarily. It’s clear that this candidate is obviously experienced enough to quickly formulate a short list of solid suggestions. When asked for potential practical solutions to a problem, be fact-based, rely on what you’ve learned in the case so far, and be creative but not outlandish.

Interviewer: Yes, that’s another potential way to go for this client, and you’re right that this may be more practical if the product development and launch times are long. There are undoubtedly other potential recommendations you could make, but for now that’s sufficient for me to see your line of reasoning on how you’d address the core issue. Good job. Let’s move on.

Well done. The candidate gets bonus points from the interviewer for understanding the “make vs. buy” decision that many companies face when under intense competitive pressure. Having done admirably on this case, the candidate should feel good about moving forward with the interview.

Case 7

The COO of a business services company supplying technology consulting to Fortune 500 companies is concerned because she has noticed a downturn in corporate spending overall on consulting and other outsourced services during the trailing two quarters. Upon discussing her thoughts with some of her peers at other tech consulting companies, she has learned that other companies are predicting a reduction in demand for their services as well. She is thinking about how to address this issue within her own company, and has asked for your help in thinking about it as well. What would you like to know, and how would you advise this COO?

Many business operations cases set up the situation you need to consider in this way: The candidate is asked to consider how changes in the marketplace will impact a company and what some of the operational responses could be to these changes. This case is indicative of the changing nature of business in the United States in that it focuses on a professional services company—not a traditional manufacturing or other packaged goods company. This means that the operational issues—and costs—the candidate will want to consider are different from those relevant to a manufacturing company.

Bad Answers

- I'm surprised she was able to talk to other companies. I thought that all of the consulting firms were really secretive and didn't share information because of client confidentiality rules and whatnot. My brother is a consultant, and he can't even tell me what clients he's working for—just the general terms like “telecommunications company” and that kind of thing. So maybe the COO is getting bad information or getting lied to—she should think about doing some research to see if her peers are giving her the straight scoop on what's happening with their businesses.

It's a waste of everyone's time to question the very information presented in the case itself. In general, whatever you are told by the interviewer towards setting up the case, you should trust. Focus on moving things forward throughout the case, rather than right off the bat questioning the very foundation of the case itself.

- I think she should start firing people and find a start-up to sublease some of her real estate. Sounds like the boom times are over, so she's going to need to cut the fat.

The candidate is moving much too quickly towards a recommendation. He hasn't investigated the issues at all. Until it's clear what the operational dynamics and concerns are for the COO in this case, the candidate should avoid jumping to potentially callous or impractical conclusions.

Good Answer

Candidate: This is an interesting case since it involves a services company, rather than a manufacturing company; this means the COO is going to be managing a different set of operations costs and processes as compared to those of manufacturing or other companies of that ilk. Since you've told me that marketplace demand is contracting for her and other companies' services, I'm going to assume that this is not going to change for some time and that the COO's main challenge is going to be cost containment as her revenues stagnate or fall in the short term.

This is a strong start. The candidate has inferred key information from the set-up of the case—namely that overall industry demand is contracting and that this is likely to negatively impact revenues. The candidate has further communicated that he understands the profit equation—and that costs, rather than revenues, are the relevant variable for the COO to focus on since revenues are assumed to be falling due to forces outside of the COO's control.

Interviewer: That's a safe assumption. When the overall industry is experiencing a downturn, it's important to focus on the cost side of the equation to defend profitability. What do you think is important to consider in this regard?

The interviewer is validating that cost management is at the heart of the matter. The candidate should move forward with an analysis of the operational costs that a company like this one would be working hardest at managing—in other words, he should work towards figuring out which operational costs are the most significant or require the most attention.

Candidate: In a general sense, I would want to think about how to manage operational expenses, which break down into fixed costs and variable costs. From what I know about consulting companies like this one, the main fixed costs tend to be things related to keeping the company running—like technology resources, real estate costs for the headquarters and branch offices, and administrative support for core functions like human resources, finance, and facilities.

The candidate is continuing to show good knowledge of both the theory of operating costs and the practical application to a services business—by listing the specific components of the typical fixed costs for a company like this one. Of course, a focus on fixed costs for a manufacturing company would include many of these items as well as key additional fixed costs like plants, machinery, and other fixed assets related to the production of goods.

Interviewer: Yes, that’s correct. Those are the main fixed costs that the COO manages for her company. Are there other costs she should think about?

Candidate: Yes, the client would also need to think about the variable costs she manages. In this case, I believe that the main variable costs are the salaries of the professional services staff that the company employs to actually do the billable work of technology consulting. It may be a bit harsh to call these people “variable costs,” but it’s my understanding that most companies think of their labor force as one of the variable resources that the management team must handle in terms of cost.

Interviewer: Yes, employee salaries are a big component of the variable costs that the COO needs to consider. Are there any others?

The candidate has correctly identified employee salaries as one of the main variable operating costs. However, he should try to take a comprehensive view of the landscape by identifying one or two other variable costs that might impact the cost side of the profitability equation.

Candidate: Yes, some other variable costs that the COO is managing would include travel and expenses related to her staff’s client service work, compensation

for contractors and other part-time workers, supplies and other nonfixed assets used to run the business, and selling and R&D expenses related to finding new clients and developing new service offerings.

Interviewer: Good job. That's a pretty solid list of the fixed and variable costs that the COO would want to consider in thinking about how to address the company's profitability with revenues declining. So what would you suggest she do to improve things?

The interviewer is getting into the heart of the matter now—he has acknowledged that the candidate has done a solid job in applying business theory to the case by communicating the profit equation, breaking down costs into fixed and variable, and listing the specific costs that fall under each category. The interviewer now wants to go deeper and really see what the candidate's practical business experience and instincts lead him to recommend.

Candidate: Well, let's consider each of the cost categories in turn. In regard to fixed costs, most of the ones I mentioned are very difficult to reduce or impact on a short-term basis. It's the very fact that they are hard to change that makes us think of them as fixed in the near term. If the COO needed to make drastic changes, perhaps she could consider reducing the real estate budget by tightening down the floor plans and using less real estate space for existing resources. While this may not be a popular decision, it might be possible to reduce the monthly real estate lease fees—or gain some subleasing rents if the company owns its headquarters buildings and can free enough space to take on new tenants. This is a challenging prospect though, if we assume that the company is managing its space fairly efficiently already. I believe it would be more fruitful to focus on reducing or containing variable costs instead.

Sometimes you've got to go with your instincts and make a judgment call about where to focus your thinking and recommendations. This is fine to do—the interview time is limited after all.

Interviewer: I can see why you'd want to do that. These are the costs that the COO is most likely to be able to impact in the short run. So what do you suggest she consider doing?

Candidate: In tight times, I know that one of the things that gets cut first is budgets for new resources like technology expenditures, office supplies, company perquisites, incentive trips, and so on. One suggestion would be to have the COO ask her department managers to revisit their operating cost budgets and identify areas where they can reduce nonvital expenditures for the next several quarters in an effort to help boost profitability. Investing in internal resources tends to stall or get scaled back when times are tough, and as long as she communicates why this needs to happen, then her division managers should understand and be able to deliver some cost savings. Marketing and branding budgets could also be reduced if her company is spending significant money in these areas. After all, these budgets go towards increasing market share—something that may not have the same return on investment in a contracting consulting services marketplace. The main advantages of these changes are that they can be made fairly quickly and won't impact company morale as significantly as reducing headcount would. That said, the underlying motivation for these changes still need to be well communicated to the whole company so people understand that these are not arbitrary or permanent changes.

Good suggestion. Although it may not be the largest source of cost containment, noncritical expenses not directly related to client service and new customer acquisition/sales are the kind of low-hanging fruit that a company can eliminate as a means of reducing operating expenses during difficult economic times.

Interviewer: Okay, I can see that this suggestion might be a good source of cost savings in the near term. Are there other things the COO could focus on doing?

Time to go further and explore some additional avenues.

Candidate: Yes, the other main source of expenses that I mentioned earlier had to do with the salaries and other expenses related to full-time employees. This is a much trickier issue, since letting employees go during tough times does save you money but also carries up-front incremental expenses in the form of severance payments. If, however, the COO believes that the downturn in revenues and demand for her company's services is going to be prolonged, reducing headcount makes sense so that the company can avoid having to bear the costs of under-utilized resources. This also assumes that the company's employees aren't unionized or employed under long-term contracts—both of which will prevent the ability to change the size of the labor force in the short term.

While firing employees does save money, it also brings with it new expenses. These new expenses must be considered on balance when evaluating the total impact of this kind of change on overall expenses.

Interviewer: Letting employees go could save the company significant money, assuming that the overall business is contracting. The COO has actually been considering this drastic step, as she is pretty bearish on the economy and on the overall demand for her company's services in the near as well as the longer term. If the COO accepted this recommendation, what else would you want to suggest she consider before directing her managers to reduce their headcounts?

Candidate: First, I would counsel her to conduct a solid analysis and business case for the need to reduce her staffing and be very focused about where and how she would carry it out. Since this is such a drastic and emotional step for the company, I would counsel her to avoid using an across-the-board reduction in headcount and instead in a targeted manner gauge where the reductions in headcount will be most appropriate—she would need to work with the different P&L or business division managers who know best what their employee needs will be to deliver on the company's existing client needs and service commitments.

Second, I would suggest she very clearly communicate the headcount reduction plan to the CFO and investor relations team so that they can manage Wall Street's understanding of why and when this step is happening. The last thing you want is to have the money managers who rate the company's stock price to overly penalize the company when the staff reductions become public knowledge. Third, I would advise her to be open about the task at hand to all of the internal stakeholders. In this way, the cost-containment activities will not seem like an arbitrary directive coming down from on high, but instead will be clearly connected to the reality of a downturn in the marketplace that necessitates such changes. Finally, I would counsel her to test the wisdom of making such drastic changes with other senior executives before carrying out the plan. I believe that the COO's internal reviews and communications on the decision will be vital in carrying this out in an effective manner.

Good job. Bonus points for showing a more savvy understanding around the challenges of reducing employee expenses through layoffs. Firing is a highly charged and difficult process for most companies—not only will it negatively impact morale, but it will also create new challenges for managers to have to handle. As well, it will potentially send very visible, public signals to the marketplace about the company's opinion of its business prospects in the long term.

Interviewer: Your suggestions make sense. Good job. Thanks for sharing your ideas.

Case 8

Your client is the vice president of global sourcing for a U.S. footwear company. The company once owned seven manufacturing plants in the United States but now only owns a single plant. The client has brought you in to determine whether to close the final plant. What types of questions would you ask to assist the client in making the right decision?

This is a relatively straightforward operations case that discusses the timely business subjects of offshore manufacturing and outsourcing. Most interviewers will expect the candidate to be reasonably well versed in the basic tradeoffs between domestic versus international sourcing and manufacturing.

Bad Answers

- The move towards global sourcing is always justified because the costs will be lower. If the client has closed seven plants, it probably makes sense to close this one as well to reduce costs, improve profits, and satisfy shareholders.
- I am getting sick of companies moving offshore and taking away jobs from American workers. It's companies like these that are responsible for the loss in manufacturing jobs.

It's stating the obvious, but we'll do it anyway: Make sure not to make your political views blatantly evident in your interviews. It can do nothing but harm your chances of getting hired. That said, keep your emotional opinions about critical issues in check and focus on the task at hand: tackling a case interview in a logical and structured manner. Your interviewer will be looking equally at the manner in which you address the case and at the methodology you use to crack it.

Good Answer

Candidate: Interesting question—and a timely one. I've read a lot about companies facing this same dilemma over the last year. Let me first ask a little more about the company: What types of shoes does it make? What customer segment, or segments, does it target? What are its price points? And what channels does it compete in?

The candidate has let the interviewer know that she is up to speed on one of the key current business issues—a point in her favor even though it's possible that the bar has been raised with this admission. The candidate proceeds to ask a series of very targeted questions that are all based on the 4C framework focusing on customers, cost/price, competitor, and channel. She chooses to leave competitors out of her line of questioning because she can glean the information she needs using the three other C's. This also allows her to be less obvious in her use of the framework.

Interviewer: The client targets women exclusively and provides a wide product offering, from work shoes to dressier, fashion-based shoes. Its price points vary—from \$50 all the way up to \$400. And it owns its own distribution channel, with small stores across the country. It does not have any international distribution.

Candidate: One or two more questions before I start testing some hypotheses: You mentioned that seven plants have been closed. What was the reason that the plants closed, and where did the production move to?

Interviewer: The plants were closed because the client determined that costs were too high. Most of the sourcing has since moved to Asia.

Candidate: Unfortunate, but not surprising. So the client makes a wide range of shoes, some basic, some more fashionable, but still targeted towards the same consumer, who appears to be a working woman. Digging a little deeper, I'm going to assume that the key purchase drivers for the target's work shoes are comfort, price, and a baseline level of fashion. That said, the target will splurge for her dressier, more fashion-based shoes. Is this correct?

Interviewer: It is, but why are you making these assumptions?

Though the candidate may (and in this case does) have very legitimate reasons for going down this path, she has not explained up front how and why she is taking this slant and has therefore lost the interviewer. Not a big deal, but she will need to quickly articulate the rationale for her line of assumptions.

Candidate: The reason I'm asking is because the client may need to employ a different service model for the fashion market than for the work market. For example, it may require different lead times, different manufacturing expertise, or different materials. And this may imply a different sourcing strategy.

Good recovery. A better tactic would have been to share this thought process before discussing the purchase drivers with the interviewer.

Interviewer: I see. Tell me more about what you mean by lead times and why the different markets might require varying lead times.

Candidate: I'm defining lead times as the time it takes the company to design a shoe until the time it is on the shelf. Lead times may be different based on the product segment precisely because of each shoe's varying shelf life. Fashion-based products only have a short window of time in which they are—for lack of a better word—in fashion, while the work shoes are likely to be more consistent year after year.

Interviewer: And what does this mean for our client?

The interviewer is pressing the candidate to turn her insight into implications for the client. Whenever possible, try to do this before the interviewer explicitly asks for them.

Candidate: For fashion products, the client needs to get the product on the shelf expeditiously, and may not be able to wait for the long lead times from Asia. Having a plant in the United States would allow the client to respond to market trends expediently and quickly stock its stores with fashionable shoes. And, given that the consumer is willing to pay a little more for her dressier shoes, the tradeoff between a higher priced shoe and the higher cost structure from a domestic plant might be worth it. In fact, if the client were the only plant to have an American plant, perhaps this could be a competitive advantage.

The candidate outlines the client implications succinctly, with an extra point about competitive advantage thrown in at the end. Some interviewers may not react kindly to this bonus information, because the competitive set has been mentioned; others may be impressed by the candidate's ability to push the analysis to the next level.

Interviewer: You've nailed one of the key issues. The client has kept the last plant in order to service the needs of its more fashion-conscious consumer, who demands a product that is "trend-right." All of the work shoe products have been moved overseas. Now let's see if we can quantify the tradeoff you talked about and make a recommendation. The client has recently put together some analysis saying that it can make the same fashion shoes in Asia for 20 percent less, but that this will add 6 weeks to the lead time. How would you analyze these results?

Candidate: So we're trading off a 20 percent reduction in costs versus 6 weeks of lead time. The answer will lie in how important those 6 weeks are. This brings us into the competitive nature of the market. Is the client now leading the market in getting its fashion product to market? And is its brand equity based on an avant-garde product line?

The candidate now formally introduces another C: competitors. She also asks more about the company, and where its equity with consumers lies.

Interviewer: Over the last couple of seasons, the client has introduced the "It" shoe for the women's fashion market; this has significantly driven up sales in this segment. Women have waited in lines that have stretched over city blocks in order to buy the shoes, which have retailed for \$400, up from \$250 in the years before.

This interviewer must have recently sold a big project, because this is a real giveaway.

Candidate: Well, in that case, it wouldn't seem to make a lot of sense to lose the brand equity, the price premium, and the sales for a 20 percent cost differential.

Interviewer: How would you calculate the break-even point?

The interviewer, realizing he was being too nice, now throws the candidate one last zinger.

Candidate: I would determine the average profitability under the two scenarios. The base case would involve producing the shoes in the United States with the higher cost structure. The other case would be producing the shoes in Asia but losing 6 weeks. I would assume that both the price point and the total sales would be lower under the second scenario, because the client is giving up its positioning as the maker of the "It" shoe. Then you would need to determine whether the lower cost structure would make up for it.

Interviewer: So if I told you that the average margin on the "It" shoe for the past two seasons was 25 percent, how far could the price fall before the lower cost structure would make sense?

Well, maybe one more zinger.

Candidate: If the shoes have sold for \$400, this means that the cost was \$300. Moving to Asia would mean production costs of \$240. To make the same dollar profitability per shoe, the price could be \$340. Ultimately, then, the question is whether waiting those 6 weeks will cut into the price by \$60 at retail.

Interviewer: That's the question. Thanks for talking this out with me.

Business Strategy Questions

Case 9

Your client is a large passenger cruise line company. It's considering whether to invest \$250 million in a new, 1,500-person passenger ship. The CEO of the company has recently declared publicly that he hopes to deliver 10 percent returns on all major investments. Help the client determine if this is a good investment.

The fact that this question is peppered with numbers implies that the interviewer is looking for a quantitative answer.

Bad Answer

Let's see . . . \$250 million investment, 10 percent return. This means that you need to make \$25 million on the investment. Let's say that the CEO needs 10 percent return over 10 years, that's \$2.5 million a year. That's about \$1,500 in profit per passenger. That sounds like a pretty hefty profit per passenger, so I don't think it's a good investment.

The candidate has certainly shown an ability to make assumptions, but he wildly oversimplifies the case and, in doing so, loses serious credibility.

Good Answer

Candidate: Interesting question. I can already tell there's going to be quite a bit of math involved here, so would you mind if I took a couple of minutes to write some things down?

Interviewer: No problem. Take your time.

There is no down side to taking a few minutes (though no longer) to gather your thoughts. Write down all of the factors to consider. In this case, the candidate will want to consider (among other things) the price per passenger, margins, cost structure, capacity utilization, and number of trips per year. Make sure you organize these types of things in a logical fashion so that your structure becomes apparent to the interviewer.

Candidate: Okay. Thanks for your patience. I have a clarifying question to start off with: When you say that the CEO needs a 10 percent return on investment, this means the total return needs to be \$250 million plus 10 percent, or \$275 million. Does the CEO have a timeframe for this payback?

A good start. The interviewer might be expecting the MBA student to calculate a return based on the time value of money (therefore the discounted return would be higher than \$275 million in today's dollars, factoring in the client's cost of capital).

Interviewer: The CEO is looking at a 5-year payback period.

Candidate: So \$275 million over 5 years is equivalent to \$55 million in profit per year from the vessel. For simplicity's sake, can we make it \$50 million a year?

Don't worry if you can't do this in your head. Do the math on a piece of paper. Also, it's completely acceptable to make the numbers you're working with very simple. The candidate has shown a facility with math, which is the most important skill to demonstrate on this case.

Interviewer: No problem. So what we've determined is that the ship has to generate \$50 million in income per year in order to break even.

Candidate: Let's start out with the revenue side of the equation, then move to costs. Revenue is going to be a function of price and volume. Volume is going to be equal to the number of passengers multiplied by the number of trips per year. So, for example, if the ship does ten trips per year, its total capacity is 15,000 passengers. How many trips does a ship like this typically take in a year?

The candidate has broken down the revenue portion of the income statement logically and asked a very targeted question that will allow her to continue her diagnosis.

Interviewer: A vessel like this does about 40 trips per year—40 week-long cruises with about 12 weeks for maintenance and repositioning (which means moving from one vacation spot, such as the Caribbean, to another vacation spot, such as Alaska).

Candidate: So this means that the total number of potential passengers is $40 \times 1,500$, or 60,000. However, the ship is not always going to be full, so the actual load is going to be less than 60,000. Let's assume that, on average, the boat is 75 percent full; this means the actual number of passengers is $60,000 \times 75$ percent.

This is not easy math to do in your head. Again, take your time and do the math on a piece of paper.

Candidate: $60,000 \times 75$ percent = 45,000.

Interviewer: Why did you choose 75 percent as your capacity figure?

Interviewers will often challenge you on your assumptions to make sure they are backed by sound business logic.

Candidate: My logic was this: At key times, for example during the holiday season and the summer, the boat is likely to be at full capacity with people taking their vacations. Let's say that this covers about one-third of the year. At other times—during the off-season—the boat is not going to be full; let's say it will be at about 60 percent capacity. The weighted average is about 75 percent.

Interviewer: Sounds like good logic to me. So now what do we do with this 45,000 figure?

Satisfied with the response, the interviewer wants to move on.

Candidate: We need to multiply it by a price per passenger figure to get total revenue. I haven't gone on a cruise lately, so let me ask what's included in the price in order to get a sense of what the fee might be.

Interviewer: The price includes all lodging, food and beverage (except for alcohol), and onboard entertainment activities such as movies, shows, and dancing.

Candidate: Got it. Since I imagine that different cruises target different consumer segments—and charge different prices—I'm going to need to know what type of cruise ship this is.

The candidate is seeking a key piece of information. Always remember to inquire about the customer.

Interviewer: This is a high-end cruise ship, targeting an upper-income bracket.

Candidate: To come up with an estimate, I'm going to use a benchmark, which is how much a consumer in this demographic might spend for a week's lodging and food on a noncruise vacation.

The candidate is now showing her logic before presenting a conclusion. This marks a shift in the approach she used earlier in the interview (when she used the 75 percent figure without giving any background). The interviewer will note this as a positive change made by the candidate.

Candidate: Let's say that this consumer, while on vacation, is accustomed to paying \$200 per night and spending \$50 per person per day on food, and \$50 per person on entertainment. So this means the consumer is paying \$300 per person per day, or \$2,100 per person per week. It's conceivable that the cruise could then charge in the \$2,000 per person range.

The candidate makes a subtle error in judgment. See if you can determine what it is before you proceed.

Interviewer: Actually, this isn't totally accurate. How would it change your math if I were to tell you that the typical consumer for a high-end cruise is an older couple who, of course, shares a room?

The interviewer is letting the candidate correct her own error. As a general rule, an interviewer will not ding a small mistake in a long—and quantitative—case, as long as the candidate recognizes the error, corrects it, and doesn't show signs of frustration.

Candidate: Oops, my mistake. I assumed the consumer was a single person traveling, not a couple. This means the hotel costs need to be divided by two in order to get to a per person number. So, the number would be more like \$200 per person per day, or \$1,400 per week.

Good recovery.

Interviewer: Do you think the \$1,400 per week is reasonable? What factors might increase or decrease the price relative to a “plan your own vacation”?

Candidate: I think you'd be able to charge a small premium on a cruise relative to a “plan your own vacation.” On a cruise, everything is very accessible, and all services are taken care of in advance. Convenience is likely of great value to the older consumer. So, to make the math easy, let's assume that a cruise can charge a \$100 premium, so the price per person per week would be \$1,500. If you multiply this by the 45,000, you get roughly \$70 million in annual revenue.

The candidate has wrapped up the revenue portion of the equation. Even if this number is wildly off—which it very well may be!—the interviewer is going to be far less concerned with the final answer than with the logic involved in getting there.

Interviewer: Okay. So, getting back to our initial analysis, you said that the ship would have to generate about \$50 million per year in order to break even. Given the revenue analysis you just did, do you think this is possible?

Candidate: This would imply that the cost of maintaining the vessel is only \$20 million per year. Stated another way, the margins in this business would need to be really favorable to generate \$50 million in income on only \$70 million in revenue. I don't know a lot about the specific economics, but this seems really high relative to most industries.

The candidate is using sound business judgment to assess the situation, speaking in terms of margin, and comparing the very high margin required to justify this investment against other industries.

Interviewer: You're right. The margins do seem too high. Do you have any ideas as to how the cruise could increase its revenue stream in order to justify the investment?

Candidate: One option, of course, would be to increase the price, but this might force many of the consumers to substitute other types of vacations for cruises. Other ways might include providing revenue-enhancing options on the boat, such as classes, a casino, skeet shooting, special restaurants where guests would be asked to pay additional fees. You also mentioned that the boat does quite a bit of repositioning. Perhaps the client could increase the number of overall paying passengers if it offered discounted fares during these times as well. But, still, I don't see how the client can justify this investment.

The candidate has come up with several creative solutions and has also taken the next step: assessing the impact of these possibilities on the economics.

Interviewer: Good job! I bet you never thought you'd be discussing skeet shooting during a case interview.

Case 10

Your client is a large regional grocery store player. Most of its stores are located in typical, suburban strip mall-type locations. But that market is almost completely saturated and competition in the grocery industry is fierce, especially with Wal-Mart aggressively expanding its supercenters. The client is looking for new growth options. One idea in front of the CEO is to expand into inner-city communities that have typically been underserved by retailers in general. How might you evaluate this strategic option?

This is a typical, broad-based, and meaty strategy question. It would be appropriate for undergrads or grad students. For an undergrad, this would be a very typical case question, since it deals with a subject—grocery stores—that should be familiar to virtually everyone.

Bad Answers

- I don't know anything about the inner city except for what I've seen in movies. I don't know any poor people. Can I have a different question please?

Wrong answer on a few levels! Not only does the candidate sound like a snob, he's also committed the cardinal sin of case interviews: punting on a question without making any discernible effort to come up with a solution. And he's made a snap judgment about the customer base—which, as you'll see, is not necessarily the right one.

- It would be dumb to go there. People in the inner city are poor and therefore can't buy enough of your stuff. And you don't want anything to do with that market. Poor people just need to work harder and get jobs. This would be like corporate welfare.

Whoa! It's generally a good idea to avoid aggressive political statements in case interviews. Not to mention the fact that the candidate has still ignored any relevant facts that might pertain to the case.

- Well, people do have to eat, so it might work. But there's too much crime, and it would be hard to get the trucks in there, so it just wouldn't be worth the hassle. I'd have to say, don't do it.

Slow down! There are some decent initial points here and they will certainly merit some additional exploration. But the candidate has jumped right to a conclusion, he's got no framework, and he hasn't even given himself a chance to shine.

Good Answer

Candidate: Wow. Interesting issue. That’s a lot to think about. Let me ask a question before I dive into a plan. How exactly are you defining inner city? Is there a specific location you have in mind?

Interviewer: Very good question. There are a number of ways to think about inner-city neighborhoods. This is actually an area we spent some time defining for the client. In practice, we are almost always considering a few specific locations, and you can probably picture a few inner city–type locations that are currently not served by a grocery store, but where you could imagine one. For the purposes of this exercise, however, let’s think generically about inner-city locations. We can say a few things about them: (1) They are areas in which the median income is significantly lower than that of the metropolitan area as a whole; (2) unemployment is generally higher than in the rest of the region; and (3) there is currently a relative lack of retail options, especially large grocery stores.

It’s okay to ask a clarifying question up front. In this case, it was a smart move as it provided the candidate with some valuable information and gave him some time to think. Just don’t let your early questions drag on too long or get you distracted from your framework and strategy for dealing with the case.

Candidate: Thanks. That’s helpful. There’s so much to think about here that I’ll try to come up with a clear plan to do so. I’ll think out loud while I jot down some notes. I’d like to think about a few things, including (1) the size of the market in terms of both people and income; (2) competition—current ones as well as future potential entrants; and (3) the challenge of doing business in this market, mostly in the area of store operations.

This is fine for a framework. The candidate could probably do a classic “4Cs” with this case if he so desired. Any clear framework will typically do, just so long as you have one.

Interviewer: That sounds good so far. Why don't you start with the size of the market?

Candidate: It's potentially big, right? I'd check out the actual data of course, but can I assume that many people live in these neighborhoods?

Interviewer: Yes, that's a safe assumption. The population in inner-city neighborhoods as we've defined them is quite large. More than 30 million people in the USA live in inner cities, in fact.

Candidate: That's what I thought. So we know the potential market is huge in terms of people. And you've told me that there are few stores serving them now. I'd want to hold off on getting more into the competition until later on, but let's just say that the lack of it initially will be a good thing for us. And it seems to me that everyone has to eat—meaning I'd prefer to place a bet on a grocery store rather than, say, a music store.

Interviewer: Good start. Let's throw a little wrinkle in here now. A consultant is often charged with figuring out good ways to test theories and do research. You said you want to check out the data. How might you go about testing the ideas you've just shared regarding market size?

This type of question occasionally comes up, especially in later rounds when it's already been determined that you can handle such a question. An interviewer will want to see how creative and practical you can be in thinking through how you'll actually do the work. Sometimes you'll even be asked to role play. It doesn't happen often, but keep it in mind.

Candidate: Hmm. Trial by fire for me, today, huh? Okay, here are some ideas. I'd look at census data to get populations and income levels. I'd want to get traffic patterns for cars and buses and see how much traffic other stores are getting in the area.

Interviewer: How would you specifically do that with the traffic patterns?

Candidate: Well, it seems there are specialist firms involved in almost all types of research these days, so we could probably buy that kind of data. But if push comes to shove, we could go out and observe in person for a day.

You can typically buy all kinds of customized research these days. But often “brute force” reconnaissance is the way to go, with junior consultants performing this type of work.

Interviewer: Sounds fine. Let’s move on. I’d like to dig more into this market-sizing piece and talk specifically about income levels and whether they matter.

The candidate is getting a direct hint here. He’d be wise to take it. If an interviewer is this specific, she wants you to follow the lead.

Candidate: Well, as I noted before, everyone has to eat, so I’d assume that there’d be some base level of sales you could count on. But we also know that the median income is much lower than those found in typical suburbs; this is a problem. I have to think, though, that there’s an advantage being in the city because you’ve got a lot more people living in a smaller area, what with the taller apartment buildings and such. This has to be positive for a grocery store. From what I know of suburbs, folks will drive 3, 4, 5, or more miles to get to a store. In the city, you’d probably have the same number of customers within a 1-mile radius.

Eureka! This is a key point in the case. In the trade they call it “income density” and you can think of it as dollars per square mile. If the candidate hadn’t thought of it himself, the interviewer would probably have prompted him somewhat, perhaps using data, especially since she has a follow-up question. If the candidate were very cagey, he might have mentioned early on that grocery stores have very big fixed costs since they are large and pay lots of rent. Therefore, they often think of their performance in terms of dollars per square foot. This is a good example of a piece of data that you’d know if you’d ever worked in the retail field, and one that you might come up with yourself. And yet you would not be expected to know the terminology.

Interviewer: Good point. Let's test it briefly. Suppose I showed you some limited data:

Store	Cost per Square Foot (\$)	Median Household Income (\$)	Total \$M per Square Mile
Suburb store A	455	75,000	2.7
Suburb store B	639	95,000	3.5
Inner-city store A	812	40,000	5.8
Inner-city store B	711	35,000	4.1

Candidate: Perfect! Just what we needed. So it looks like our theory is correct based on this data. While average income is lower, the *total* dollars to be spent in a given trade area is actually higher in the inner city. In the suburbs, the average dollar per square foot is . . . let's see, let's call it \$450 and \$650, so we're talking roughly \$550. In the city, it's right around \$760. That's a considerable difference in favor of the city. And it seems to be coming from the income density you mentioned. In the 'burbs, the density is about 3.1 million per mile while in the city it's more like 5.0 million. I'd want to run a regression against more data, but this feels right so far.

Occasionally you will get a little numbers test in the middle of a case. It will typically be relevant to the case and will often be a market sizing-type question. Sometimes the point is to get to some case insight; other times it can just be a quick test of your math facility and willingness to engage in, rather than shy away from, numbers. In this case, it was a mix of the two. The candidate used round number estimates and drew a quick conclusion. Good for him.

Interviewer: Good. Let's briefly talk about one more issue you think is important.

She's left it open for the candidate, so he can pick his favorite. She said "briefly" and "one more" so the candidate knows they're heading toward the end. Brevity, therefore, is the way to go.

Candidate: Then let's quickly touch on store operations. I'll bet some things would be harder in the city. You'd have to deal with the crime issue, both in terms of theft of goods and the security of the customers. And I think you might have some employee-training issues because the overall education level might be lower. I'd want to interview some successful inner-city store managers and see how they deal with these issues. And you might have differing demands for product mix because you could have different ethnic groups in the city. In my experience, big stores like to carry all of the same stuff. We'd have to learn more here—talk to some store managers. I might want to do a focus group with some inner-city residents to see what kind of products they like to see in their stores.

Interviewer: Good thoughts. And you read my mind on the follow-up tests that you'd do. I like that. This has been a good discussion so far. Let's bring it home to an initial conclusion. Can you summarize and give me a recommendation?

Sometimes an interviewer will request a summary. If that's the case, by all means give it. Other times she won't and the end of the discussion will just sort of hang there. In the latter case, briefly summarize your findings and make some sort of conclusion. Consulting is ultimately about making recommendations to clients—you will look your best if you process the information and turn it into something more real.

Candidate: Sure. Let me summarize some of the "pros":

- Fertile new ground: We need a place to grow and this market is wide open and big.
- An edge over Wal-Mart: It's hard to get its big stores in there.
- Population density: There are more dollars per mile, even if average incomes are lower.

- Rent: This could be lower, but we'd have to explore that more.
- Labor pool: Higher unemployment could mean a benefit for hard-to-fill retail jobs, but we must be aware of potentially higher training costs.

Good list. Nice summation of key points. Note that a couple of the points were not discussed much in the meat of the case. That's okay in a case like this. Be sure to touch on the ones you do discuss.

Candidate: Now on to the “cons”:

- Crime or perception of crime: Perception might be worse.
- Labor supply: In inner cities, the labor pool may have less training.
- Income level: Population density argument seems real, but we're still not sure how this will affect the product mix and margins of the store.
- Infrastructure: It could cost more to upgrade site facilities, access, and so on.
- Lack of space: It might be harder to build bigger, prototype stores.

Interviewer: Fine. So where do you come out?

Candidate: Well, there are strong arguments for both sides. But I'd say it feels like the pros outweigh the cons. Even though we're talking broadly about the inner-city market, the reality is that you'll be trying one or two stores at first, so the relative risk won't be as great. If it doesn't work, you can pull the plug. Plus, you won't learn some of the answers unless you try.

Good job. The candidate has made a decision and supported it well. It doesn't matter if it's right or wrong, and in this case, it's pretty much impossible to be right or wrong anyway. The candidate showed savvy by pulling back in on the general nature of the discussion and focusing on the specific reality of the decision.

Interviewer: Super. Good summary. And I'm glad you put a stake in the ground. When we did this project, that's very much what we told the client. They're still working on the first few stores, but early indications are very positive.

Well done. The candidate brought some structure to a wide-ranging case. These types of cases are not easy because there's much to cover and the tendency may be to jump around. The candidate handled the mini-numbers section. He drew on some personal experience, which is always good. (In a case like this, you might be tempted to draw too much on personal or anecdotal experience, since shopping is so common to all of us. Just be aware of this tendency.) The candidate followed prompts well—always a good thing. Remember that interviewers typically base their cases on work that's familiar to them, so they often have a few directions they want you to go. Take their prompts seriously. This was a fun case with real business and societal implications. If you liked this case, you might very well like consulting.

Case 11

You have just joined a sportswear clothing company with a long tradition of making polo-style, short-sleeve shirts and casual button-down, long-sleeve shirts. Let's call this company Eli's. The division within Eli's that you've joined was formed 6 months before your arrival. This new division designs and manufactures shirts for hip, young, fashion-forward urbanites, made in a similar style to those of several other smaller shirt makers who've burst onto the fashion scene in recent years. Your division is losing a significant amount of money, and your manager has assigned you the project to determine what should be done. What do you need to know, and what would you do to assist your new division at Eli's?

This is a case focused on a classic strategy problem—one similar to any number of business strategy problems you would likely face on a typical management consulting project or within many types of manufacturing and marketing organizations in a competitive marketplace. There are one or two pieces of important information that the candidate should be able to infer from the interviewer's description, or set-up, of the case problem. However, most of the information the candidate needs to properly analyze the strategy issues at play here require further probing on the part of the candidate. This case therefore tests the candidate on both her ability to acquire the proper information to identify the nature of the business strategy problem and her ability to develop one or more potential solutions and communicate them as options (rather than answers) for the interviewer to consider. Strive for simplicity with these types of strategy case questions by thinking of them as having two parts: one part information discovery and synthesis, and the other analysis and development of recommendations.

Bad Answers

- Well, I've already identified the main problem: Eli's must have bad shirt designers who just don't know what kids want these days. I would fire all of my designers and hire new ones. Problem solved, profits up and to the right on the graph for next quarter, baby!

This answer is facetious, as no candidate in her right mind would take such a curt and arrogant approach to answering such a potentially complex business problem. However, it's meant to illustrate one key point: In 99 of every 100 strategy case interview situations, you will not have enough information just in the case setup to be able to provide a recommendation. Instead, always consider the many areas you could or would investigate to gather more information before jumping to conclusions or answers to the case problem. Answers like this one demonstrate that the candidate thinks she knows enough to handle any business problem, no matter how foreign the subject matter. Hence, short and quickly considered responses that jump directly to the recommended course of action—without any probing or consideration of alternative strategies to address the problem—are among the worst things you can do in a strategy case interview.

- I'm not so interested in the fashion and retail industries. As my cover letter indicated, I'm really interested in working in finance, so I'm not sure I'd have very good ideas about how to help a company like Eli's—the kind of place I'm never going to work at anyway. Can we talk about an example of a problem that an investment bank might have? I know a lot about how to deal with problems in finance.

Even if you've indicated a preference for a specific type of functional role, industry affiliation, or the nature of work you'd like to do if hired by the company interviewing you, this is not the time to reinforce what you are and are not interested in doing. The interviewer is not seeking an answer on or insight into how much personal knowledge, research, or interest you have in the fashion industry. Indeed, the candidate's background, previous knowledge of a specific industry, and career interests are all almost entirely irrelevant to a successful performance in the strategy case interview. Instead, these cases allow the interviewer to gain insight into the candidate's general knowledge and application of generic business strategy principles. Do a good job in the interview, get the job offer, and only then talk details with the company about what you'd like to work on when you join them.

- It's probably just that people don't like the new shirts Eli's is designing, or they must be priced too high. Or maybe they're made in the wrong sizes or the color scheme isn't right for the season. Do you have pictures of Eli's shirts and some of the other more stylish shirts that I can look at?
- Interviewers will only rarely have visual aids, graphs, or numbers for what's going right and wrong in the situation with which you are presented. And when they do, they'll provide them to you. So, don't ask. The candidate makes another misstep by using definitive language such as "must" and "isn't right." Let the interviewer use this type of language in describing the problem—those are the facts. The candidate should instead use open, probing language that indicates her mind remains open to many possibilities until*

she has gained enough information to begin formulating possible recommendations for action; such words include “could,” “might be,” “perhaps,” and so on. Finally, the candidate is already pigeonholing the problem as being one focused on the consumer demand side of things. In so doing, she is closing herself off to the possibility that supply-side or operational problems might be the cause for higher costs and lower potential profits, rather than a drop in demand for Eli’s shirts. A strong candidate keeps her options open in the first half of the case, during information discovery and consideration.

Good Answer

Candidate: An interesting situation, and one in which I imagine many new hires are thrown into since companies often like to have fresh ideas and approaches applied in lower-performing divisions. Before I begin thinking about how I might respond to this issue, I need to find out more information. So that I can understand the nature of the marketplace and competition, can you tell me if Eli’s competitors in the hip, stylish shirt market are also struggling or losing money?

Good start. The candidate has acknowledged that she will need to learn and consider more information before she is ready to make a recommendation. This is the first key step in any strategy project: getting the data. The candidate has chosen a big picture inquiry to start the investigation and data gathering: an assessment of the health of the overall market demand, using the relative fortunes and performance of other shirt makers as a proxy and directional indicator to see if the market holds any promise for Eli’s at all.

Interviewer: Good question. Yes, Eli’s competitors in the market for hip, stylish shirts are all doing quite well. They are profitable, popular, and all growing fairly effectively. Only Eli’s seems to be having problems making money, despite all of the demand out there for these kinds of shirts.

Good information has been provided here, even more than the candidate was seeking. This is often the case with strategy case interviews; the interviewer will generally guide and provide information to the candidate when it is intelligently and respectfully requested.

Candidate: Okay. Based on the information you've just provided, it sounds like the problem is not on the consumer demand side. It sounds like there's interest and demand for these kinds of shirts and that the market is expanding. There are competitive threats to Eli's offerings, but that's natural in a profitable market. I'd like to know more about the reason Eli's believed it could compete against the smaller designers. Did Eli's hire away a particularly talented designer from a competitor?

Interviewer: Yes, in fact your division has hired several designers away from competitors in the last 6 months, but that hasn't helped. You might want to try something else.

Hmmm. The candidate had a theory, and tested it, but was quickly rebuffed by the interviewer, who basically tells her to avoid wasting any time on the "design and aesthetics" aspect of the case.

Candidate: I just know from my sister, who works at Nordstrom's, that certain styles take off in a particular season and then everyone wants them. Maybe Eli's just hasn't hit the right style of shirt yet and needs to try more designs until one turns into a hit?

Interviewer: That's not it at all. You'll need to think about other things if you want to make any progress.

Yikes. The interviewer remains pretty tough and is communicating very clearly that he thinks the candidate is off-track and should switch course. Remember, there's obviously an element of role play at work here, so don't freak out if you meet a tough interviewer or find yourself hitting on a false assumption or down a blind alley. Clients can be tough too, and the interviewer is likely testing your reaction to difficult situations. Just gracefully accept the redirection and take a different tack.

Candidate: Okay, I'd like to learn more about other potential strengths and weaknesses of Eli's that may be impacting its performance in the marketplace. Does Eli's have efficient production and operations capabilities? Are its existing distribution partners all on board to distribute its new as well as traditional designs? Has this division in Eli's had access to a marketing budget to let the marketplace know that these new shirt designs are being sold?

Interviewer: Good questions. As I mentioned before, Eli's is an established and large, well-known shirt maker. Eli's has a strong and fast production set-up, and all of its distribution partners are stocking the new shirt designs in the right areas of their stores. They are just not selling so far. And yes, Eli's has been marketing its new shirts in a splashy ad campaign running on television and in print.

Good. The interviewer seems to have mellowed out a bit and is sharing a bit of useful information.

Candidate: Okay, that's helpful. So it sounds like the problems are not on the fulfillment and operations side of things, since Eli's is such a mature organization and has some great assets in the form of its distribution partners and marketplace reputation for high quality. I wonder if the problem could be with Eli's marketing campaign—was it too costly or confusing? How are Eli's competitors advertising their products to the marketplace?

Well done. The candidate has implicitly demonstrated a knowledge of the most important framework for evaluating strategic business problems: the SWAT analysis. SWAT stands for strengths, weaknesses, advantages, and threats. The candidate has already learned enough about Eli's threats, has probed somewhat on its weaknesses, and has acknowledged that the interviewer has confirmed numerous strengths and advantages for Eli's. However, the interviewer has not explicitly identified any key weaknesses that could explain Eli's profitability problems in this new division. So, the candidate should probe further to try to discover one or more key additional pieces of information. This is what the candidate has done with her line of questioning about Eli's marketing campaign.

Interviewer: It's interesting you should ask that. In fact, Eli's marketing campaign was very expensive, even compared with several of Eli's more successful competitors. Unfortunately, it hasn't worked to stimulate demand. The target audience just doesn't want to buy Eli's new shirt styles. Why do you ask?

The interviewer didn't divulge much here, except for setting up the conundrum of lots of marketing focus but little demand generation. This usually indicates either off-target marketing or ineffective marketing messaging. The "Why do you ask" from the interviewer may indicate that the candidate is getting warmer.

Candidate: The reason I'm asking is that I'm wondering whether Eli's might have made some tactical errors in marketing the new shirts—for instance, marketing to the wrong target audience using the wrong channels or perhaps using more traditional messaging for the new shirts' benefits that doesn't match up with their real benefits and attributes?

The candidate continues to push on an area that seems promising to her, but without seeming too insistent. This is an effective way to test the waters on a new theory and acquire incremental information and direction from the interviewer, if he's willing to supply it.

Interviewer: It's prudent of you to ask for greater detail about how Eli's is marketing its new line. I can tell you that Eli's used very broad-based television and print ad channels, so you can be sure that its target audience is being reached. And while Eli's did try to spice up its messaging and the images used to promote the new line, it decided to stick with its original brand name for these new shirts—the same brand name it's used to sell its more traditional sport shirts and button-down casual shirt lines.

The interviewer continues to dish out subtle but helpful hints. It seems the candidate is finally getting somewhere.

Candidate: That’s interesting and helpful to know. Let me just ask one or two more questions, and then I think I’ll have enough to pull together a complete picture of what Eli’s new shirt division is facing. Then I can start thinking about potential recommendations to address it. Are Eli’s shirts significantly more expensive than those of its competitors? Or are they significantly less expensive?

The candidate is starting to become comfortable with where things are heading. However, just to be sure that she’s covered all of the bases, she is probing on one last issue—the issue of price—to determine if simple economics is impacting demand. The candidate was right to preface this additional question by indicating that she’s close to being ready to move on to the second part of the interview: the development of potential recommendations to address the problem. If she hadn’t, the interviewer might tire of the situation. Collecting some information shows a balanced approach to evaluating many sources of the problem. But endlessly pursuing all manner of information in ever-increasing detail can be overkill and may indicate “analysis paralysis”—that is, the inability to leave the pursuit of new information in order to move on to the more valuable, and ultimately more important, part of a strategy case scenario: synthesis of available information into a plan of action to resolve the problem. In this case, the candidate has shown both the desire to move forward soon as well as the inclination to leave no obvious stones unturned. This is a positive thing, a sign of patience coupled with action on the candidate’s part—the right balance of thinking skills for a successful business strategist.

Interviewer: No, price isn’t an issue here. Eli’s new shirts are somewhat more expensive than its more traditional offerings, but so are those of its competitors. The pricing is appropriate to the more hip, status-conscious consumers of these new shirts. That said, you might be on to something with the marketing approach. What are your thoughts on what the problem might be based on what I’ve told you so far?

Okay, the interviewer has clearly indicated to the candidate that it's time to synthesize available information and begin developing a solution. The candidate should respond by moving forward quickly.

Candidate: Well, given what you've told me, I have two theories about what the source of the problem might be. My first theory is that Eli's has made a mistake in using the same brand name with these new shirts; this may be putting off its target customer. You implied that buyers of these shirts are paying a premium for a luxury item. Maybe there isn't enough luxury and hipness attached to Eli's brand to justify the higher price. My second theory has to do with the marketing images and messaging: Perhaps Eli's target customer isn't interested in wearing shirts that everyone knows about. It may be that the broad-reach marketing campaigns have backfired by giving the impression that these new shirts are just as common and widely available as its other, more traditional styles. In other words, perhaps these shirts need to appear less widely available and well known and instead appear more exclusive or harder to get in order to appeal to the target audience.

The candidate has put somewhat of a stake in the ground, suggesting two potential theories as to why these new products aren't selling as well as competitors' offerings. If one or both of these theories is correct, then the candidate should be thinking about how to address it.

Interviewer: Good thinking. In fact, most candidates I talk to about this case guess a variation on either one or the other of these problems and go straight to a recommendation from there. But you were right on both counts: Eli's problems are both with its brand choice and with its choice of an overly broad marketing campaign. What would you suggest this division do to address these issues and get Eli's new shirt division on the road to success?

Candidate: I have a few ideas. I'll present them separately so that they match up to the different problems Eli's is facing. With regard to the Eli's brand, I don't

believe it would be in the company's best interest to try to shift its core brand identity to match up more closely with the hip, stylish, fashion-forward identity desired by the target audience for these new shirts. I'm assuming that Eli's traditional shirts are still the cash cow of its business. As such, Eli's wouldn't want to do anything to potentially threaten or erode this revenue stream. Therefore, I'd recommend that Eli's consider using a new brand to sell its new shirts—a brand that's sufficiently different from the core brand. Eli's can create a new, more appropriate brand identity from the ground up, one that's more appealing to the hipper, status-conscious target audience.

Interviewer: Interesting idea. However, starting a new brand for this new division is a costly endeavor. Do you have any other ideas on how Eli's might accomplish this goal?

The interviewer is probing the candidate now, trying to determine if she has enough breadth of business strategy knowledge to consider multiple potential recommendations or solutions to the same strategy problem. A successful candidate will present at least one or two alternative approaches to address the problem. However, if the candidate cannot think of any additional potential solutions, then she should indicate that she needs a little more time to consider other options and move on to addressing problem number two (rather than ignoring the request or suggesting in any way that there are no alternatives to the recommendation she has already supplied—a move that would be very bad and close-minded indeed).

Candidate: Well, now that I think about it, I might recommend one other way to address the brand problem Eli's is having with its new shirts: It could acquire one of its successful competitors in the fashion-forward shirt industry and continue marketing shirts under this established, and hip, brand.

Interviewer: An interesting alternative. You're right. Eli's is facing a classic "make vs. buy" decision; it has to decide whether a new brand for its new shirt line is the way to go. Well done. Those are enough ways to address the problem.

How about your recommendation about the marketing campaign failing in its first incarnation?

The interviewer is indicating that he's just about satisfied with the course this case interview has run and just wants to hear a little more out of the candidate before concluding. When you hear these kinds of leading indicators—that the interviewer is short on time and about ready to wrap up—you should respect these clues and move to closure. Even if you're excited with new ideas and have lots of potential additional recommendations, you should wrap it up. Again, the case interview is as much about how the candidate handles the situation and reacts to the direction provided by the interviewer as it is about what the candidate says and thinks—just as the successful practice of business involves a combination of good thinking and tact when it involves executives or clients.

Candidate: I'll be mindful of our time, since we've spoken at length today about this particular case, and I'll wrap up quickly with one recommendation for how Eli's could address its marketing missteps—though I could develop a few alternatives if I had more time. My initial recommendation would be for Eli's to learn from the successes of its competitors and in some respects mimic the marketing approaches they're using to convince the same target audience of its value. If Eli's can adapt its marketing images, messages, techniques, and channels to more closely map to those being used by its competitors, Eli's would most likely see a better response from its target audience. As well, Eli's would get a better return on its marketing investment by being more tactical and focused in its marketing expenditures.

Well done. The candidate closed quickly while still indicating that she has the flexibility and skills to be able to consider other options if time permitted. This is a successful navigation and effective closing to the case, acknowledging the nuances and complexity of the problems that Eli's faces. Complex business problems rarely have singular or simple solutions.

Case 12

Your client is a major sports shoe manufacturer. It has been watching the growth in skateboarding-type shoes in recent years and is wondering whether to start producing these shoes and add them to the existing line. What would you recommend?

This is a common new markets/expansion strategy question. In such a scenario, the candidate's task is tiered—first, he must evaluate if the new market has enough potential and longevity for the client to enter it; and second, the candidate must determine whether the correct strategy is to “make” or “buy.”

Bad Answer

Candidate: Those things are such a fad. Skateboarding is kind of a pop-culture thing that happens to be hot right now, but I'm sure it will cool off as soon as the alternative types catch on to something new. I'd advise against making a new shoe that's going to be “out” pretty soon.

How does the candidate know where the market for skateboarding shoes is headed without investigating it first?

Interviewer: Do you have any personal information or experience that tells you that the skateboarding shoe market is going to cool off soon?

The candidate is getting a small opening to try to salvage the chance to enter the case and move it forward.

Candidate: Well, I have a younger brother who was really into skateboarding, but lately he seems to be a lot more interested in listening to music. Also, one of the guys he used to skateboard with doesn't board anymore either. So I can just see the trend starting to wear off.

Won. That's a great recovery. (Note dripping sarcasm, please.) A sample set of two to determine the direction of a global market that a Fortune 500 company is interested in pursuing. This candidate is going to have plenty more time to study the youth market when he goes to work for one of the stores at the mall after graduation.

Good Answer

Candidate: This is an interesting one. I can't say I'm too familiar with skateboarding personally, but I'm sure I can ask some questions along the way to sort through the issues. Before I start thinking about how the client would consider entering this market with one or more new products, I'd like to ask a few questions to determine if the market is worth entering. Can you tell me whether the client has done a market analysis and made a definite decision yet about whether it wants to enter?

Good start. The candidate has clearly spelled out his approach to the case and has started with the big picture. If the interviewer wants to, she can push the candidate by saying no—thus, forcing the candidate to do the work of evaluating the market.

Interviewer: Good question. Some candidates just assume that the client is ready to act; this isn't always the case. In this case, you can assume that the client has done extensive research and determined that this market has legs.

Great. The candidate got what he needed.

Candidate: Thank you. That's helpful. So I'll assume that the client is really trying to determine how to enter the market for skateboard shoes. The first thing I'd like to know is how quickly the client is interested in entering?

The data hunt continues.

Interviewer: Obviously faster is better, as is the case with any new market that's expanding. But the company is willing to wait if necessary, to enter in the right way.

No information is offered here. If the interviewer had indicated that the client was ready to enter quickly, then that might point the direction in favor of buying an incumbent player already in the market. However, the candidate will have to drive forward without much direction—not an uncommon occurrence in these types of case interviews.

Candidate: Let me clarify. I was trying to learn if the client was interested in moving very quickly, in which case buying an existing market player might be a preferable entry strategy; sometimes it's more favorable to buy an existing product, brand, and manufacturing operation to get into a market quickly than to try to build from scratch. However, I'll take a look at a few more relevant issues before making my recommendation.

The candidate does a good job of explaining his thinking so that at least the interviewer can get some insight into why he asked the question.

Interviewer: Okay. . . . Continue.

Candidate: First, I'd like to know whether the client is confident in its designers and their ability to design a shoe that will compete well against existing competitors' skateboarding shoes. The look of a shoe is such an important factor in sneaker shoe marketing these days. Also, I'd like to know whether the client has excess capacity in its production and operations as this would allow it to introduce one or more new shoes into its lines.

The candidate identifies two key steps in the production process: research and design, and production. By exploring these two areas, he can get a sense for whether “make” is a strong option for the shoe company.

Interviewer: In fact, while the client has strong internal design resources for its existing shoe lines, it doesn't have in-house design resources that are knowledgeable about the skateboarding market. However, the client's production capacity is very flexible and could accommodate ramping up several new lines.

Candidate: Interesting. Can you tell me a little about the existing products in the marketplace? Is it the design and brand or the features and details that have led to market leadership so far?

Interviewer: It's a combination of brand and "coolness" plus features that the top brands in the market for skateboard shoes share. But based on the client's research, it appears that the brand association of the shoes is the most important driver for success. Endorsement by leading skateboarders—their association with the brand—is a key element required to create this cachet.

Good information. The candidate will want to analyze this new information to figure out what's actionable and what's not.

Candidate: Interesting. I wonder if there are any skateboarders who aren't currently endorsing shoes, or who are unhappy with the brand they're backing?

Interviewer: There aren't any popular skateboarders who don't already have a shoe associated with them. In fact, three or four of the top skateboarders are all affiliated with one skateboard shoe brand called Snaps. Another leading brand, LaTerry, sponsors two of the top skateboarders. Another much smaller brand called Lucky's is starting to gain some traction and has garnered attention with the recent airing of a popular rock band's video, which copied some of the ads it ran in a skating magazine.

The interviewer appears to be validating much of the candidate's approach, and offering some helpful hints.

Candidate: Interesting. Are any other major shoe manufacturers already in this market? And if so, have any of them purchased either Snaps or LaTerry and kept them as a separate brand?

The candidate has tipped his hand about the possibility of buying an incumbent as a means of entering the market.

Interviewer: Reebok approached Snaps last year about an acquisition but the client heard through the grapevine that Snaps didn't want to sell. Why do you ask?

Candidate: From what I've heard so far, I'm leaning towards a recommendation that the client consider buying a smaller but growing brand in the skateboard shoe market. This offers the advantage of acquiring a brand with existing sponsors and brand presence, and the potential to quickly expand the line by utilizing the client's excess production capacity. The designers they acquire would be able to experiment and come up with interesting new designs more quickly than the client's in-house designers—those whom you say aren't in touch with this particular market. In this case, I'd recommend that the client first consider talking with LaTerry or another smaller brand that hasn't had a negative experience with a potential corporate acquirer like Snaps has had with Reebok.

The candidate has developed what appears to be a workable recommendation. But the candidate should be ready for the interviewer to press further just in case a few more details require further attention as well as to validate the recommendation's practicality.

Interviewer: That seems reasonable. But before making your final recommendation, would you have the client take into account any potential roadblocks or difficult issues?

Candidate: Good question. Yes, I would. First, I would want to do the research to understand brands three, four, and five—ranked behind Snaps and LaTerry—as well as other brands in the market to see if there are any obvious candidates for acquisition. I would primarily want to look at brands that are on an upward trend but are limited by production and distribution—so that my client could grow the new brand quickly. Second, I'd recommend that the client retain the existing brand following acquisition. In fact, I'd recommend that the client consider keeping the acquisition as quiet as possible. In some cases, a clothing brand's appeal to younger and more fashion-conscious consumers is aided by

an association with smaller, more experimental companies. The client probably wouldn't want to dilute the brand association built up by the smaller company in this rather niche market by rebranding it. Rather, it would want to retain the existing brand and just expand in a quiet way the available product offerings to reach more price points and styles. Finally, I would recommend that the client use contracts or financial incentives to ensure that the smaller company's marketing and design managers are motivated to stay on board after the acquisition. Since the brand development and design are key assets needed to successfully sell these types of sneakers, and the client presently lacks these assets, it would be a waste of money and time if they were to depart right away. If we could find an acquisition candidate whose key employees were happy to be acquired, then it would ensure that the assets of the smaller company could be married to the production and distribution assets of the larger company for a winning entry into this market.

The candidate makes a knowledgeable defense of his proposed market-entry strategy by listing the key supporting actions or considerations that the client would also need to address in order for the recommendation to work. Undoubtedly, other key considerations need to be taken care of before the client would take action, but a specific and direct list such as the one that the candidate provides here is sufficient proof that the recommendation is well-reasoned and defensible. If all of the pieces of the strategy puzzle—the strengths, weaknesses, assets, and threats in the client's strategic situation—have been addressed, then the candidate is on solid ground.

Interviewer: That sounds like a good list of initial considerations were the client to accept your recommendation to acquire a small existing company as a strategy for entering this growing market. Thanks for sharing your thoughts with me.

Good job. Consider this case successfully navigated.

Resume Questions

Case 13

Most people who enter consulting don't make a career out of it. How does consulting fit into your long-range career plans?

This is a different slant on the "Why do you want to get into consulting?" question.

Bad Answer

At this point, I think that consulting is the career for me. It combines interesting questions with constant access to senior-level executives and will allow me to travel to very exotic places.

The interviewer is going to write you off as a phony or he'll interpret your response as sarcastic and write you off as a jerk. The Donald would fire you for this answer.

Good Answer

Candidate: The thing I really like about consulting is that it gives me a skill set that's broadly applicable to whatever I want to do next should I choose not to make a long-term career out of consulting. In particular, there are three skills I'd like to develop further in consulting: problem structuring, analytics, and client relations. These skills will serve me well in whatever career path I pursue in the future.

The candidate does a nice job of structuring his response from the outset, demonstrating that a good structure works well for resume questions as well.

Candidate: I've been impressed by consultants' abilities to take a difficult problem and break it down into more manageable pieces. My business-school friends, who came from consulting, can go up to a white board and quickly break down a problem: They will draw a decision tree or write down a list of ten questions that need to be answered in order to address the larger problem.

Interviewer: How do you think these classmates of yours were able to develop these skills?

Candidate: I'm not completely sure, but I'd imagine one of two ways. First, I think there's probably a bit of the osmosis effect going on—being in an environment where people think in a very logical, structured manner would force me to think in that same way. The second reason has more to do with time constraints. Teams work under tight timelines, so there can't be a lot of wasted effort. Therefore it makes sense to spend some time up front structuring the problem to ensure that the team is focusing its effort on the most critical issues.

The candidate shows a solid understanding of the consulting process.

Interviewer: Sounds right to me. You also mentioned analytics. What analytics do you think are most important? And in which areas do you think you have the most to learn?

The interviewer is changing his question slightly to test the candidate's ability to think on her feet.

Candidate: The most important analytics probably revolve around financial statements: understanding the source of the company's profitability and assessing the key performance drivers over the last years. The answers from this analysis will allow you to go deeper. For example, if revenues are falling, I would need to determine the reasons why: Is the reason lower prices or fewer units sold? Or is the category down? Has the client lost market share? An understanding of

the financial statements provides a jumping point for all sorts of subsequent analyses.

Notice how the candidate shows some business acumen in her answer. This will score big points.

Interviewer: And how much experience do you have reading and interpreting financial statements?

Candidate: Truth be told, I have a lot more experience with income statements than I do with cash flow or balance sheets. When I was a product manager, I was responsible for my own P&L. As such, I became very familiar with interpreting results because that's how my performance was measured. At my former company, the balance sheet and cash flow statements were managed at the corporate level.

The candidate is very frank with her answer, but shows that she does have deep experience with one type of financial statement. As a general rule, consultants primarily deal with issues related to the income statement.

Interviewer: The final skill you mentioned had to do with client relations. What do you mean by that?

Candidate: What I mean by client relations is the ability to be poised and articulate in front of senior client audiences. They are paying a lot of money for answers to very difficult questions, and want the answers delivered in a professional way.

Interviewer: Just to manage your expectations, oftentimes only the senior partner at our firm will present to the most senior client. The rest of the team will interact with the client on a lower level. As you know, some cases require a lot of time at the client site. How does this change your answer?

Another opportunity for some quick thinking.

Candidate: I view this as a growth opportunity as well. I've been told that consultants have the chance to lead dedicated client teams and therefore hone their management skills. I think I'm ready for such a challenge. When I was a project manager, I managed a team of three. So I guess, in summary, I look forward to interacting with clients at all levels of the organization.

Nice job. The candidate has successfully avoided giving the interviewer the impression that she only wants senior client interaction and has also conveyed that she has some experience managing others.

Interviewer: Thank you for your time.

Case 14

I see that last summer you worked for a small printing press. Walk me through the decision process that led you to work for this company.

This question is mostly geared to test the candidate's thought process and, similar to most cases, to test for clear, structured thinking.

Bad Answer

The company was small and not really like a consulting firm at all. I'm an English major, and I did it because I was really interested in learning about an industry closely related to my field. I didn't really like it, so that's why I'm interested in consulting.

There is the kernel of a really good answer in here, but the candidate is overly apologetic and denigrates his experience. Most people who go into consulting have never had experience in an industry like consulting. In addition, whatever your prior experiences, do not complain about them: It will just make you come off sounding like a whiner.

Good Answer

Candidate: I'm glad you asked this question, because it actually goes to the heart of why I'm interested in consulting. As an English major, I've struggled with whether to go into the business world or pursue an alternate career, perhaps as a lawyer or a teacher. Last summer, I wanted to test the business waters, but wanted to do something in an industry that was somewhat familiar to me. I looked at a couple of opportunities: working at a major book distributor, with a children's book publisher, and at the small printing press. I finally decided on the small printing press.

The candidate, not surprisingly given his major, is telling a compelling story that helps paint a picture for the interviewer as to why he chose his summer job. He has also cleverly weaved

in the fact that he had other options—indicating that he must have had some success during the interview process.

Interviewer: So why did you go with the printing press specifically?

Candidate: Two reasons, really. One, it was a small company, with only 25 employees and \$5 million in revenue. Its size allowed me to gain access to all aspects of the business—from sales and marketing to finance and operations. Second, I connected very well with the owner. We share similar backgrounds, got along very well from the outset, and I felt that he would be a good mentor to me over the summer.

The candidate has articulated two compelling reasons for selecting the printing press opportunity. The personal connection bit in particular will resonate with the interviewer. The importance of teamwork in consulting, and of genuinely liking the people you spend most of your waking hours with, cannot be overestimated.

Interviewer: So what types of projects did you work on?

Candidate: I had two main projects. One was to look into opportunities to increase sales by expanding our customer base. Historically, the business's customer base consisted of first-time authors who couldn't get their books published by larger publishing houses and who wanted to distribute them on their own. What I uncovered was an opportunity to partner with large publishing houses to do overruns. Basically these houses would use us as excess capacity.

The interviewer will be impressed by the concise explanation of the project as well as the candidate's fluency with business vocabulary.

Interviewer: Sounds interesting. Is anything happening on this front?

Candidate: Actually, yes. As a result of my work, the company is in talks with a couple of big publishing houses, although I can't tell you which ones.

Confidential work. . . .Exciting!

Interviewer: And what was your second project?

Candidate: The second project was a little more mundane, but equally important. I designed a planning process for the company. Annual strategic and financial planning was very haphazard. For example, no one really had budgets. So I organized a timeline and process for these things to happen in a more structured manner.

Interviewer: Don't think that it's only small printing presses that have backwards or nonexistent planning processes. We do a lot of strategic planning process work with our clients as well. You mentioned that this experience made you more interested in consulting. Why?

Candidate: Basically because it taught me that I like business but I still have a lot to learn. Maybe some day I'll go back and work for this small company. I still talk to the owner every week. But I think that I'll be much more effective if I can develop the broad skill set that consulting offers.

This is kind of a stock answer, but appropriate given the context. The structure and content of this answer will move the candidate on to the next round.

Case 15

I see you used to work in marketing for retail company Z. Did your role and experience there meet your expectations? If so, in what ways was it a good match for your skills? If not, what was the gap and what did you learn from your time in that role?

These types of resume cases, in which an interviewer essentially designs a case around a specific part of your background, are quite common. Your goal should be to convey with clarity and confidence that you have a strong command of the issues facing the company as well as the company's relative success or failure in utilizing your skills. Your primary objective with this kind of question is to demonstrate that you are a thinking employee—in other words, you evaluate your role in the larger organization in which you work and you care about the degree to which you are well suited to your particular job. Your secondary objective is to give the interviewer a sense for what you did, and did not, like about a past work experience so that she can better understand what motivates you. While you shouldn't share company secrets or the like, you can share deeper insights or professional development lessons you learned from your time in a past job experience if appropriate. This shows that you care about and take a thoughtful approach to your career development—a perspective valued by any potential employer.

Bad Answer

To be honest, I was really frustrated and angry while I was working at company Z. I really felt that the management team had its priorities out of whack and it was a hard place to work. I managed to stay 2 years, but it wasn't a great place for growth.

Even if you hold a negative opinion of your former company (you did leave, after all), your interviewer will expect you to have a professional approach to handling the question and subject matter. Confessing that you were extremely frustrated demonstrates professional

immaturity and a lack of understanding of the broader context in which you were working. It may also lead the interviewer to believe that you are either overly demanding in your expectations of what a potential employer can deliver or quick-tempered.

Good Answer

Candidate: When I started working at company Z, I was excited about my role on the marketing team. At the time, customer marketing was very important to the senior management team and the internal commitment to the marketing team was apparent. As someone who is passionate about marketing, I was excited about joining an organization where I felt that I could really drive great results in the marketplace in terms of our product and brand awareness. By the end of my first year, we had made a name for our company in the minds of our consumers; our brand was becoming ubiquitous. However, as our customer base grew, senior executives began to examine the company's marketing strategy. What resulted was a gradual shift away from external marketing investments and towards operational improvement and customer price incentives. I found myself in a difficult situation as did other experienced members of the marketing team: As company strategy shifted away from my personal area of expertise, I had to determine how to preserve my passion, interest, and contribution to a company that I had joined primarily based on my marketing and public relations skills.

There's an old saying that everyone's favorite topic of conversation is himself. Resume or past experience questions tee the candidate up perfectly to expound on his assets and skills. This is a valuable opportunity to impress the interviewer. Don't undermine these chances by being bombastic about how great you are, or by going on for too long without involving the interviewer and remembering that this is a conversation—not a speech.

Candidate: In the end, members of the marketing team as well senior managers at the company decided that resources—both people and finances—should be shifted away from direct marketing towards these operational investments. I'm

sure you've been in a similar situation at one point in your career, when you could feel the tide shifting and had to be flexible enough to shift the focus of your role.

The candidate has made a savvy move by engaging the interviewer with a positive, rhetorical question. It gives the candidate a chance to take a moment, even as it reaffirms something positive that the interviewer has done in his own career (we all like to have others assume we're smart and flexible). At the same time, it reinforces the fact that the candidate also did something positive in a challenging situation.

Interviewer: I have. No large company is ever static in its strategy or its organization, that's for sure. Tell me what you did to address the strategic changes impacting your role.

Candidate: For some people on the team, in particular those who had been with the company for several years, the apparent shift away from their area of interest and expertise was devastating and frustrating. While I admit that at first I was disappointed in having to pivot away from a role that appeared to be such a perfect fit for me, I also found this to be a great learning experience. I knew the shift away from direct marketing and heavy brand investments was an indication that we'd done our jobs in building broad customer awareness faster and more effectively than anyone thought we could. It was educational to witness—and be a part of—the way strategy and internal departments can shift around as certain business objectives are met. Of course, this shift required that I start exploring other departments to see if I could fill another role in which my skills would be valued even if my job focus changed.

The candidate is demonstrating professional maturity—acknowledging that as company strategy and objectives shift, so do resource requirements. While many people may have difficulty accepting this situation, especially those who care about and work in the impacted departments, rapid change is an inevitable part of the practice of business today. Even

though the candidate was personally affected by this change, he recognizes that it was a necessary measure and isn't emotional about what happened. The candidate displays an attitude that is appealing to most interviewers, one that shows he is both proactive in his professional development and flexible enough to understand the reality of an ever-changing business organization.

Candidate: Additionally, even though it impacted me personally, I was proud to be working for a company that really kept the customers' needs front-of-mind—so much so that it shifted internal investments in the best interests of the customer in order to continue to grow loyalty and in turn revenues.

This candidate obviously knows customer retention and understands the future of company Z's business. He also shows his broader understanding of the overall company situation and reasons for this decision. Having effectively communicated the broad perspective, it's time for the candidate to close by focusing on how he handled the situation.

Interviewer: Did you find a new job as your marketing team was dismantled? And how did it go switching roles so abruptly within this company?

Candidate: It was a challenging time. About two-thirds of the marketing team were laid off and asked to leave the company. I realized how hard it is for company morale to bounce back after layoffs. I think what saved me from getting laid off was that I had been proactive about going out into the rest of the company, conducting informational interviews with several other business division managers once I began to see the writing on the wall. Through this process, I was able to find a new role as a product manager on one of the smaller product lines within the company. Switching roles so quickly was a challenge, to be sure, since this new role was more heavily weighted towards strategy than outbound marketing—I was faced with a steep learning curve in the first month or two of shifting roles. However, even though the role was quite different from what I'd expected to be doing when I joined the company, I found that I was learning new and exciting

skills related to market research, product development, and pricing strategy. After several more months, I began to realize that a sudden shift in roles is sometimes the fastest—and best—way to learn a valuable new set of business skills. Of course, I've still got more to learn about product management; it's one of the main reasons why I'm interested in a consulting role with your company.

Well done. The candidate gets extra bonus points for connecting the dots between a key learning from a previous job experience and interest in the particular company and role for which he is interviewing today. It helps make the case for why the candidate is an even better fit for the role, and helps convince the interviewer that such a move will advance the candidate's larger career aspirations and professional development objectives.

Interviewer: Thanks for giving me insight into that particular work experience and how you handled the situation. I appreciate your candor about what you managed to learn from what was probably a pretty difficult time. Let's move on to talk about another part of your career.

The candidate shows the ability to handle change and the threat of losing a job with maturity and proactive ingenuity. Dwelling on what he hated or found frustrating about the experience wouldn't have helped anyone. It wouldn't have helped the interviewer learn more about the candidate's qualifications, and it wouldn't have helped the candidate make his case for being a good fit for the job. By focusing primarily on the growth and development aspects of this difficult experience, the candidate shows that even in situations that aren't perfect he can succeed. Many situations in business are less than perfect, but talented candidates find the opportunities inherent in them. Good job!

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One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

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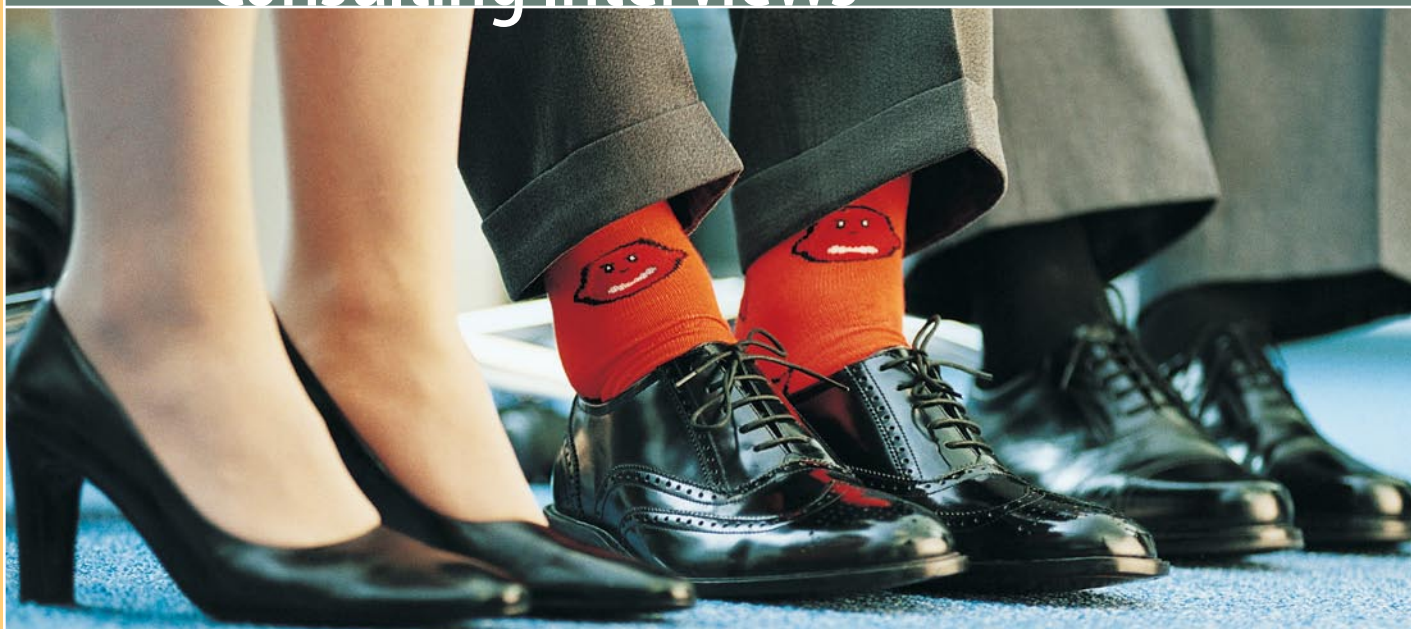
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Ace Your Case at a Glance

Why Case Interviews?

- To test a candidate's analytical and communication abilities
- To see how resourceful and creative you can be
- To test how you perform under pressure

Major Categories of Case Questions

- Market Sizing
- Business Operations
- Business Strategy
- Brainteasers
- Other (International, Government)

Key Case Question Frameworks and Tools

Basics: Internal/External, Supply/Demand, Cost/Benefit, Marginal Cost Analysis, Fixed Cost/Variable Cost

Add-Ons: 3Cs, 4Ps, EVC

Luxury Class: Porter's Five Forces, Firm Analysis, Financial Analysis

Consultants' Favorite Tools: 2 x 2 Matrix, Graphs, Visual Representations of Data

The Interview Unplugged

- Consulting Case Interview
- The Bottom Line
- What to Expect
- Seven Steps to Surviving the Case Interview
- Do Firms Approach the Case Interview Differently?

Consulting Case Overview

You're pacing nervously back and forth in the career center, waiting for the interviewer to come out and call your name. You're all dressed up in your interview suit, you've got your resume in hand, you've practiced saying why you want to be a consultant a thousand times, and yet you're still nervous. Although you'd do anything short of shining your interviewer's shoes just to get a consulting job, you're deeply worried because you know that, in a matter of moments, you're going to hit that most dreaded of all interview challenges: the case question. Suddenly, you panic. Vivid memories of your last tragic interview/train wreck come flooding back. . . .

Whoa! Slow down! Take a deep breath and relax. You may not ever learn to love the case interview question, but, with a little bit of thinking—and some practice—you actually will be able to sail through this part of the interview just as easily as the resume review. WetFeet is here to tell you how.

Let's start with a simple definition. The case interview is essentially a word problem based on a real-life (or simulated) consulting situation. Thus, the interviewer might say, "Okay, Terry, suppose a client comes to you and says, 'We're thinking about going into the lightbulb business, and we want you to tell us what to do.' What should you tell her?"

Cases come in all shapes and sizes, from the simple, straightforward question designed to see how you think about a problem, to the highly complex business strategy issue that takes 20 minutes to explain and involves charts, graphs, and buzzwords up the wazoo. However, they all have one thing in common: They test a candidate's analytical abilities. They show his or her resourcefulness, how he or she thinks about problems, and ultimately, his or her aptitude for consulting.

How does the interviewer evaluate you? By watching for several things: how you analyze the problem, how you ask for additional details, how you slice through extraneous information to get to the key issues, how you pursue a particular line of thinking and stay with it, how you propose to identify the information that will allow you to solve the problem, and, most importantly, whether or not you can develop (and present) a particular framework for organizing your thoughts and answers to the case question.

Although this may seem like a daunting assignment at the start, the good news is that there are many ways to prepare yourself for this task. Armed with these strategies, and bolstered by a little practice, you ought to be able to do every bit as well as anybody who has gone before you. Surprising as it may seem, you may also come to view the case question as the part of the interview where you can really shine!

The Bottom Line

Like it or not, if you're planning to get a job in consulting, you will have to learn how to handle the case interview. Although different firms and different interviewers have different approaches to the case question, all of them use it as an important tool in selecting and screening out job candidates. Indeed, you may have to clobber ten or more cases on the way to landing a job with a major management consulting organization. Fortunately, by studying up on the case process and honing your case interview skills through practice, you'll soon be

able to amaze friends and family alike with your frameworks and graph-drawing skills. Even better, when that dreaded moment in the interview arrives—and the interviewer pops the question—you’ll be more than equal to it.

What to Expect

The typical management consulting interview generally consists of several parts. At a minimum, these include an introductory “get to know you” conversation, a resume review/prove-to-me-that-you’re-qualified-for-a-consulting-job Q&A, a case interview question, and a follow-up “what do you want to know about us” discussion. Although the case question portion of the interview inspires the most terror, the other portions of the meeting are every bit as important. You’ve heard it in other contexts: don’t ignore the foreplay. Insiders tell us that many candidates, even at the very best schools, have already bombed the interview long before the case question slices them into tiny little pieces. Fortunately, WetFeet is here to help. Before we dive into the rocky, shark-infested waters of the case question itself, let’s spend a little time warming up. The next few sections should help you navigate the path through the minefield to the point where the fireworks begin.

Part 1: Getting to Know You

“Hey! How are you doing? What a great day for a consulting interview!” It may sound like meaningless banter (and it probably is), but the interviewer is still checking you out. First question in the recruiter’s mind: Is this candidate alive? If not, the interview is likely to drag. If you are alive—and seem interested, perky, and excited about the opportunity to interview with company XYZ—then this is your chance to develop a rapport with your interviewer. Typical questions here may involve the weather, why you decided to attend Kellogg (or Stanford or Columbia or CMU or wherever), how classes are going, how the job search is progressing, what’s up with the 49ers, and so on. Your key goal here should be to show the interviewer that you have an engaging personality, are fun to be around, and would be a valuable addition to the team.

Remedial Interviewing for Would-Be Consultants

Here are a few tips from consulting insiders about points at which previous candidates have fallen off a cliff. Take note—you don’t want to be the next statistic!

- Show enthusiasm for the company. How psyched will your Booz recruiter be if he suspects you’re thinking, “Well, I’d really rather get an offer from McKinsey, but they already dinged me.” Yeah, make that two—ding!
- Practice saying, “I reeeally want to be a consultant—and here are the three reasons why!” Say it at night, rather than counting sheep. If you don’t, the other candidates are lined up about 300 deep right behind you, and there’s an excellent chance that many of them really do want a spot in the consulting leagues.
- Don’t talk about yourself in a negative manner. Self-deprecation won’t get you anywhere in consulting. If you don’t think you can tell a 30-year veteran at Goodyear a thing or two about tires, well, maybe you should sign up for an interview when Goodyear comes to campus.
- Demonstrate that you’re a fun person. How about it? Would you want to go out for beers with a cold fish (even a smart cold fish), much less spend months working together in Indianapolis?

- Be high-energy! Smile! Be excited! Sixty hours per week may not sound so bad right now, but when you've been at the client site from 8 am until 9 pm every day this week and last week, and the week before . . . Anyway, the interviewer is going to be looking for people that have the stamina and the desire to put in long, tough hours—and still come up shouting, “Please, sir. Give me another spreadsheet!”

Part 2: Prove Yourself to Me

You've had a clever little chat about the weather to demonstrate that you really are alive; you've told a good story about why you love your alma mater more than your own mother; and now it's time for the recruiter to pull out your resume. “So, tell me about the work you did for . . .” What's going through the recruiter's mind? Something along the lines of “What has this schmoe done that shows he or she is smart enough to handle the consulting workload?” To keep sailing straight toward that case question, you'll need to demonstrate that you have had significant work experience (or a reasonable facsimile thereof), can work well with others, have the aspiration to lead, and have the intellectual horsepower to do the heavy lifting required of consultants.

How To Impress a Consulting Recruiter

Just exactly what impresses the hard-nosed consulting recruiter who has not only seen it all before, but likely has done it all before (or at least advised a client on how to do it)? Here are several tips gleaned from WetFeet's conversations with management consulting insiders. One word of caution (especially to our friends at HBS)—you'll want to walk that fine line between providing evidence of your capabilities and seeming like an overbearing braggart.

- Talk about situations in which you have assumed a significant leadership role. You might mention the challenges you faced and how you overcame them, or what you learned about yourself as a result of your experience.
- Your goal should be to demonstrate, with well-articulated examples, that you have the qualities of a Churchill, Martin Luther King, Jr., or Mother Teresa.

- Think of several examples of projects at school, at work, or in an extracurricular setting in which you were challenged and survived with flying colors. Remember, dating stories don't count!
- Prepare for the questions that you know are coming. In particular, have a good, concise explanation of why you want to be a consultant and why you specifically want to work for firm XYZ. (Hint: Don't know the real difference between McKinsey and Bain and Booz Allen and . . .? Check out the latest version of the WetFeet Insider Guide on the firm. You'll learn everything you need to know to ace your interviews!)
- Be prepared to be asked about anything on your resume. Consultants have a nose for obscure facts that can turn up pungent information. One of their favorite tricks is to take an item on the resume and turn it against you as the basis for a case question ("So, I see you've worked in software. Do you think Apple has any sustainable competitive advantages?"). Our advice: think ahead about how each bullet point on that resume can be turned into a compelling (short) story that demonstrates your aptitude for consulting.
- Think of examples of work in which you had to use consulting-type skills. No, that doesn't necessarily mean situations in which you charged exorbitant fees for your advice. Rather, look for situations in which you had to be highly analytical or in which you had to be very resourceful about identifying hard-to-find information.

Part 3: Here Comes the Case . . .

Let's say that so far you're so well prepared that you have slam-dunked the get-to-know-you and prove-yourself-to-me portions of the interview. Admit it—you're feeling pretty good, as well you should. Now it's time for the infamous case interview. Sometimes, you'll get this question from the same interviewer who has been bouncing around all the high points of your resume. On other occasions you'll transfer to another interview room and an entirely different interviewer who will serve up "The Question." Typically, it will begin with something like, "Okay, let's say you are meeting with the CEO of a large pharmaceutical company. He says to you . . ." Now it's time for you to show just how bright and analytical you really are.



The WetFeet Interview Coach

What is an example of an experience in which you took on a leadership role?

How have you demonstrated initiative?



The WetFeet Interview Coach . . . continued

How would you define your leadership style?

What are some key lessons you have learned about motivating people?

Ten Things NOT to Do in a Case Interview

1. Don't burst into tears.
2. Don't say, "I think that question really blows."
3. Don't ask if you can "plead the Fifth."
4. Don't look at notes you have scribbled on the back of your hand.
5. Don't ever say, "I don't have a clue."
6. Don't say, "Wait, what were we talking about?"
7. Don't say, "The answer is 10,000."
8. Don't say that the questions you got in your (other consulting firm's name) interview were really much more challenging.
9. Don't jump from topic to topic without explaining how it fits into a framework.
10. Don't reveal that you've been coached by the experts at WetFeet!



The WetFeet Interview Coach

Create several case questions for yourself based on your resume. (Not only will this help you prepare for possible questions, it will give you a better sense of what makes a good case question. Think about strategic or operations implications related to your previous industry or field. If you worked in a homeless shelter, for instance, a good case question might be: “Let’s say your organization has had stable funding and client usage, but a new neighborhood shelter has grown dramatically. What’s going on?”)

Seven Steps to Surviving the Case Interview

So how exactly does one ace the case? Although the specifics of each case question will be different, we've devised an approach that, if used correctly, will take you a long way toward giving the consulting interviewer what he or she wants. Ours is a mnemonic device for acing your case. Simply think of the words "WetFeet." Those seven letters will help your ace your case!

When the interviewer asks the question, listen carefully. Take notes if necessary. Make sure you know what the interviewer is seeking. It's particularly important to keep this objective in mind as you work your way through the dense forest of detail that may be coming your way.

Everything there? Determine whether you've been given the whole picture. If the question is unclear, it's probably unclear for a reason. Ask your interviewer for clarification. In particular, if there seems to be a gaping hole, ask about it. The interviewer may be testing whether or not you realize that there are missing pieces to the puzzle. Or he may be holding back a key piece of information to see if you ask for it.

Think before you speak. It's acceptable to spend a minute or two jotting down notes for yourself to follow, just as you would before writing out an essay for your final history exam. So take a minute and think about your answer rather than starting too quickly and digging yourself into a ditch.

Frameworks! Identify a framework, or a combination of frameworks, to help you structure your answer. Be sure to inform your interviewer how you plan to

proceed. Remember, choosing a framework isn't the goal of the exercise—it's supposed to help you structure an answer to the question. It will also help your listener (the interviewer) follow your presentation and show her how you think.

Explain your thinking methodically. Start with the most important issue first. Remember, if you run out of time part way through, you want to have already delivered your most important insights. A structure or framework will help you plan how to cover all the major points during the time allowed.

Every hint helps. Interviewers often give hints, extra data, or suggestions. Listen for them. When you hear a hint, a suggestion, or additional information, use it. Even though he may not smile and his collar may be starched as stiff as cardboard, your interviewer is likely to be a very nice person who was just as nervous as you are when he was trying to ace his case. Many interviewers will try to gently prod you in the direction they want you to explore. Listen for their clues! Use their help! They know what they are looking for and will usually try to steer you in the right direction.

Talk action. Wrap up your case by briefly summarizing how you have approached the problem and noting where you would go if you had more time. The goal of consulting is almost never just analysis. Usually, a consultant is looking for good, solid, data-driven recommendations for the client.

Do Firms Approach the Case Interview Differently?

We've heard rumors from the interview cubicle that different consulting firms prefer different types of case questions—and different types of answers. If you think you have an angle on that front, go ahead and use it, and good luck. However, after talking to dozens of company insiders at a large number of consulting firms, we've determined that the similarities in case interviewing style from consulting firm to consulting firm are far more striking than the differences. Indeed, the primary differences in style seem to come from the personalities of the individual recruiters.

Let's face it, consulting interviewers come in all shapes, sizes, and temperaments. Since consulting firms take recruiting so seriously, as a rule you are more likely to end up with a great interviewer than you are with a guy who never calls his mom on Mother's Day. On that count, well, cross your fingers and hope that you don't land a particularly obnoxious interviewer. If you do, keep your cool, do your best, and remember as you leave the confines of the interviewing cubicle that your social life is going to be a lot more exciting over the next few months than his is.

Keep in mind that interviewers usually approach undergrads differently than they do MBAs or other advanced-degree candidates. As you might expect, undergraduate case questions are usually less complex, less focused on specific business issues, and more focused on the skills that will be required of research analysts (or whatever the firm calls its undergraduate hires). In partic-

ular, the interviewer will often push the candidate to demonstrate resourcefulness, creativity in thinking about a problem, and ability to stick with a problem and get to the bottom of it. So if you're an undergrad, don't pass out when you read through the frameworks section of this report; your interviewer won't expect you to have mastered MBA-level concepts. If you're an MBA, however, start studying and be prepared for anything!

Field Guide to Case Types

- Five Categories of Consulting Cases
- Buzzword Bingo

Five Categories of Consulting Cases

You will have an easier time successfully dissecting a case problem if you know that they come in several different forms. For the purposes of our discussion, we have grouped cases into five general types. They include:

1. **Market Sizing:** determine how big a particular problem is, or how many of x products are used
2. **Business Operations:** problems relating to running the day-to-day operations of a business
3. **Business Strategy:** questions focusing on future business strategy, usually at a top level
4. **Brainteasers:** puzzles or questions that challenge a candidate's ability to think creatively
5. **Other:** a grab bag of questions such as those drawn from a candidate's resume, macroeconomic questions, and others

The next several pages present, in greater detail, examples from each category of consulting case. We also provide tips on what the interviewer is really trying to find out. As you read through these sample questions, think carefully and creatively about how you would respond. And since our job is to help you ace your interviews, WetFeet will provide possible lines of response for a number of the classic questions in the sections that follow.

Market Sizing

What the Interviewer Wants to Know

Are you allergic to numbers?

Can you identify key drivers, make assumptions, and work out a reasonable answer?

How resourceful and clever are you?

Classic Questions

How many paint stores are there in the United States?

How many manhole covers are there in Manhattan?

What is the market for personal computers likely to be in 15 years?

Business Operations

What the Interviewer Wants to Know

Do you understand basic business issues/internal relationships?

Do you have a nose for the key issues?

Can you come up with and present a compelling solution?

Classic Questions

A trucking company operates its fleet at only 85 percent capacity. What's going on?

A bank discovers that its customer turnover is 15 percent higher than the industry average. Why?

Business Operations Variation 1: Profits Down

What the Interviewer Wants to Know

Do you understand the basic profit equations and concepts (Sales – COGS – Other = Profits; fixed/variable costs; product mix; etc.)?

Can you identify and use an appropriate framework?

Can you interpret the analysis and offer logical recommendations?

Classic Questions

A garment company has noticed a decline in profits in its women's apparel unit. What's going on?

A disk drive producer has a long-term contract to provide OEM disks at a fixed price. How can it increase profitability over the remaining term of the contract?

Business Operations Variation 2: Marketing Problems

What the Interviewer Wants to Know

Do you understand basic marketing concepts (4 Ps, channels, push vs. pull strategies)?

Can you identify and use an appropriate framework?

Classic Questions

The company has sponsored a professional tennis event for a number of years and is considering canceling its sponsorship. Should it?

A petroleum company has a new environmentally friendly gasoline. How should it price and market the product?

Business Strategy

What the Interviewer Wants to Know

Can you identify key strategic issues for a business and relate them to core competencies and mission?

How are you at industry analysis?

Can you handle the complexity of a full-blown strategy-type case?

Can you develop recommendations for action based on your analysis?

Classic Questions

A bank is thinking about going into the brokerage business. Should it?

A large, diversified petrochemical company wants to fend off a hostile acquisition bid. What should it do?

Business Strategy Variation 1: New Product Introduction

What the Interviewer Wants to Know

How do you sort through product strategy issues and market-cannibalization questions?

Classic Question

A cereal company is thinking about introducing a new natural cereal. How should it go about making its decision?

Business Strategy Variation 2: New Markets

What the Interviewer Wants to Know

How well do you understand core competencies, fit with current business portfolio, and opportunities for leverage and adding value?

What are the key tools you look at to evaluate an opportunity?

Classic Questions

Your client says it wants to begin exporting to France. Should it?

A Bell operating company is looking at opportunities in wireless data transmission. Should it invest there?

Business Strategy Variation 3: Merger or Acquisition

What the Interviewer Wants to Know

Can you identify core competencies of a company?

Can you understand dynamic forces in an industry and analyze opportunities?

Can you quantify a new opportunity?

Classic Questions

Client says it wants to buy company XYZ. Should it go ahead?

Client just purchased a venture in industry X and wants to restore the company to profitability. What should it do?

Business Strategy Variation 4: Competitive Response

What the Interviewer Wants to Know

Can you combine market data with internal resources to provide a convincing recommendation?

Classic Question

A department store chain has been losing market share to discounters. How should it respond?

Business Strategy Variation 5: Response to Change in External Environment

What the Interviewer Wants to Know

Are you creative?

Can you demonstrate an understanding of the dynamic forces within an industry?

Can you identify and evaluate various strategic options?

Classic Questions

An automaker wants to know how a new trade agreement will affect its sourcing options.

A defense contractor that has been focusing on civilian applications asks you which to abandon as it swings back to security projects.

Brain teasers

What the Interviewer Wants to Know

Can you think “out of the box”?

How creative are you when confronted with an unusual problem?

Do you like intellectual exercises?

Classic Questions

Why are all computers putty gray?

Why are manhole covers round?

Tell me all the different ways in which you could determine whether the light inside a refrigerator is still on after the door is closed.

Other Case Types

Resume Cases; International; Government; Reengineering; Totally Random Cases

What the Interviewer Wants to Know

Did you really do what you said on your resume?

How much did you learn from your previous work experiences?

How’s your macroeconomics training?

How do you handle unexpected territory and nonbusiness constraints?

Can you analyze and apply frameworks to other problems?

Classic Questions

Your resume says that you opened a distribution network in Mexico. How would you apply what you learned there to opening a similar network in Thailand?

The government of Peru wants to develop an industrial policy. What do you advise?

A nonprofit, pro bono client asks for your help in determining why its membership revenues are declining and how to respond.

Buzzword Bingo

Here are a few terms you may hear during your interview. To help you understand exactly what each term really means, WetFeet offers the following translation notes.

Barriers to entry

Translation: the case interview question, for example. (Actually, see the discussion of Porter's Five Forces for more information.)

Declining profits

Translation: "Help! We need some consultants!" Case interviewers love these problems.

The best and the brightest

Translation: your interviewer and everyone else who works with him or her at the firm.

Airplane test

Translation: a common postinterview discussion point in the recruiter lounge. Alternatively known as the Pittsburgh airport test. That is, the recruiter is thinking to himself, “Would I be able to stand it if I had to spend an eight-hour layover with this person in the Pittsburgh airport due to a snowstorm?”

Blinding insight

Translation: the unexpected “Aha!” point the recruiter is waiting to see the candidate discover as he or she plows through the details of the case question.

Poet

Translation: a person who breaks out in a rash when he sees anything quantitative. Warning: Never admit to being a poet during the case interview process. Even if the person doing the interviewing was a poet before he joined the firm, he’ll have too deep a sense of shame to admit it.

Actionable

Translation: advice or recommendations that the client can really use. Even an exceptionally astute analysis will benefit from a couple of actionable recommendations thrown in at the end. (After all, you want to impress on your interviewer that you really are going after a business job instead of an academic position!)

Sanity check

Translation: one last consideration of your final answer or recommendation. You will be enveloped in detail as you solve a case. Always go back and ask yourself the simple questions of, “Does this make sense?”

80/20

Translation: an efficient approach to solving a case. Careful not to get bogged down in tons of detail, but rather focus on the 20 percent of an analysis that drives 80 percent of the answer. Efficient problem solving!

Case Interview Prep

- Consulting Framework Toolbox
- Consulting Frameworks 101: The First Stage
- Ten Tips for Secretly Impressing Your Interviewer
- Consulting Frameworks 102: A Touch of B-School
- What to Do When You Realize You're in Trouble
- Consulting Frameworks 103: The Whole Shebang!
- Your Own Flavor
- Extra Credit
- Guide to Case Interview Language

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Consulting Framework Toolbox

By this point you understand what the case interview is, you think you have an idea what the consulting firms will be looking for, and you are starting to think that, yes, possibly, you might be able to survive at least the first-round interview. But you're still a little unsure about how to attack these case questions. In particular, you're not clear on how to apply a framework to answer the question. Well, don't worry! WetFeet has prepared a toolbox filled with many of the most famous, and infamous, consulting frameworks around. We call it the Consulting Framework Toolbox, but you can just call it the WetFeet mini-MBA program. (All right, maybe that's a little grandiose, but hey, this report doesn't cost \$60,000 either.)

What Is a Framework?

Hold on—you say that you're sick and tired of hearing about frameworks—that you're not even sure what they are? It's actually quite easy. A framework is simply a structure that you use to organize your thoughts and help you analyze the critical issues of a sample case. Think of the framework as your road map through the case. At the simplest, most basic level, your framework can be something as obvious as saying, "There are three key questions that need to be answered here: A, B, and C." At its most complex, your framework can be something as gnarly as the notorious Porter's Five Forces. (If you don't know about Porter's Five Forces: (a) don't worry if you're an undergrad—we'll explain later; (b) worry a lot if you're an MBA.)

Deciding which framework/structure/road map to use may indeed be one of the most difficult parts of the case interview. Once you choose, your path lies

in front of you. But just as you wouldn't use a map of the western United States to navigate your way through New England, you don't want to use an operations framework if the case question is really about marketing. There are as many different frameworks to work with as there are different consulting firms. We'll provide a thorough overview of framework types in the section below.

Choose your framework wisely, and once you choose, tie it to the case example at hand. For example, if you are using costs and revenues as your framework (a simple but rigorous framework and one of our favorites for evaluating a new investment opportunity), you might say something like, "Your question asks whether the company should build a new plant, and I think to approach that question we'd have to evaluate the costs and the benefits. As I see it, the costs for a venture like this will include those from the following three areas . . . while benefits would potentially be realized in the areas of X, Y, and Z. Let's explore each of these areas a little more in depth." The point, then, is not to try to impress your interviewer with the most complex, diamond-studded, and difficult-to-follow framework—you are both likely to get lost in the glitz. Choose a framework with which you are comfortable and which addresses the interviewer's question, identify it upfront, and walk your interviewer through it step by step.

Consulting Frameworks 101: The First Stage

Some of the most flexible, useful, and durable frameworks are also some of the easiest to remember. These include the following: internal/external, costs/revenues, cost/benefit, and supply/demand. The advantage of these basic frameworks is that they are easy to remember and easy to apply to a variety of case problems. The negatives? Well, they're a little simplistic and they may not help you to remember all the points you need to hit in your analysis—particularly in more complex case questions. Nevertheless, the basics are always a good place to start, and these frameworks can often be used in combination with other approaches.

Internal/External

Application: The Firm vs. the Market/The Firm vs. the Competitive Environment Questions

The internal/external framework is a good starting point for case questions that ask you to look at a firm and its environment or market. For example, if you were asked to explain why a transportation client's capacity utilization was down, you might start off with something like, "I'd want to look at both internal factors affecting the company's performance and the external environment in which it found itself. On the internal side, I'd analyze the company's operations, including its scheduling and routing systems, its sales efforts, and its capacity-management processes. On the external side, I'd want to analyze what

was going on in the marketplace. Perhaps the industry is suffering from chronic overcapacity, or perhaps competitors have adopted a new pricing structure that is affecting demand for the client's services. . . ." In general, try to present a balanced equation—three external factors and three internal factors.

Cost/Benefit

Application: Evaluating New Business Opportunities, Business Strategy Questions

A cost/benefit framework can be used to evaluate many different business questions. In particular, if you are asked to make a strategic recommendation for a hypothetical client, you won't go too far wrong by beginning with a list of the costs and benefits for a given action. This is often a good way to start if you aren't sure right upfront what the best approach would be to answering the question. For example, let's say the case interviewer says that you are working for a brokerage house and they are considering installation of an automated order-processing system. "A brokerage house," you think to yourself, ". . . I don't know anything about the securities industry!" Don't fear—the old, trusty cost/benefit framework will set you on your way. You might start by saying something like, "To assess this opportunity, we'd have to look carefully at the costs and benefits of the proposal and try to quantify them wherever possible. For example, some of the key costs of a new automated order processing system would probably involve the hardware and software development, the marketing to support the new program, and customer service. . . . On the benefit side, we'd want to look not only at the new-client business that could be generated, but also at the incremental business that could be drawn from existing customers. We'd also want to examine the potential to achieve savings in operating costs. . . ." Go, go, go, you consulting-interviewing machine!

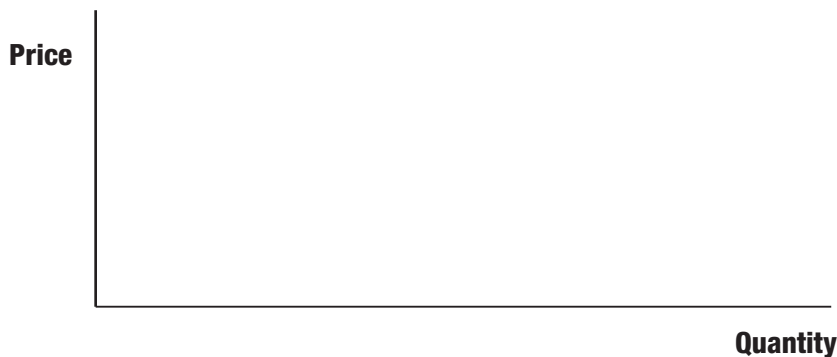
Supply/Demand

Application: Market Analysis, Business Strategy, Product-Pricing Questions

The supply/demand framework is the granddaddy of economics frameworks. Keep this baby handy for many of your market-analysis and business-strategy-type questions. It will also work well in combination with a number of other frameworks. It will help you explain how actions that affect price or supply might have an impact on market equilibrium (and vice versa).

Since supply and demand are such basic tenets of microeconomic theory, don't be surprised if your interviewer pulls out a pad of paper and says, "Here's what the supply-and-demand situation in the defense industry looked like in 1983. Show me how it has changed through the present." If this happens to you, don't look at your interviewer open-jawed and wide-eyed because you've never seen supply and demand curves before. If necessary, pull out your micro text right now and do a quick review.

Try sketching this case question below. Remember, demand curves are downward sloping!



(Don't peek! The correct answer shows a big backward shift in demand as government defense purchases were scaled back and a resulting shift down in supply as the market responded to a decline in price levels.)

Marginal Cost Analysis

Application: Questions Asking about Profits or Operations

Marginal cost analysis is one of those nice specialized mini-frameworks that makes an ideal add-on to a larger, more general framework such as cost/benefit analysis. Since microeconomics is really economics of the firm, there is a good chance that you will be able to apply some of your favorite micro-charts or insights to a particular business problem you get from the interviewer. In particular, a tool such as marginal cost analysis may come in handy when you are asked about profits and operations issues. For example, you might be asked about a situation in which sales have gone up as profits have gone down. Now, there are many possible explanations for such a scenario. However, one possibility is that the increased volume has caused the production to exceed the point where it is at its most efficient. In other words, the marginal cost (the cost of producing each additional unit of output) is going up. This could result from the need to purchase raw materials at a premium to get quick delivery. It could result from having to pay workers overtime to fill orders. It could result from any one of a number of things. Although you will probably score extra points by incorporating academic concepts in your answer, keep in mind that the real world is never as clean as the textbooks. You'll undoubtedly want to embellish your answer with messy things like stakeholder interests and organizational dysfunction.

Fixed Cost/Variable Cost

Application: Questions Asking about Profits or Operations and New Business Opportunities

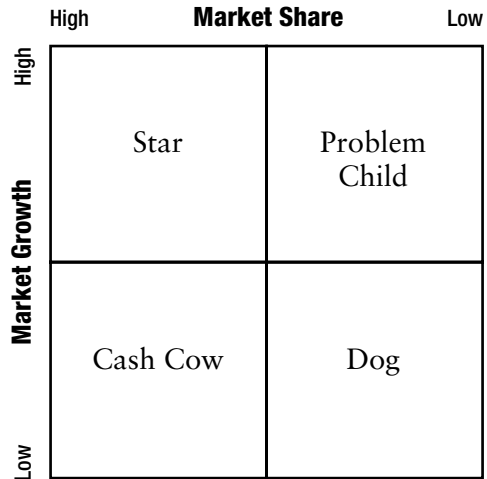
Cost accountants rejoice! Many a case question has been clarified (if not solved) by juggling a few numbers. One thing you'll almost always want to watch out for in profitability-type questions and operations questions is the fixed cost/variable cost dynamic. Fixed costs are those things such as rent, administrative division salaries, interest on debt, and overhead expenses that can't really be adjusted right away. In contrast, variable costs are those costs, such as those of raw materials, that vary directly with production. These factors can also be important in assessing opportunities in new industries. If there are high fixed costs associated with a new venture, that means that capacity utilization will be key to making the venture work. You might hear a case question along the lines of, "The largest paper manufacturer has announced plans to build a new plant. Should our client, the number three paper manufacturer, follow step?" When you do, think about incorporating a discussion of fixed and variable costs into your response.

The Good Old 2 x 2 (That's Two by Two)

Application: To a Consultant, Everything in Life Can Be Explained with a 2 x 2

Take it from us—your consulting friends can explain everything they see in terms of a 2 x 2 matrix. A good matrix can communicate a difficult-to-understand concept in a clear and compelling manner. However, even if it doesn't communicate a particularly exciting message, a good matrix always has the power to wow an unsuspecting client—and consultants just love to do that.

One of the most famous consulting matrices is BCG's Cash Cow 2 x 2, which is used as an analytical tool in product portfolio analysis. It is designed to position a group of products into one of four distinct quadrants:



The beauty of this matrix is its simplicity. By selecting two measures of product performance (market share and market growth rate) that can run in parallel or in opposite directions, suddenly we have a visual tool for evaluating all sorts of things, like the attractiveness of going into a new market or acquiring a target company. CEOs aim to establish product portfolios chock full of Stars (high market share and high growth) and Cash Cows (high market share, low growth) while divesting themselves of the low-share, low-growth Dogs. Now, no matrix is perfect, and the BCG matrix has been criticized by some theorists as leading in certain circumstances to the wrong conclusions (e.g., some high-growth markets are not attractive for certain businesses). Nevertheless, as a quick-and-dirty tool to analyze market opportunities and product portfolios, it serves its role with flying colors.

The 2 x 2 matrix is especially useful when analyzing a marketplace, assessing competitors, evaluating product portfolios, or trying to sort out a complex pile of data. And the good news is that not every matrix needs to be as sophisticated as the BCG matrix . . . even if you're interviewing with BCG!

Try Your Hand at 2 x 2s. Now that you know how a 2 x 2 can be used, give it a try! For example, let's say you are looking at a new product-introduction case. Should we launch a new cereal, and if we do, will it eat up our existing brand? "Well," you might say, "Let's look at the industry as it stands today. We have sweetened and unsweetened cereals, and we have cereals that get soggy in milk and those that stay crispy. If we draw a 2 x 2 of the marketplace, we have a whole bunch of brands occupying this upper right-hand Cap'n Crunch quadrant that represent sweetened, stay-crisp cereals. . . ." Hey! You're on your way.



The WetFeet Interview Coach

Draw a matrix representing the breakfast-cereal market.

Ten Tips for Secretly Impressing Your Interviewer

1. Draw a graph for anything. Make sure you draw it horizontally, as all bona fide consulting slides require a 90-degree shift in the orientation of the paper. If you use quadrille paper, your interviewer will really be impressed!
2. Imply, but don't say directly, that you did most of the heavy lifting in your study groups.
3. Use the term "capacity utilization" somewhere in your analysis.
4. Imply, but never say, that you really are impressed by the perks you'll get as a consultant.
5. Talk about how you love intellectual challenges.
6. Ask your interviewer to tell you about the people at his or her firm.
7. Throw in a couple of 2 x 2s or other graphical representations of the data you are presenting.
8. Ask (with a hint of excitement in your voice) how many cities your interviewer has been to in the last year.
9. Ask your interviewer what he or she hopes to learn from work over the next year.
10. Come up with several reasons why you really do think the interviewer's firm is better than the others. Do your company research!

Consulting Frameworks 102: A Touch of B-School

Slightly more sophisticated than the simple frameworks is a grab bag full of favorite business-school tricks. In contrast to the simple tools mentioned so far, these frameworks and tools may provide a more comprehensive and robust structure for addressing a specific case question. It's important that you know these frameworks—they'll demonstrate to your recruiter your aptitude for approaching business-strategy questions. However, be careful in how you use them—if you're just trying to get fancy without a solid understanding of the underlying concepts, we advise you to stick to the basics.

The 3Cs

Application: Business Strategy and New Market Opportunity Questions

The famous 3Cs stand for customer, company, and competition. These will often be three of the most critical factors to consider when you look at a strategic, marketing, or performance question. Thus, if you're asked to figure out how an auto maker should assess its opportunities in a foreign market, you might start by analyzing what kinds of customers it will find in the new market. You'd probably want to analyze both the individual characteristics of the customers as well as the marketplace's characteristics and trends. A look at the competition would include both an analysis of the competitors in the new market as well as the competitors in the client's existing markets and how all competitors would respond to your client's expansion plans. Finally, the company

analysis would likely include a look at the client's strengths and weaknesses, its internal resources, its longer-term strategy, and how well situated it is to handle the different issues you identified in the customer and competition pieces of your answer.

The 4Ps

Application: Marketing and New Product Development Questions

Here's a favorite one from the Marketing Hall of Fame. The 4Ps are product, price, promotion, and place (distribution). The idea here is that these 4Ps are the four major knobs you can turn when trying to market a new or existing product. Product incorporates everything about the design of the product; its features; how it is different from competing products and substitute goods; its packaging; reputation, service, and warranties; and what the strategy for the product is in the future. Price deals with both retail price and discounts, as well as economic incentives to the different channels (commissions and margins) and the strategic elements of the pricing decision. Promotion has to do with everything from marketing and advertising to customer education, public relations, and franchise or reputation development. The fourth P, place, is really a "D" in disguise. It stands for distribution, and covers such things as choice of channels, cost and duration of distribution, and positioning strategy. An example of a case question for which a 4Ps framework would come in handy is, "Our client plans to introduce a new gourmet low-fat frozen dessert. What are some of the issues we should examine?"

What to Do When You Realize You're in Trouble

Despite your best efforts to avoid getting in trouble during your consulting interview, you will occasionally find yourself far along a dead-end road. The quickest way out of this situation would be to stand up and leave the room. But before you shoot yourself in the head, you just may be able to recover some of your lost ground by taking a few simple steps. We asked our consulting industry insiders for suggestions about what to do when a candidate suddenly realizes she has become mired in the La Brea Tar Pits of consulting-interview oblivion. Here are some of their tips:

1. When you get a question about which you are really uncertain, try to find an answer (or at least get partial credit) through the process of elimination. For example, you might say something like, "Possible approaches to a problem like this would be to look at X, Y, and Z. However, for the following reasons, I don't think those lines of inquiry will produce the ultimate solution."
2. When you run out of ideas halfway through your answer, pause, take a breath, and say, "I'd like to take a minute to think this through." It's okay to not say anything for a minute or two. Collect your thoughts, and write down a few notes if necessary before starting back into the case.
3. If you feel your wheels starting to spin, say, "As I'm working through this, I know I'm starting to get into too much detail. I think the major issue for the client on this front is X. In addition, I know that we still need to talk

about costs and revenues, and I'd like to discuss those areas before time runs out."

4. Tell the interviewer that you believe you misinterpreted the information and explain why you now think your response has missed the mark. Say that you think another approach would be a more productive path to the solution. State what that approach would be.
5. Say, "I'm sorry. Is this a consulting interview? I must have gotten here by mistake. I'm actually supposed to be meeting with Goldman right now."

Consulting Frameworks 103: The Whole Shebang!

The final category of consulting frameworks incorporates several of the concepts presented above. These powerful, but complex, frameworks are very useful in providing a comprehensive analysis of a specific industry or opportunity.

Porter's Five Forces

Application: Firm Strategy and New Business Opportunity Questions

Although eager-beaver MBAs may be a little bit too anxious to bring Michael Porter into every case question that comes their way, Porter's Five Forces theory is probably the best-known and most powerful industry analysis framework. It can be applied to virtually any industry—from disposable diapers to educational software to automobiles to chocolate. This framework is particularly useful when you want to answer a case question that asks about firm strategy, especially with regard to opportunities to enter a new field. In case you can't already recite Porter's Five Forces in your sleep, here's a little review.

May Porter's Five Forces Be with You

The five forces that purportedly define the nature of a given industry are as follows:

1. **Barriers to Entry** (the ease with which new firms can enter the industry)

2. **Bargaining Power of Buyers** (the relative power of customers and other buyers)
3. **Bargaining Power of Suppliers** (the relative value of vendors and other suppliers)
4. **The Availability of Substitute Products** (the “uniqueness” of the firm’s products)
5. **The Nature of the Rivalry Among Firms** (the rationality of competition in the industry)

Analysis of each of these categories and their relevant subcategories should give you a good idea about whether the opportunity looks positive or negative. It will also potentially fill up the entire interview hour, which is not necessarily a good thing for your career interests. We have included a more detailed example of how this framework might be applied to a specific case below. However, the key insights that this analysis will often provide include the idea that an industry is more attractive if there are significant barriers to entry, neither buyers nor suppliers have great power over the players in the industry, there are few adequate substitute products, and the firms are not engaged in an insane competitive rivalry that depresses profits.

Firm Analysis

Application: Business Strategy Questions

Although it doesn’t have the brand-name appeal of the Five Forces, Firm Analysis is a robust consulting framework that will often prove helpful in answering case questions. The foundation of the Firm Analysis framework is the identification of the internal (company) and external (market) factors which both come together to influence a company’s competitive strategy.

Internal factors influencing a corporate strategy include the following:

1. Company strengths (or, if you prefer, core competencies) and weaknesses
2. Company objectives, values, and mission
3. Company systems and resources

External factors influencing a corporate strategy include the following:

1. Industry trends
2. Outside constraints (governmental, societal, legal)
3. Competitor activities

The business strategies that will likely prove most successful for the firm are those that find a close fit between the internal (company) and external (market) factors. This framework can be applied to many types of strategy questions, especially those involving a new opportunity, a new market, or changing circumstances in the industry. For example, if you're looking at the opportunity for a medical device manufacturer to set up a new production facility in France, you might start by looking at internal factors related to the company's strategic objectives and resources and then move on to the various external factors it will face as it explores the market opportunities in Europe.

Financial Analysis Framework

Application: Product-Profitability Questions

Do your eyes glaze over when the cocktail party discussion turns to costs of goods sold and accounts receivable? Join the club. You'll be glad to know that financial statement analysis doesn't usually warrant the "framework" label.

However, a very basic understanding of how balance sheets, income statements, and cash flow statements work and what messages they can communicate can be a quite important part of your consulting case interview. WetFeet strongly recommends a quick review; our crash course begins below. Financial statements, like frameworks, are roadmaps. If you can navigate the income statement, balance sheet, and cash flow statement, you'll be able to cut through the fluff and identify the core issues of many case questions. In particular, financial statement analysis will be helpful if you find yourself facing a question about product profitability. For example, if you were asked why a steel company was unable to offer a competitive price for its galvanized products, you could struc-



Basics of the Income Statement

Gross Revenues (= units X price)

subtract Returns and Allowances

equals **Net Sales**

subtract **Cost of Goods Sold**, comprising the following four items:

Direct Labor

Direct Materials Costs

Overhead (watch out for allocation!)

Delivery Costs

equals **Gross Margin**

subtract Selling, General, and Administrative Expenses

subtract Depreciation

equals **Operating Profit**

subtract Interest Expense

equals **Profit Before Taxes**

ture an answer around an analysis of the various components of product cost: direct materials, direct labor, and overhead. You would probably also want to take your analysis a step further by looking at how overhead was being allocated or how sales were being handled.



Basics of the Balance Sheet

ASSETS

Current Assets

Cash	A
Short-term investments	B
Accounts receivable	C
Inventories	D
Prepayments	E
Total Current Assets	A + B + C + D + E = F
Property, plant and equipment	G
Less allowance for depreciation	H
Investments	I
Other Assets	J
Total Assets	F + G + H + I + J



Basics of the Balance Sheet ... continued

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	K
Loans payable	L
Income taxes payable	M
Dividends payable	N
Total current liabilities	$K + L + M + N = O$
Long-term debt	P
Deferred income taxes and noncurrent liabilities	Q

Total Liabilities $O + P + Q = R$

Shareholder equity	S
Common stock	T
Retained earnings	U
Total Stockholders' Equity	$S + T + U = V$
Total Liabilities and Stockholders' Equity	$R + V$



Basics of the Cash Flow Statement

CASH FLOWS AND OPERATING ACTIVITIES

Net income	A
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation expense	B
Amortization of intangibles	C
Gain on sale of plant assets	(D)
Increase in accounts receivables (net)	(E)
Decrease in inventory	F
Decrease in accounts payable	(G)
Total	B + C + (D) + (E) + F + (G) = H
Net cash provided by operating activities	A + H = I
Cash flows from investing activities	
Sale of plant assets	J
Purchase of equipment	(K)
Purchase of land	(L)
Net cash provided by investing activities	J + (K) + (L) = M
Cash flows from financing activities	
Payment of cash dividend	(N)
Issuance of common stock	O
Redemption of bonds	(P)
Net cash provided by financing activities	(N) + O + (P) = Q
Net increase (or decrease) in cash	I + M + Q = R
Cash at beginning or year	S
Cash at end of year	R + S

Your Own Flavor

Tired of all those boring B-school frameworks? Well, you can always create one of your own. One consultant to whom we spoke successfully created a list of key issues that were likely to come up in various types of case interviews (competition questions, new-product questions, business-unit strategy questions, etc.) and used it to sail through the interviews with flying colors. Be warned, however! If you choose to fly solo, you may get high points for creativity, and you'll certainly stand out from other candidates, but you'll also run the risk of missing key issues. WetFeet recommends that you road test all new frameworks before you whip one out of your bag of tricks during your interview.

Extra Credit

A typical consulting case, and most consulting case interviews, will have a few tricky twists and turns—sharp corners where most people go shooting off the highway, or, at best, onto a side road that most people wouldn't even notice. You don't need to nail these to pass the case, but a “blinding insight” may give you a few extra-credit points and help you stand out from the crowd. Identifying and analyzing most of these unusual situations will require you to draw on your own resources and insight. However, to level the playing field just a little bit between the former consultants and those who are new to the field, we have included references to a few of the favorite twists and turns. You might want to keep these in the back of your mind, just in case you get through the case and want to pick up a couple of extra-credit points. Remember, though, that the key to a successful case interview is to answer the core portion of the case question correctly.

Damn those unions! Unions, noncompete agreements, government regulations, and parent/sister company relationships may present unexpected constraints to a traditional company that wants to enter a new industry. For example, if a newspaper company wanted to compete in the fast-moving online services area, it would potentially face a severe cost disadvantage because most of its workers are unionized.

Capacity constraints. Costs may jump significantly if new capacity can only be added in large chunks. For example, an auto company might be able to increase production up to full capacity, but, if it wanted to increase production after that, it might have to build a new facility, thus raising per-unit cost significantly if all the capacity weren't completely used.

Economies of scale? Not necessarily! Just because a company has larger volume production it doesn't necessarily have a lower cost structure. Think about the airline business. Profitable regional carriers have often had trouble expanding their business to a national market. Although some systems costs go down as scale increases, other costs may actually rise. Workers may unionize and negotiate higher wages, equipment costs may go up, advertising costs may increase, and the costs of establishing new facilities in different cities may be quite high.

Competitor actions don't always make sense. The dynamic of competitor interactions may make nonsense out of your precise industry analysis. For example, in a declining industry, firm rivalry may be intense, causing firms to drive profits out of what might otherwise be a lucrative industry. Also, long-standing feuds between different players may cause them to act in ways that have no economic justification.


Culture clash. Strong-culture organizations and weak-culture organizations have very different attributes—and neither is necessarily a sustainable competitive advantage. Organizational culture may have a significant impact on how effectively a firm can pursue a new strategy. Think about a strong-culture company such as IBM. For years Big Blue defined itself as a mainframe computer company. As a result, when the market began to shift in the 1980s from mainframes to PCs, IBM went through a period of denial, continuing to invest hundreds of millions of dollars in big computers that the market wasn't buying. This left the door wide open to a band of wily new competitors in the PC industry, such as Compaq, Dell, and Apple. Interestingly, another strong-culture company in the computer industry, Hewlett-Packard, was relatively successful in identifying new market opportunities and continuously reinventing itself to pursue such opportunities (in fact, it entered the PC market itself in 1995 and quickly rose to the top ranks of the industry). Ironically, after merging with Compaq in 2002, HP has been faced with the difficult challenge of combining two strong cultures

(not to mention building shareholder value in the face of a commoditizing industry where Dell is winning).

Is there an accountant in the house? Cost allocation problems can truly distort management's perceptions of product-line profitability. Let's say your client has two products: one is in production 80 percent of the time and is highly profitable; the other only runs 20 percent of the time and is only marginally profitable. If you require each product to carry half the overhead costs, you may announce that it doesn't make sense to produce the second product, even though you can sell it at a price above its variable cost. Wrong!

Guide to Interview Language

In addition to knowing the buzzwords you'll hear during the interview, you should also be prepared to toss a few buzzwords of your own in the direction of your interviewer. To help you draw that ever-so-important picture of you-as-consultant, WetFeet has included a short vocabulary list for your use. Feel free to add to this list as your creativity allows.

 During a Consulting Interview . . .	
How to Describe Yourself	How NOT to Describe Yourself
Self-starter	Vacation-oriented
Analytical	Inflexible
Out-of-the-box thinker	Silicon
Goal-oriented	Bodacious
Leader	Unprincipled
Resourceful	Touchy-feely
High-energy	Combative
Inquisitive	Weak-kneed
Hard worker	Indecisive
Team-oriented	Follower
Successful	Status-oriented
Numbers-oriented	Whiny
Eager to learn	Ill-mannered
Positive	Short-tempered
Experienced	Vengeful
Recently married	Previously dinged

The Recruiter's Perspective

- From the Recruiter's Side of the Table
- The Judge's Scorecard

From the Recruiter's Side of the Table

Wow! You're probably thinking that there's an awful lot to keep straight and an awful lot you'll have to do to impress your consulting interviewer. In one sense you're right; case questions can be quite complex. After all, they're often drawn straight from the consultant's work experience. Clients may have paid millions of dollars for the person sitting in front of you and a bunch of her colleagues to spend months studying the very problem the interviewer expects you to analyze in eight and a half minutes. In another sense, however, almost all cases can be boiled down to a few common themes. Remember, the case is ultimately a way of testing to see whether you might be cut out for a career in consulting. And on that front, all of the firms are looking for a few standard things.

Fortunately, your interviewer generally will not be looking for the one right answer to the problem. There probably isn't one right answer; business problems are rarely that simple. And, even though they do want you to hit on a few key issues, most interviewers will be looking for other things from you. In addition to all of the general points she will have been assessing since the start of the interview (e.g., your composure, your communication skills, your experience, and your energy level), your interviewer's mental scorecard during the case question will look something like the following:

- Do you have a logical, clear, and effective way of tackling a simulated business problem? Can you pick out and use a relevant structure or framework to understand and answer the question?
- Are you analytical? Do you think in boxes, tables, and bullet points? Can you pick out key issues of the problem and move through them in an organized and logical way?

- Are you likely to be happy as a consultant? Do you seem to relish the challenge of the mental wrestling matches required to solve difficult problems? Do you ask probing, insightful questions?
- Do you have good business intuition? Do you understand some of the basic business issues? Most importantly, do you push toward action?
- Do you have a consulting “presence”? Are you calm and poised? Can the interviewer see you standing up in front of a middle-aged client and having enough credibility to leave that client thinking that he has gotten the best analysis that money could buy?

The Judge’s Scorecard

To give you a better sense of exactly what that consulting firm interviewer is thinking about as he pushes and prods you through the case question, WetFeet has developed the Judge’s Scorecard (aka the Consulting Interview Evaluation Form). Think of the scorecard as the tool your interviewer is using to evaluate you. Just in case you’re wondering, this is a generic form developed by WetFeet, based on material used by several different firms. Naturally, each firm will have its own approach.



Consulting Interview Evaluation Form

Candidate: _____ Round: _____

Date: _____ Interviewer: _____

School: _____ Case Used: _____

Ratings: Please assign a rating for each category and an overall rating at the bottom.

1 = Excellent/Good 2 = Average/Neutral 3 = Poor/Unsatisfactory

Rating	Skill Category	Comments
	Analytical Skills	
	Comfortable with numbers?	
	Identifies key issues?	
	Identifies appropriate frameworks?	
	Follows a logical approach?	
	Problem-Solving Skills	
	Intellectual curiosity?	
	Breaks problem into parts?	
	Draws on previous experience?	
	Out-of-the-box thinking? Results Orientation	
	Starts with issues that provide leverage?	
	Uses realistic, doable approaches?	
	Focuses on actionable items?	
	Listening Skills	
	Listens carefully to problem?	
	Asks questions when necessary?	



Consulting Interview Evaluation Form ... continued

Rating	Skill Category	Comments
	Presentation/Communication Skills	
	Clear and to the point?	
	Credible?	
	Responds well to questions/challenges?	
	Uses analogies and examples effectively?	
	Personal Attributes	
	Intelligence	
	Maturity	
	Integrity	
	Common sense	
	Team player	
	High energy	
	Fit with Culture	
Office/practice preference: _____		
Overall candidate rating: _____		
(1 = Recommend against passing to next round; 2 = Neutral; 3 = Recommend for next round)		
Interviewer's signature: _____		

Case Examples

- Good Cases for Good Consultants-to-Be
- Suggested Answers

Good Cases for Good Consultants-to-Be

At long last, here they are! Real, live sample case questions and suggested answers. To help you prepare for the case interview, we have first listed the questions for which we will provide sample answers. If you wish to simulate the case interview process, you might start by jotting down your own notes about the question before you look at the sample answer. If that sounds about as exciting as doing division longhand just for the sake of keeping your arithmetic skills sharp, then go ahead and look at the answers. They begin immediately after the questions.

Case Question 1

List several ideas for improving the customer service level of an airline's ticketing call center.

Case Question 2

A U.K. banking client asks, "Should we acquire a stock brokerage firm on the Continent?"

Case Question 3

The manager of the on-campus coffee shop comes to you for advice. Last quarter a food service workers' strike shut down the campus cafeteria for nearly three weeks. He thought this would be great news for the business—the coffee shop was packed. Now that the numbers are in, however, he finds that even though the coffee shop had record revenues, it made a loss for the quarter. What happened?

Case Question 4

How many golf balls would be used in the United States in a given year?

Case Question 5

You are assisting a regional Bell operating company (RBOC) that has been attempting to diversify its business lines outside of the traditional telephone business. Unfortunately, it has been unsuccessful in a number of previous new ventures, including real estate, financial services, and software. This time, the client is considering an opportunity to get into electronic home security. The attractive features of this industry include:

- Relates well to phone company's core business (phone lines, operator services, installation services)
- No big players in the industry (five largest firms have combined total of less than four percent market share)
- Large potential demand (only ten percent of residences have security systems)
- Long-term customer value is high (equipment is low-margin business, supervision services high-margin)

Question: Is this a good opportunity? What do we need to know to assess the opportunity?

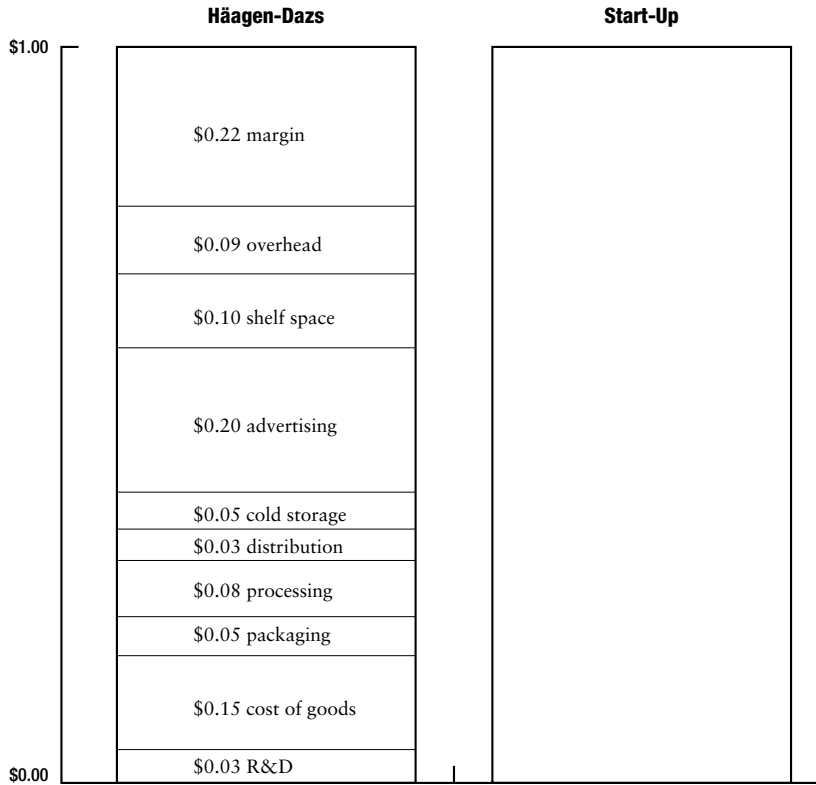
Case Question 6

A leading manufacturer of instant cameras and one-hour photo finishing machines is facing a dramatic downturn in business due to the rapid increase in digital photography and sharing photos over the Internet. What should it do?

Case Question 7

Rather than go into consulting, you've decided that you want to start a natural-flavor frozen-sherbet business. You've done some research and discovered that Häagen-Dazs has the following value chain. Draw a similar value chain for your start-up business and explain how and why it would be different.

Value Chain Comparison: Ice Cream





The WetFeet Case Analysis Worksheet

Use this form to sketch out your answers for the sample cases provided in this WetFeet Insider Guide.

Type of Question: _____

Frameworks that Might Prove Useful:

Questions to Ask/Additional Information Required:

Most Important Issues:

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The WetFeet Case Analysis Worksheet ... continued

Outline of My Answer:

Action/Implementation Implications:

Twists and Turns:

Suggested Answers to Case Questions

The following are suggested answers to several different types of questions. To give you more insight into what would be expected of you, we have included key tips and notes in addition to the suggested answers.

Case Question 1

Question

List several ideas for improving the customer service level of an airline's ticketing call center.

Background

Consultants will often ask you to *list* several potential solutions to a particular problem in rapid fire sequence *upfront*. In an interview, this approach may be experienced as a discrete “case” question or as part of a larger, more structured and complex case. It will sometimes be used to assess out-of-the-box thinking quickly when interview time is short. This question type aims to assess your creative ability to generate several possible solutions or hypotheses from the start in order to guide a deeper, structured analysis later on. This is a very effective approach in consulting, because it drives creative brainstorming upfront—before getting enveloped in extreme levels of detail—generating a hypothesis-driven start to a client case.

In general, no list is right or wrong. The interviewer is most interested in seeing you propose some clever, original thoughts about a problem, even if they seem far-fetched. Therefore, the key to a successful answer here is to have fun with the challenge. Since your interviewer will be looking for a combination of creativity and analytics, don't hold back! If this were a team meeting and you were trying to identify solutions to a client problem, the goal would be to get as many ideas as possible out on the table and to select the most important ideas for further analysis. This question could be given to undergrads, MBAs, or advanced-degree candidates.

Suggested Response

There is no single right answer to this question—especially given that the interviewer wants you to provide a laundry list of ideas—but there are lots of good answers. Even when the interviewer wants a quick list of thoughts, it is not a bad idea to put a quick structure around it. For example, you might point out that you can improve customer service in two overall ways, by perception and by reality.

To improve perception, you may suggest adding music to the wait time to make it seem shorter. Also, the initial recorded message could have a “hook” to keep people listening longer (i.e., rather than just pushing “0” immediately), such as an announcement like, “please listen to the entire message, as our menu has changed.” The airline could also offer exciting promotions that customers are interested in hearing more about before moving on to the customer service person. Some creative thinking could also be applied to the automated message itself, like making the recorded voice more friendly or allowing the customer to select options by speaking, as opposed to by dialing.

Next would be examples of the second type of service improvement, actually improving response times, information accuracy, and overall efficiency. If

adding customer service representatives is not an option due to costs, the airline could ensure that the reps are well trained on using their systems so they are able to navigate information and transactions quickly. Periodic surveys could also be conducted with customers to identify and prioritize key areas of needed improvement. Phone systems could be configured so that if a rep needs to forward a customer to another rep, there is a personal handoff with all three people on the line, as opposed to simply forwarding a customer to another automated response and wait cue. The airline may also be strategic in setting their customer cues by prioritizing customers who are frequent fliers or those who are calling to actually purchase a ticket. Further, the airline could keep a log of each customer so that the rep immediately knows his or her preferences for seating, flight times, and so on. Finally, the airline could incentivize its reps by the number of happy customers, as identified through random surveys.

Case Question 2

A U.K. banking client asks, “Should we acquire a stock brokerage firm on the Continent?”

Suggested Response

In this sample response, we provide a dialogue with notes on what’s being said (in italics). Remember, however, there really isn’t any one right answer for a case question. This response is meant only to suggest the types of issues you might want to talk about with your interviewer. That said, aren’t you psyched that we’re walking you through a real, live case . . . and that you didn’t get stuck with this question in your case interview! This question would probably be given to MBA candidates.

Interviewer: You’re working for a bank in England. The chairman comes to you and says, “I think we ought to acquire a brokerage firm on the Continent, but I’d like your opinion on that.” What should you say?

Beware of the overly general question! The interviewer will often start off with something so broad and general that it is impossible to answer. The interviewer is really trying to see if you will take the bait, or if you will keep your wits about you and ask for more information.

Candidate: Well, I'd probably start by asking, "What do you mean? Are you thinking about acquiring a specific firm? Are you interested in entering a specific country or market? Are you thinking about getting into the stock brokerage business in general?" Alternately, I might ask the chairman about the fundamental objectives he is trying to accomplish. Is he seeking an entree into the brokerage business? Is he trying to boost revenues? Does he want to expand in Europe?

It is usually okay to ask for more information, especially if you have just received the case question. Often, the interviewer's response will give you a hint as to what angle to pursue. However, don't just ask questions for the sake of taking up time. They should be designed to give you enough information to proceed with the case.

Interviewer: The chairman says that he wants to explore opportunities generally and that he doesn't have a particular firm or target country in mind. He is interested in increasing the bank's base of operations on the Continent and the brokerage industry seems to have a lot of smaller, profitable players that may be ripe for acquisition.

The interviewer is directing the candidate towards a general strategy response. Therefore, the key issues will center on the firm (its strategic objectives, its strengths and) and the opportunity (macroeconomic issues as well as the identification and evaluation of specific acquisition candidates).

Candidate: It sounds like a general strategy/acquisition study might be in order. Since the client doesn't have any specific markets or acquisition targets

in mind, I'd want to start by analyzing both internal and external issues for the client.

By starting with a general statement, you can check in with your interviewer to see if you are on the right track. If you have missed the boat, some interviewers will gently push you in another direction (but beware, others may let you drown!).

Interviewer: Why don't you start by telling me some of the key internal issues you'd look at?

The interviewer likes the candidate's top-level internal/external framework, but is a little wary of the use of acquisition study. She wants to make sure the candidate really understands what information he needs to identify.

Candidate: On the internal side, I'd want to look at four or five key things: the client's strategic objectives for the acquisition, its core strengths and weaknesses, its existing business operations and systems and how those might fit with a potential acquisition, and the resources it has available for the acquisition.

The candidate has set up a sub-framework to focus his response about the internal issues the client will face. Although these points don't follow any standard framework, they do include a mix of strategic and operational issues.

Candidate: Of these issues, I'd start with a look at the client's strategic objectives for the acquisition. Frankly, the first question I would ask is whether or not the client ought to be acquiring a new business in a different market. Is this part of a broader diversification or internationalization strategy? Is the client just trying to use up some excess cash?

A key challenge in many real-life consulting cases is to accurately define the right question to ask. In this response, the candidate questions the initial assumption that an acquisition is called for. An alternative approach would be to assume that the decision to acquire has been made and the consultant has been called in to implement. In this case, the candidate would probably want to state the assumption and move on to analyze the various internal factors he has outlined.

Candidate: After determining its strategic objectives, I'd like to analyze any strengths and weaknesses that would be relevant to the acquisition. Does the client have a particular set of resources that make an acquisition of one type or another fit better with its existing organization? Perhaps it already has banking affiliates in several other European countries. Perhaps it has relationships with a number of banking customers that are active in certain areas on the continent. Are there particular service or product offerings that it is seeking to add to its portfolio? By looking at these issues, I would be attempting to establish some parameters by which to evaluate different investment options. In particular, I would be looking for areas in which the client may be able to achieve synergies or significant cost savings.

The candidate works his way through his framework, focusing first on the issues that will yield the greatest insight. He also offers some examples, in the form of questions, that indicate the types of issues he will be looking for. Finally, he mentions how he will use this analysis to produce a recommendation for the client.

Interviewer: What other things would you need to know to give the client your recommendation?

Here the interviewer poses a question that could be approached in different ways. The candidate could continue to explore internal issues, or he could move over to some of the more important external issues.

Candidate: There are still several issues on the internal side that I haven't yet explored, such as the internal systems issues and the budget for the acquisition and so on. However, for the purposes of making a recommendation to the client, some of the external issues are even more important, and I'd like to talk about some of those now.



Insider Tip

It is a good idea to briefly point out instances in which you stray from your initial framework. That way the interviewer won't assume that you just lost your way.

Here the candidate interprets the question fairly literally and moves on to issues of primary importance to making a recommendation to the client.

Candidate: On the external side, I'd want to break this into three basic pieces. The first involves taking a macro look at the marketplace for brokerage services across Europe. For the second piece I would identify potential acquisition candidates and assess their attractiveness based on the parameters we had identified. After a broad-based look at a number of candidates, the third piece would involve a detailed evaluation of three or four of the most promising firms.

Although the candidate hasn't called on a Porter Five Forces/3Cs gourmet flavor of consulting framework, he has identified a logical approach to getting at the answer. In addition, he has helped his presentation by saying that there will be three pieces to the analysis and clearly stating what those pieces will be.

Interviewer: Let's use your approach and start with a look at the market for brokerage services in Europe. What would you look at?

Candidate: Well, Europe consists of a lot of different countries and, I expect, a lot of different rules and regulations on brokerage services. I think the best

way to start would be to analyze the various markets we were thinking about entering and determine which would offer the most opportunity for an investment by a British bank.

To do this, I would want to look at two sets of factors for each country. [*Geez, can you believe how good this guy is?*] First, I'd start with a survey of the overall market situation. How big is the country's GDP, what is the structure of its economy, how fast is it growing? I'd also want to analyze its stock market. Some countries may not even have stock markets, others may have really small capitalization. There may be regulations about foreign ownership.

Simultaneously, I'd want to look at the brokerage business in each market. How is the stock market set up? How many firms compete in the brokerage business? Who owns them? How profitable are they? What are the key resources that give one an advantage over others?

Again, the candidate gives a structure to his response. "First . . . Second . . ." This helps the listener follow the presentation. Also, he identifies a number of areas of potential concern: underlying economics, regulatory issues, and competitive rivalry.

Interviewer: How would you go about getting that information?

Consultants are data hounds. A key concern in many interviewers' minds (especially for undergraduate candidates) is how resourceful the candidate will be in gathering information.

Candidate: Well, I'd probably start by seeing if there were any internal resources that might contain some of that information. It's possible that somebody within the organization might have researched the same topic for another study or might be familiar with certain aspects of brokerage markets in Europe. Beyond that, I'd probably identify resources within each market

that provided the kind of information we needed. These might include the equivalent to the SEC or the authorities in charge of the various stock markets. They might include other banks or competitors in the industry, or they might include printed resources or databases. At some point, when it came time to evaluate the various acquisition candidates on the shortlist, I'd think we'd need to utilize some secondary means of evaluating their performance, such as utilizing customer surveys or speaking with experts in the field.



Insider Tip

If there are particular pieces of analysis with which you feel more comfortable than others, you can often jump directly to those by saying something along the lines of what this candidate just said.

The candidate starts by looking as close to home as possible. He also seems to be aware of many of the favorite resources for consulting studies. Importantly, he hasn't suggested any ideas that would be completely unfeasible, such as interviewing the heads of the SEC equivalents in each country.

Interviewer: Okay. You've gone out, collected a pile of information about three or four different potential candidates. How would you finally choose among them?

The interviewer is testing to see whether the candidate will be able to do something with all of the analysis he has offered.

Candidate: Well, I'd want to go back to the initial parameters I developed after looking at the internal factors. In particular, I'd want to see which acquisition opportunity seemed to offer the best fit with the client's long-term business strategy and organization. In particular, I'd want to see evidence that the acquisition would bring some source of competitive strength to the client,

whether it be in terms of market access, or in terms of a set of synergies between the acquisition target and the client that would allow the client to operate the company more efficiently. I think I'd also want to assess the various types of risk with the proposed acquisition.

The candidate goes back to the start of his analysis and incorporates the internal factors identified and analyzed early in the case problem as the relevant considerations in developing a recommendation. In addition, he focuses on several issues that are critical to any successful acquisition.

Interviewer: Oh? What types of risk would you look at?

The interviewer chooses to examine one small piece of the candidate's answer and see if he really has thought this through carefully. The interviewer is also testing to see if the candidate can identify a key issue about deregulation. The interviewer is also being incredibly anal. Give this guy a break! Pass him on to the next round!

Candidate: Well, a key risk in Europe would be to think about the impact of European deregulation. Any profits that we had anticipated earning as a result of the acquisition would have to be considered in light of future stock market deregulation. In addition, we'd also want to look at other risk categories such as management risk, technology risk, and other market risks.

The candidate does a good job of listing several risks and offers the information the interviewer is seeking about the effects of deregulation.

Interviewer: Good. Well, it looks like we've covered most of the issues I wanted to go through with this case. Now let me ask you about another situation.

Candidate: Ahhhhh . . .

General Summary Comments

This was clearly a question about business strategy. In his answer to the question, the candidate identified a few simple frameworks and structures that helped him touch on a number of issues associated with the problem. He also did a relatively good job of letting the interviewer know where he was and what was coming next.

Case Question 3

The manager of the on-campus coffee shop comes to you for advice. Last quarter a food service workers' strike shut down the campus cafeteria for nearly three weeks. He thought this would be great news for the business—the coffee shop was packed. Now that the numbers are in, however, he finds that even though the coffee shop had record revenues, it made a loss for the quarter. What happened?

Background

This a business operations problem of the declining-profits variety. In this one, the interviewer is looking for your business intuition and for your ability to apply this intuition in chasing down the answer to the problem. This question would be appropriate for undergrads as well as MBAs and advanced-degree candidates.

Suggested Response

Candidate: There are a variety of things that could cause revenues to go up while profits went down. I'm not sure which is the most likely—maybe the manager was skimming some money off the top? Just kidding! The first thing I'd like to know is whether there were any other unusual expenses during the quarter. Did costs go up? Was there a write-off of some sort? Was the coffee

shop dealing with expenses carried over from a previous period? Did it have to hire on additional labor at a premium or pay overtime to serve all those additional customers?

It's often a good idea to make sure that you have the whole picture. Case interviewers will often leave out critical details to get you to start off in the wrong direction. In addition, they may be trying to see if you will actually step back and take a critical look at the situation before you dive in. In a case such as this one, where there could be a number of possible explanations, it's good to see if you can get some more hints from your interviewer. At the same time, the candidate has already provided some structure to her answer by focusing on the cost/expense side first.

Interviewer: I'm a little bit curious as to why you would immediately assume there was something illegal going on. However, in answer to your question, no. There weren't any extraordinary expenses in the quarter. No lawsuits for bad food, no acquisitions of new equipment. What else could have happened?

Candidate: Hmm. Well, if there weren't any unusual expenses, I'd want to look at the other pieces of the costs and revenue equation. On the revenue side, we assume that sales volume went up significantly as a result of the cafeteria closure. Since total equals price times quantity, I wonder if the prices the coffee shop charged for its products went down. Did it change its pricing structure?

Since her first approach didn't yield any results, the candidate is taking a step back and becoming a little more systematic in her approach. Although she might have been better off labeling it as such, she seems to be backing into a framework based on the "profits = revenues - costs" equation. One good thing is her mention of the revenue equation.

Interviewer: No, the prices remained the same.

Candidate: Then we need to continue looking at the other pieces of the cost and revenue equation. You said there weren't any extra-ordinary expenses, but what about changes in the normal expenses of the operation? Did raw material prices go up? Did rent, utilities, or trash-removal costs go up as a result of increased volume? How about spoilage?

The candidate still hasn't figured out exactly why the profits went down, but she is doing a good job of systematically exploring various reasons why this might have occurred. Also, she is doing a good job of explaining how she is thinking through the problem. Thus, the interviewer knows that she isn't just bopping around from scattered thought to scattered thought.

Interviewer: No, these all remained relatively stable on a per-unit basis.

Candidate: Something clearly changed from the previous quarter. Since we have ruled out changes in prices and significant changes in expenses, then there was something else going on. We know that sales went up. We also know that customer flow went up and that people who usually eat at the cafeteria were coming to the coffee shop. Therefore, it's possible that this new customer group was different from traditional customers. One strong possibility is that they were ordering different items from traditional customers. Specifically, since they were using the coffee shop as a substitute for their usual cafeteria dining, it's possible that they were ordering more food than the traditional customer.

The candidate has systematically worked her way toward a possible explanation. By thinking out loud, she reveals that she didn't immediately know the answer. However, she has demonstrated a relatively logical approach to problem solving and hypothesis testing that will be useful as a consultant.

Interviewer: That's correct. There was a new type of customer with a new purchasing pattern. But what does that tell you about profits?

Candidate: I would assume that many of the new customers came in to get food. Therefore, the product mix sold during the quarter probably changed. Since we know that there weren't any extra-ordinary expenses, and since we know that profits went down, we have to assume that the coffee shop was sucking wind on the food business.

Interviewer: Bingo!

The candidate has come up with the correct answer by systematically going through the example and focusing on the various components of the key equation. In addition, she has demonstrated to the interviewer that she can think logically and use a framework effectively.

General Summary Comments

Many case interviews will ask about a situation in which profits are declining. Although many of these questions may be more complex than this one, it is a good idea to keep the profit and revenue equations foremost in mind as you work your way through them. In this case, a change in product mix was the key. Another typical problem may deal with fixed and variable costs.

Case Question 4

How many new golf balls would be used in the United States in a given year?

Background

No consultant wannabe can expect to cruise through the case gauntlet without skirmishing a time or two with the old market-sizing question. Typically, these questions take the form of "How many telephone poles are there in the United

States?” or “How would you go about figuring out the market for interactive TV?” Short, sweet, and relatively easily dispatched, these questions will often serve as a warm-up question for a more lengthy case. Alternatively, they might be hidden within the context of a larger strategy-type question, during which the interviewer will ask the candidate to discuss how he or she would go about estimating the market size for a particular product. Market-sizing questions like this one could be used for undergrads, MBAs, and advanced-degree candidates.

In any case, when the interviewer throws you a market-sizing question, she is trying to check you out on a couple of things. First, she’s trying to see if you have an allergic reaction to numbers. It’s not necessary that you be the next math-jock superstar, but, if you can’t think through a few simple BOE (that’s “back of the envelope”) addition/subtraction/division types of operations, or at least recognize the need for them, you may face some tough sailing in the consulting world. Even more importantly, the interviewer wants to see if you can identify what you need to know, make a set of realistic assumptions, and come up with a solution.

Suggested Response

You might start by saying that the basic drivers (no pun intended!) in the golf ball market are the number of golfers in the United States, the number of balls they use per round, and the number of rounds they play per year. To figure out what that actually means, you’d need to make some assumptions. Assuming there are 300 million people in the United States and that 20 percent of the population plays golf, you’d guess that there are 60 million golfers in the United States. If you figure that golfers play an average of ten rounds per year, and that they use two to three balls per round, you’d come up with a number around 1.5 billion golf balls.

After that rough calculation, you might want to go back and talk about other factors influencing the golf ball market and how they might affect your estimate. Things that might increase the number of balls used in the United States include nongolfer purchases. For example, you might hypothesize that driving ranges and pro shops could account for significant purchases, thereby increasing the number of golf balls sold. In addition, you might mention that there is probably a small niche market of tourist purchases of golf balls—especially Japanese tourist purchases. Finally, a certain percentage of golf balls never actually sees any use. Most golfers have a few extra balls hanging around inside their bags or garages. All of these factors would increase the market size for golf balls.

In addition, you ought to also discuss factors that would decrease the market size for U.S. golf balls. For example, you could mention that there is a substantial market for used golf balls, which would decrease the numbers of new balls purchased. Also, golfers often find lost balls when they are looking around in the weeds, further decreasing their purchases of new ones.

General Summary Comments

Once again, the goal here really isn't to come up with the right answer. The goal is to come up with a realistic answer based on reasonable assumptions and a methodology that shows you understand some key drivers behind the problem. In this example, you probably want to attach a few more numbers to some of your adjustments to the basic market size you derived. In addition, the interviewer might push you to explain some of your insights further.

Case Question 5

You are assisting a regional Bell operating company (RBOC) that has been attempting to diversify its business lines outside of the traditional telephone business. Unfortunately, it has been unsuccessful in a number of previous new

ventures, including real estate, financial services, and software. This time, the client is considering an opportunity to get into electronic home security. The attractive features of this industry include:

- Relates well to phone company's core business (phone lines, operator services, installation services)
- No big players in the industry (largest five firms have combined total of less than four percent market share)
- Large potential demand (only ten percent of residences have security systems)
- Long-term customer value is high (equipment is low-margin business, supervision services high-margin)

The Question: Is this a good opportunity? What do we need to know to assess the opportunity?

Background

Hey! It's an industry strategy question of the new-opportunity variety. The interviewer here has given the candidate more complex information about a particular case and wants the candidate to go through an analysis of the opportunity. Since this involves a new business opportunity, there will be relevant issues both on the company side and on the market or opportunity side. The key is to choose a good framework and start sorting through the issues. MBAs would probably be the most likely to receive this question. However, undergrad and advanced-degree candidates might receive a pared-down version.

Suggested Response

Identify a few top-level issues and ask which to pursue. The interviewer's question has a good bit of detail in it, but to decide which angle to pursue, you probably want to ask a few general questions first. Therefore, you might start by pointing out a few of the key areas you see as most relevant to responding

to the question. First reaction: There are a couple of top-level questions that jump out from this case. First, is the electronic security business really a good business to get into? What are the underlying economics? Second, is this a good business for the client to pursue? Does it fit with company strategy? Does the client bring anything to the business? Third, given the company's failure at other ventures, there is a larger question about whether or not the client is organizationally set up to handle any kind of new business venture, let alone this one.

At this point, the interviewer will likely offer some indication about which angle to pursue. Lacking a suggestion, pick the angle that you think will be the most productive to pursue, both for the value it will yield for the client and for your level of insight into the issue. In this case, you might start with an assessment of the industry.

Choose a framework: How about supply/demand? If you want to explore the industry, there are several logical frameworks that would provide a useful structure for the answer. One easy approach would be to look at demand and supply in the industry. Only ten percent of the population have alarm systems, but this may be a mature market. Is demand stable? Are unit sales and customers growing? Are prices going up? At what rate? What is happening over the longer term? Is the market saturated? Who are the customers, what makes up demand? How have fears of terrorism altered the landscape? How do customers make purchase decisions? What about the supply side? What drives supply? How many firms are competing? What type of firms are competing? How are they competing? What are the margins in this industry? Is there an opportunity to come in with a differentiated product? Is there an opportunity to decrease the cost structure through economies of scale? What would be the reaction to entry by the client?

Or maybe the 3Cs? Another slightly more complex approach would be to look at the famous 3Cs: Customer, Company, and Competition. Here you'd want to think about what kinds of people are actually buying home security systems and how that would affect the opportunity for the RBOC. You'd also analyze the skills and weaknesses of the client as they relate to the electronic security business. Finally, you'd need to look at the competition. Who are the other players? Why are they or aren't they successful? Is there any consolidation going on?

Let's try the Five Forces. Finally, you might be tempted to whip out the BMW of consulting case frameworks, the Porter Five Forces industry-analysis framework, to analyze this opportunity. As you know from your recent strategic management course and this WetFeet Insider Guide, the five forces include: supplier power, buyer power, threat of potential entrants (barriers to entry), and the availability of substitute products. All of these feed into the final force, rivalry among firms in the industry.

Porter One: Fragmentation may indicate intense rivalry. You might want to comment first about the fact that the industry is highly fragmented and therefore seems likely to feature intense rivalry among the competitors. Why is it that there aren't any big players? Are there advantages to being small? One logical possibility is that localized, personal service is very important to customers—not a promising environment for the likes of the phone company. Another possibility is that there really aren't many economies of scale to be gained by a larger operation. In particular, it's not clear that the monitoring (high-margin) portion of the business benefits by centralization and cost reduction. These factors don't eliminate this as an opportunity for the client, but they do suggest that additional questions ought to be asked.

Porter Two: Check to see whether consolidation really makes sense in this industry. On the other hand, we know that there are sometimes great returns to be made from consolidating a fragmented industry. To see whether these opportunities exist, we would need to look at general trends that are taking place today. Is consolidation already occurring? Clearly, the client has the financial power to compete strongly with smaller operations. However, in the security business, big may not necessarily be better. Local players will always be coming in and trying to compete, and many of them may have noneconomic motivations for entering and staying in the business. The phone company, which will be focused on the bottom line, may have difficulty competing against such players. Finally, the demand in the industry isn't clear. Is this market saturated, or are there significant opportunities to create new demand?

Porter Three: Barriers to entry seem to be low. After looking at the rivalry issues, you'd also want to talk about the barriers to entry. If the client went into the business, there wouldn't be a whole lot of things keeping other competitors out. The business probably isn't regulated. The technology doesn't seem to be proprietary. There aren't necessarily large capital requirements to get into the business. It is possible that branding the service would create wider customer recognition and provide protection against potential competitors. However, the product really doesn't seem to be very differentiated right now. Therefore, this raises a question about how defensible a position the client would be able to create for itself. This would tend to argue against making an investment here.

Porter Four: Buyer power. For the most part, it seems that buyer power in the industry is relatively weak. Most customers make one-time purchase decisions at one location. This weakens their power vis-à-vis suppliers. Customers aren't going to be able to provide the service themselves, so if they want to

buy electronic security, they will need to acquire it from a provider. And after they have a service up and running, most people are probably disinclined to change carriers. However, the buyers aren't without any power. They have lots of suppliers to choose from, and their switching costs are probably quite low.

Porter Five: Supplier power. The supply side of the equation doesn't seem to pose any great problems here. Security providers basically buy security equipment and monitoring devices and hire staff to watch them. Although there may be some significant players on the supply side (we'd want to check out whether or not this is true), it doesn't seem like the client would be in a weak negotiating position there. There could potentially be some threat of forward integration by security-device providers. However, if anything, given the phone company's resources and experience with technology and data transmission, it would likely be the most integrated player in the field. It would also probably have the greatest market power given the large resource base it has.

Change Gears: How to create a good business here? At this point (or perhaps before this, if your interviewer is getting bored with the Porter shtick), you will likely be asked to explain one set of issues in detail. For example, you might be asked to explore the issues of sustainable competitive advantage in greater detail. "How would the client potentially go about creating a thriving business in electronic security?" To explore this issue, you probably wouldn't immediately have a handy-dandy framework nearby. However, you might start by saying that you like to analyze three or four different sources of potential competitive advantage and what they would mean for the client.

First-mover advantage. First, if the industry really is as fragmented as has been described, the client would have a potential first-mover advantage in establishing a brand name and differentiated service product. By getting out

there first and offering a reputable and recognizable product, the client would be able to generate word-of-mouth sales and set the service standards to suit its own competitive strengths. This would be a source of potentially sustainable advantage for the client in the short run. However, to develop this business would require a substantial initial investment and ongoing expenditures to maintain its position. Over the long run, this is not a definitive source of advantage that would allow significantly higher rents.

Low-cost supplier. Second, given its existing capabilities, the client has the potential to occupy a low-cost supply position. However, this is by no means certain. You'd have to start by analyzing the economics of the business. Are there equipment supply and installation costs that would drop as volumes increased? Possibly, but, remember, installation is the low-margin portion of the business. Would the monitoring portion of the business allow substantial cost savings as scale increases? It's not at all clear that it would. The key is probably capacity utilization. How is an operation like this manned? You need to make sure that you can handle all calls at peak periods. However, you also don't want to have fixed salary or other costs that are being carried by a very small number of customers.

That brings up another point. How productive is the phone company staff? It's certainly not known for being the world's most efficient. And given the difficulty of dealing with union contracts, it may be at a cost disadvantage. How about customer acquisition? It's possible that the client could achieve important cost savings here. Since it has a large network of phone service customers, it has ready access to names and addresses of potential customers. In addition, it could potentially reach them more cheaply than could the competition. On the other hand, the typical industry player today sounds like a local operation. Therefore, it might be hard for the phone company to compete with the local security company whose president goes to the same church and plays golf at

the same courses as do his clients. On balance, then, low-cost position offers at best a mixed message about sustainable advantage.

Branding and reputation. Third, the reputation and name recognition of the client offer greater potential advantages. For a big-ticket purchase like home security, the customer may be inclined to go with a name brand. In addition, ease of access is also important. It is probably a significant advantage for the phone company to sell these services. Everybody knows how to contact the phone company. Not everybody knows or trusts “Sammy the Security Specialist.” At another level, the phone company does have access to the latest technology and expertise in handling that technology. Therefore, it may be able to offer a differentiated product more quickly and easily than many of the smaller, more localized competitors. Also, the phone company’s reputation and reach are not things that most competitors will ever be able to match. As a result, this seems to offer the greatest possibility of developing a source of sustainable advantage.

Implementation issues. With all of these points, there is a basic question about implementation. Since a strategy is only as good as its implementation, you would need to consider what approach would best fit with the client’s own organization. What is a phone company good at doing? What are its particular strengths and weaknesses? What resources does it have that potential competitors don’t? What liabilities does it have?

Let’s look at strengths and weaknesses. At this point, the interviewer might turn to you and ask you to go into more depth about the company’s strengths and weaknesses. What kinds of things would you need to look at as you develop a strategy? In response, you might do a brief run-through of what you imagine the various strengths and weaknesses of the client to be. In particular,

you might mention anything that would offer a particular advantage or difficulty to your client in accomplishing their strategy.

Labor issues. One example that could work either way is the use of phone company labor. Although the phone company has a potential advantage in its large cadre of maintenance and service people, this may also be a problem on the cost side. In particular, most workers are probably on union contracts and therefore would likely be very expensive. In contrast, most of the small competitors would undoubtedly be nonunion.

How to deal with labor issues. The interviewer might then ask you what kinds of strategies would allow you to overcome this difficulty. In response, you might mention several possibilities, such as acquiring a number of smaller local firms, setting up a separate organization outside the phone company superstructure, or even something more creative, such as developing a joint worker-owned and -managed entity with fewer work rules and a different salary structure. The disadvantage of something like this is that it might take a long time to set up. Another alternative would be to use a more highly automated process. However, you'd have to explore the capabilities of the technology to determine the opportunities here.

What else? After the above analysis, you would have touched on many of the issues that the interviewer was hoping to hit. However, there are other things that might have been discussed. For example, you might have talked about how marketing challenges for a business like home security would be very different from those required for the traditional phone business. This would present a potential hurdle to your client. However, by tying up with another firm that specialized in breakthrough marketing the client might be able to overcome its weakness.

Another issue you might have talked about concerns the ultimate size of the business opportunity. Compared with the phone company's core business, the electronic security business will always be small potatoes. There is a question about whether or not it is even big enough to be of interest. If it could be done profitably, it probably is. However, the client would probably want to set up a separate operating unit or structure that wouldn't be overwhelmed by the comparison with the core phone business.

Finally, you might have chosen to explore some of the issues about the client's previous failed investments. There may be some core issues around its ability to identify and successfully pursue new business opportunities that are much more important to the future of its organization than a small home security business ever would be.

Case Question 6

A leading manufacturer of instant cameras and one-hour photo finishing machines is facing a dramatic downturn in business due to the rapid increase in digital photography and sharing photos over the Internet. What should it do?

Background

This question calls for the candidate to help determine strategic direction in the face of environmental change. As a result, it will be important to look both at what's going on in the marketplace as well as what the company is set up to do. An effective answer to this question will offer a strategy that fits well with the company's resources and objectives. This question could appear in interviews of undergrads, MBAs, or advanced-degree candidates. It would probably be most common in MBA interviews.

Suggested Response

There are several ways to go about looking at the problem. You could use any of the following frameworks: supply and demand, industry analysis, decision trees, internal and external analysis, even the 3Cs. However, for this sample answer, let's say you want to use your own approach. After hearing the question, you might ask your interviewer if you can take just a minute or two to jot down some thoughts about the problem. On a piece of scratch paper you might write something like:

Market Issues

- Supply shrinks dramatically
- New equilibrium will be lower price, lower quantity
- Competitor response
- Possible substitute markets

Strategic Alternatives

- Find new markets for products
- Find new products to be made with existing assets
- Fight it out for existing markets
- Acquire capabilities linked to digital photography
- Exit from the business

Company Issues

- How will the change in market affect the client?
- Depends on position in the industry
- Product mix (decline in demand unlikely to be uniform)
- Competitive position (is client in low-cost position? High-quality position? How will it fare relative to others?)

- Customer mix
- Pricing, margins, costs

Company Strategy Issues

- What are the other businesses of the client?
- How reliant is it on its traditional photography business?
- What are its strengths and resources?
- How flexible are facilities/labor?
- What is best for the shareholder?

After writing down these notes, you might start right into your analysis. A good first step would be to say that you plan to talk about four different pieces: the economics of the marketplace, the strategic alternatives the client faces, two sets of company issues, and the resources of the client and its strategic objectives. In this way, even though you aren't using one of the famous frameworks, you have mentioned a structure for your answer and identified a mix of relevant types of analysis that you will conduct on your way to making a recommendation to the client.

Once you have identified the different areas, it's a good idea to proceed by saying something like, "I'd like to lay the groundwork by looking first at the economics of the marketplace. We know that the rapid growth of digital photography and the Internet as a sharing vehicle means a dramatic drop in the appeal of instant cameras and the need for one-hour photo finishing. In macroeconomic terms, this will result in a shift downward in the demand curve. (Draw your basic supply and demand graph and show visually what you mean!) As we can see, that will result in a short-term drop in both the quantity and the price levels for the market. Depending on how the different competitors in the industry respond, we will likely see a corresponding shift backward in the supply curve over the medium- or long-term. In practice, that means that the mar-

ket will likely lose some of its less profitable producers of instant cameras and photo finishing equipment. . . .”

At this point, the interviewer would very likely jump in and ask you how you would estimate future demand in the industry. This could be a little tricky, since the industry faces changes that it has never encountered before. Depending on the particular segment of the market with which your client deals, you could also probably define and quantify the key drivers of demand. For example, it would be useful to assess whether the convenience of digital photography has raised overall demand for photography. Also, you would want to hypothesize how people will leverage the Internet for sharing pictures in the future—perhaps the joy of viewing a physical print of a digitally generated picture will prevail over viewing via a PC screen. It will also be critical to clearly understand what kind of consumer likes to buy an instant camera, what kind of picture-taking occasion they use it for and whether there may be a niche area of demand going forward. In a market with changing circumstances such as this one, you would want to be sure that you also performed some sensitivity analysis for your numbers. That is, you’d want to make sure that you looked at both optimistic and pessimistic scenarios for market growth.

After going through the most important economics issues, you could move to the second part of your analysis. “Faced with this scenario, the client really has a limited set of strategic alternatives. First, it can remain in the instant camera business and just fight it out with competitors, hoping to maintain a profitable piece of a smaller market. Alternatively, it can attempt to focus on niche areas of demand, such as passport and ID photos, movie set usage for ensuring consistency between takes, humorous photo souvenirs at carnivals, etc. It could also explore less developed foreign markets where digital technology is unaffordable, but the idea of cheaper instant cameras may be of strong appeal. As for its one-hour photo finishing machine business, the client may want to focus on

becoming the lowest-cost provider, allowing them to achieve a dominant position as others are forced to exit.

“Second, the client can attempt to use its resources for other purposes. It may have facilities that can easily be shifted into production of digital cameras or related critical components. For example, it might have advanced capabilities in camera lenses that can be used in digital cameras and sold to digital camera makers that are less advanced in their lens-making capabilities. Additionally, the client might be able to leverage proprietary technologies and expertise in photo finishing to develop high-quality personal printers that consumers can use to print digital pictures at home. It may also make sense for the client to consider strategic acquisitions that could help augment its foray into digital photography (e.g., a digital camera manufacturer or an Internet business specializing in online digital photo sharing).

“Third, the client can decide that it doesn’t want to weather the impending battles over a declining market and, as a result, decide to exit the business completely. In particular, if other organizations have not yet decided to sell off any operations, the client may find that it can still get a fairly high return on the sale of its assets linked to traditional picture taking and photo developing...”

After laying out the strategic alternatives, the interviewer would want to see that you had a strategy for deciding among them. Based on the information given so far, you would almost certainly need to ask for more information about things such as the following:

- What comprises the client’s overall business, and how much of it is accounted for by instant cameras vs. photo finishing machines?
- What is its position in the industry? Is it in a good cost position? Is it a marginal producer?
- What are its assets like? Can they easily be shifted into production of digital photography products?

- Does it have an adequate sales and service structure to go after niche or underdeveloped foreign markets where digital photography is less pervasive?
- Of the types of products it produces, are there related applications in non-shrinking markets?
- How about the softer issues? What is its vision? What are its company values? What is its culture?

Remember, questions should be linked to your analysis. Don't just ask for the sake of using up air time. It's best if you explain what you are trying to do, what kind of information you need to do it, and how the piece of data that you are seeking will help you answer that question.

As you go through your response, you will likely face a number of questions from your interviewer. Why are you looking for that information? How would you go about finding that information? What kinds of commercial applications might there be for X? What challenges would you face as you tried to move from traditional photography technologies to digital? What are the key differences between the markets? What other unexpected factors might have an impact on this business?

General Summary Comments

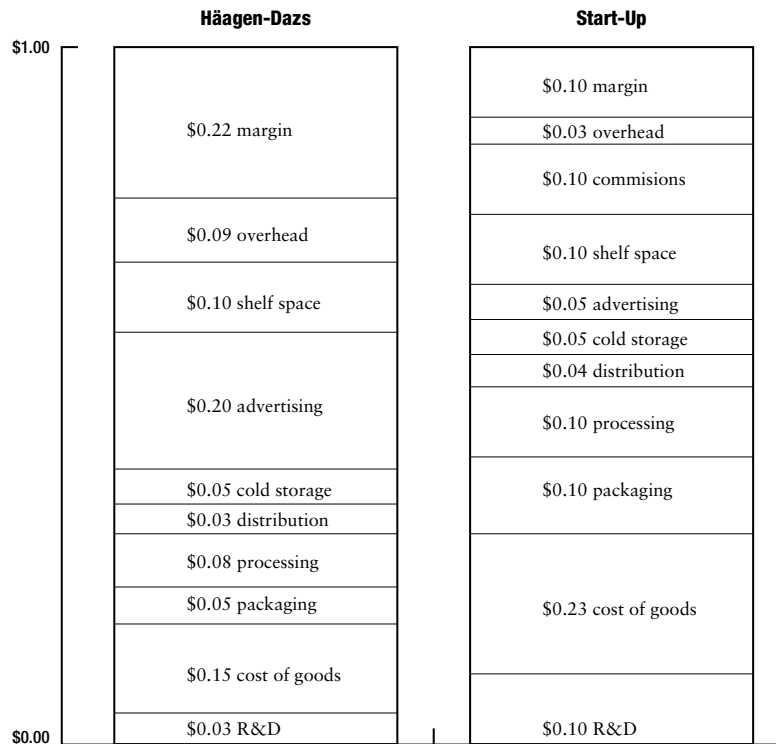
There are a number of variations on the digital photography question that might come up in the interviewing room. What happens when a new foreign competitor comes into the industry? How do you respond to a big and sudden change in consumer tastes? The key to answering these questions is to look both at what is happening in the marketplace and how the client is prepared to respond. Again, you don't have to come up with the best strategic game plan for the company. After all, you only have about 15 minutes to examine a complex set of issues. However, the interviewer will be looking for you to approach the problem in a way that will lead you to a good answer. In addition, he will also be looking to see how creative you can be as you think about responding to a changing mar-

ketplace. This is a little bit different from questions that ask you to tell an imaginary client how to do a better job of what they're already doing.

Case Question 7

Rather than go into consulting, you've decided that you want to start a natural-flavor frozen-sherbet business. You've done some research and discovered that Häagen-Dazs has the following value chain. Draw a similar value chain for your start-up business and explain how and why it would be different.

Value Chain Comparison: Ice Cream



Background

Case interviewers love to throw in a question or two that call for the candidate to respond to graphs. In one sense, this is an easy way to screen out some candidates. All consultants develop an intimate relationship with their favorite graphs. As a result, the candidate who freezes before the graph like a rabbit in the headlights will quickly become roadkill. If you have a strong aversion to graphs, you might want to think about another profession. If you don't have such an aversion, but you are a little bit rusty, we suggest that you at least pull out that old economics textbook and do a few problems just to build up your strength. You'll probably be glad you did! Although graphs are fair game for all candidates, this particular question would most likely be found in an MBA interview.

Suggested Response

For this response, you'd probably want to work on the graph provided by the interviewer. The question comes with its own framework—you just have to follow along the categories on the value chain. First we'll present one possible answer, and then we'll identify several issues you might choose to mention in your discussion.

R&D

Overall, R&D would be a higher percentage of sales for the start-up.

Reasons the Start-Up Costs Would Be Higher

- New product development from scratch is expensive and is front-loaded
- Development required on a larger percentage of total product line
- Hire on a contract basis rather than permanent
- This is likely to be a key differentiating factor for product (initial success probably not based on traditional marketing or shelf space presence)

Reasons the Start-Up Costs Would Be Lower

- Longer-term product strategy for the start-up probably doesn't require constant new product development—not trying to compete with entire Häagen-Dazs product line
- Shelf-space issue suggests that there is a limited return to product development—since only ten containers fit on a shelf, new flavors will replace existing flavors, not competitor flavors

Cost of Goods Sold

This would be much higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- Lower volume purchases means that there would likely be higher per-volume costs
- Strategy may be to offer better-tasting products, requiring specialized ingredients, higher quality, higher costs

Packaging

This would be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- Lower-volume runs, higher cost per unit, especially because line change-over costs would be significant
- Have to hire outside packaging firm to print packaging
- Shipping and other fixed costs would account for a higher portion of the price

Processing

Costs would typically be higher for the start-up, but in some scenarios could be equal or slightly lower.

Reasons the Start-Up Costs Would Be Higher

- Must hire outside processor to manufacture product
- Timing issues—have to wait for available capacity, scheduling conflicts
- Fewer direct controls over production means possible wastage, more outside supervision costs
- Can't necessarily locate processing plant next to packaging/shipping locations

Reasons the Start-Up Costs Would Be Lower

- Assuming Häagen-Dazs has its own processing plants, it needs to operate at capacity to carry overhead effectively. If it doesn't, and if this is a small-margin operation, cost per unit could be higher if Häagen-Dazs has to carry fixed costs with small volume
- Häagen-Dazs doesn't have any opportunity to negotiate a good price for manufacturing once it has dedicated capacity
- Start-up has some negotiating leverage with processor (Can refuse to buy output if quality is low)

Distribution

These costs generally will be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- No high-volume discounts
- No dedicated shipping options
- No distribution facility
- Small-volume deliveries mean much higher labor cost per unit delivered
- Fewer retail outlets spread more thinly
- Velocity of product off the shelves may mean irregular deliveries, which could increase the costs
- No opportunity for delivery people to sell the retailers additional products or collect shelf/competitor information for the start-up

Reasons the Start-Up Costs Would Be Lower

- Serve local geographic region only (short-term advantage)
- Pay only for capacity used

Cold Storage

This would be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- No dedicated facilities
- Limited availability of cold-storage locations means that aggressive, large-volume competitors can lock out smaller competitors by tying up all available resources
- Lower volume equals higher prices
- Minimum scale for production may still be higher than current demand, requiring longer cold-storage time before shipment of product

Advertising

This would be lower for the start-up in most cases.

Reasons the Start-Up Costs Would Be Higher

- Lower-volume purchases means higher per-item charge

Reasons the Start-Up Costs Would Be Lower

- Can't afford/don't do end-customer marketing
- Use guerrilla marketing techniques
- Focus on channel sales rather than customer sales
- Not competing with other big ice cream makers

Shelf Space

These costs could be equal, or even lower, for the start-up.

Reasons the Start-Up Costs Would Be Higher

- Big brands with fast-moving volume may get price breaks on shelf space
- Big brands can manage stocking tasks, thereby taking costs out of system or retailer

Reasons the Start-Up Costs Would Be Lower

- Strategy involves selling through retail locations that don't charge for shelf space

Sales Commissions

These would be higher for the start-up.

Reasons the Start-Up Costs Would Be Higher

- Pay brokers on a commission basis for regional sales
- Häagen-Dazs doesn't use brokers, it has a dedicated sales force

Overhead

This would be lower for the start-up.

Reasons the Start-Up Costs Would Be Lower

- Work out of apartment
- Get by with much less infrastructure
- No public reporting requirements
- No administrative divisions

Margin

This would be lower for the start-up.

Reasons the Start-Up Costs Would Be Lower

- Made up for by higher retail price

General Summary Comments

There are a lot of different ways in which you could explore this question. Some will be obvious, such as the different costs for purchases for small- and large-volume producers. Others will be less clear, such as the product-development strategy and the shelf-space issues. In addition to seeing whether or not you understand the cost structure of producing a given product, the interviewer will also be testing you to see if you have any business intuition about how to deal with these two very different business models.

For Your Reference

- Recommended Reading
- Additional WetFeet Consulting Resources

Recommended Reading

Competitive Strategy: Techniques for Analyzing Industries and Competitors

Michael Porter (The Free Press, 1980)

In case you missed it in your business school strategy course, you may want to give Mike Porter a glance. Don't sweat all the details—the practicing consultant who could quote Porter is a real anomaly. Instead, focus on the main points of industry analysis. Porter's first couple of chapters do a fairly good job of introducing his way of picking apart an industry. If you're particularly enamored of one area or another, you can always read further. As much as anything, the Porter book will give you a sense of some of the types of analysis and thinking that consultants are required to do on the job. If you like this stuff, consulting may be a good fit.

Modern Competitive Analysis

Sharon Oster (Oxford University Press, 1990)

Here's another standard B-school strategy text. It's very well written and sprinkled with terms, situations, and frameworks you're likely to encounter in the case interview. In particular, Oster focuses on three areas that will be relevant to many of the business-strategy or operations case questions you might encounter: analysis of the economic environment, analysis of things going on inside the firm itself, and rivalry among firms.

"The Core Competence of the Corporation"

C.K. Prahalad and Gary Hamel (Harvard Business Review, May–June 1990)

Here's a great article that even real live practicing managers have reportedly

found useful. New Age business gurus C.K. Prahalad and Gary Hamel discuss how corporations that effectively identify and use their core competencies are able to maintain their competitive advantage. Just exactly what is a core competency in the Prahalad and Hamel sense? Core competency is the real skill, knowledge, and/or expertise that a company has developed, from which it is able to launch new products and new services, and create new business more quickly than the competition. It is not a specific plant, contract, or resource that diminishes through use. Thus, they identify Honda's core competence in building engines and power trains, Sony's competence in miniaturization, and 3M's competence in sticky tape. For the purposes of the case interview, you might want to analyze the core competencies of a corporation that is thinking about going after a new business opportunity.

Additional WetFeet Consulting Resources

- WetFeet's bestseller *Ace Your Case II: Fifteen More Consulting Cases*, *Ace Your Case III: Practice Makes Perfect*, and our brand new *Ace Your Case IV: The Latest and Greatest* are the perfect complements to *Ace Your Case*, with fifteen full-length case questions and answers. For additional practice, get the *Wharton Case Interview Study Guides Volumes I and II*, all available from www.wetfeet.com.
- WetFeet.com offers a number of online case interviewing resources at www.wetfeet.com/research/industries/consulting/case.asp.

- For help on creating your resume, check out WetFeet's guide *Killer Consulting Resumes*, available from www.wetfeet.com.
- WetFeet also offers a number of Insider Guides on top consulting firms. These are also available from www.wetfeet.com.

WetFeet's Insider Guide Series

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Getting Your Ideal Internship
Get Your Foot in the Door! Landing the Job Interview
Job Hunting A to Z: The WetFeet Insider Guide to Landing the Job You Want
Killer Consulting Resumes!
Killer Cover Letters and Resumes!
Killer Investment Banking Resumes!
Negotiating Your Salary and Perks
Networking Works! The WetFeet Insider Guide to Networking

Career and Industry Guides

Accounting
Advertising and Public Relations
Asset Management and Retail Brokerage
Biotech and Pharmaceuticals
Brand Management
Computer Software and Hardware
Consulting for Ph.D.s, Lawyers, and Doctors
Entertainment and Sports
Health Care
Human Resources
Industries and Careers for MBAs
Industries and Careers for Undergrads
Information Technology
Investment Banking
Management Consulting

Marketing and Market Research
Non-Profits and Government Agencies
Oil and Gas
Real Estate
Top 20 Biotechnology and Pharmaceutical Firms
Top 25 Consulting Firms
Top 25 Financial Services Firms
Top 20 Law Firms
Venture Capital

Company Guides

Accenture
Bain & Company
Bear Stearns
Booz Allen Hamilton
The Boston Consulting Group
Cap Gemini Ernst & Young
Citigroup
Credit Suisse First Boston
Deloitte Consulting
Goldman Sachs
IBM Business Consulting Services
JPMorgan Chase
Lehman Brothers
McKinsey & Company
Merrill Lynch
Monitor Group
Morgan Stanley

Who We Are

WetFeet is the trusted destination for job seekers to research companies and industries, and manage their careers. WetFeet Insider Guides provide you with inside information for a successful job search. At WetFeet, we do the work for you and present our results in an informative, credible, and entertaining way. Think of us as your own private research company whose primary mission is to assist you in making more informed career decisions.

WetFeet was founded in 1994 by Stanford MBAs Gary Alpert and Steve Pollock. While exploring our next career moves, we needed products like the WetFeet Insider Guides to help us through the research and interviewing game. But they didn't exist. So we started writing. Today, WetFeet serves more than a million job candidates each month by helping them nail their interviews, avoid ill-fated career decisions, and add thousands of dollars to their compensation packages. The quality of our work and knowledge of the job-seeking world have also allowed us to develop an extensive corporate and university membership.

In addition, WetFeet's services include two award-winning websites (WetFeet.com and InternshipPrograms.com), Web-based recruiting technologies, consulting services, and our exclusive research studies, such as the annual WetFeet Student Recruitment Survey. Our team members, who come from diverse backgrounds, share a passion about the job-search process and a commitment to delivering the highest quality products and customer service.

About Our Name

One of the most frequent questions we receive is, "So, what's the story behind your name?" The short story is that the inspiration for our name comes from a popular business school case study about L.L. Bean, the successful mail-order company. Leon Leonwood Bean got his start because he quite simply, and very literally, had a case of wet feet. Every time he went hunting in the Maine woods, his shoes leaked, and he returned with soaked feet. So, one day, he decided to make a better hunting shoe. And he did. And he told his friends, and they lined up to buy their own pairs of Bean boots. And L.L. Bean, the company, was born . . . all because a man who had wet feet decided to make boots.

The lesson we took from the Bean case? Lots of people get wet feet, but entrepreneurs make boots. And that's exactly what we're doing at WetFeet.

The most dreaded part of the consulting interview:

the case! Like it or not, if you're hoping to get a job in consulting, you will have to learn how to handle the case interview. Although different firms and different interviewers have very different approaches to the case question, all of them use it as an important tool in selecting and screening out job candidates. Indeed, you may have to clobber as many as ten or more cases on the way to landing a job with a major management consulting firm. Fortunately, by studying up on the case process and honing your case interview skills through practice, you'll soon be able to impress interviewers with your explanations, frameworks, and graph drawing skills.

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- An in-depth exploration of consulting interviews, what to expect, and how firms use cases differently.
- Tips on surviving the case interview, keeping your cool, and impressing your interviewer.
- An explanation of the different case types, classic examples of each, and what your interviewer is looking for in your answers.
- Step-by-step lessons on how to attack the case question, including developing frameworks, recovering from mistakes, and using industry lingo.
- Seven sample case questions you can use to practice applying your new skills.
- Detailed examples of how to answer each type of case question, including how to choose a framework, key talking points, and sample interview scripts.

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