

Case Interviews

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Overview

- General Concepts and Objectives
- Interview Styles
- Frameworks
- Data Analysis
- Quantitative Questions
- Brainstorming Questions
- Wrapping It Up

General Concept and Objectives

The interview is focused on:

Your thinking
and process,
not just your
answers

Your ability to
think quick on
your feet

Your
quantitative
skills (basic)

Your creativity
and structured
brainstorming



The interview is NOT focused on:

Your industry specific
knowledge

Getting the “right answer”

Interview Styles

Candidate-led

- BCG, Bain, etc.

Interviewer-led

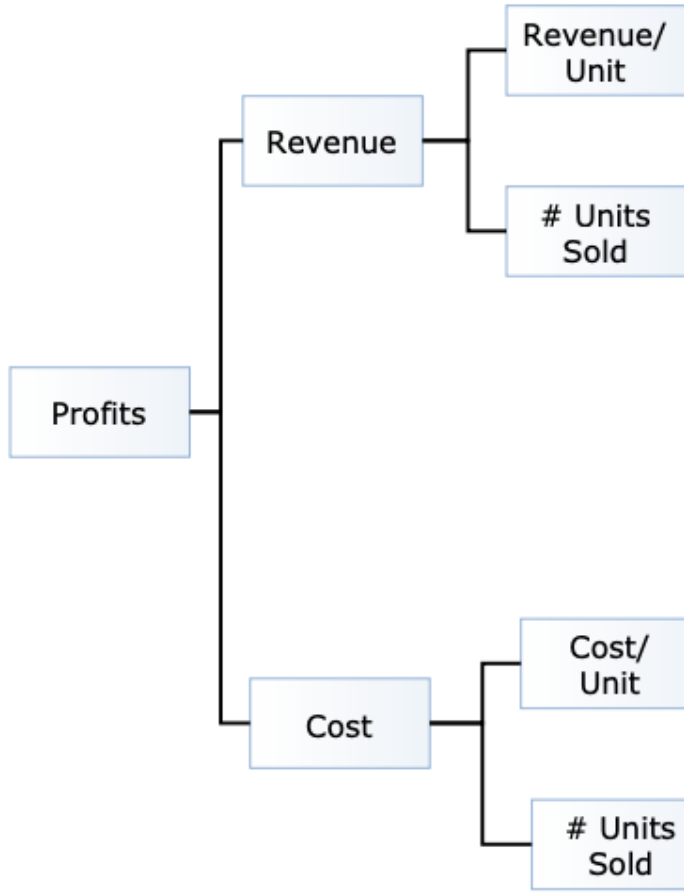
- McKinsey

Frameworks

- Okay to start out with standard frameworks
HOWEVER it is advisable to ***use case specific frameworks*** as you become more experienced
- ***DO NOT memorize and regurgitate frameworks***; it shows on interviews
- Your ***framework should be unique and have depth (MECE)*** for the specific business problem (issue tree)
- It is okay to ask for some extra time; BCG recommends not taking more than 90 seconds for constructing your framework

Example Frameworks

PROFITABILITY FRAMEWORK



For the problem branch (e.g., Revenue/Unit or # Units Sold)

- 1) SEGMENT the number, break it up into its component parts, compare to historical metrics to find where the shift is coming from
- 2) ISOLATE the key driver causing bulk of problem
- 3) EXPLORE possible resolutions

Possible Segments to get data for, isolate & explore:

- * By product / product line
- * By distribution channel
- * By region
- * By customer type (new/old, big/small)
- * By industry vertical

Once you know mathematically what's causing the problem, you need to understand WHY the number has declined in the context of the marketplace. This may be a "compound framework" problem requiring you to use a general market analysis framework. If so, most often you will want to start with the customer (demand side) analysis and potentially may have to use the entire framework.

For problem branch (e.g, fixed or variable cost)

SEGMENT into its component parts

- * Segment cost by logical components
- * Segment costs by value chain

Value Chain Example:

Identify fixed costs in each of the following:
Raw Materials -> Factory -> **Distribution** -> Customers

Compare to historical. Find the problem component.

Keep "drilling down" by finding the problem segment, and drill down on THAT segment until you ISOLATE what's mathematically causing the majority of the problem (aka. Find the LEVERAGE point)

- Tips:**
- 1) Keep drilling down until you isolate the problem
 - 2) If you realize a branch (or sub-branch) is NOT the problem come up a level and work the remaining branches
 - 3) The name of the game is PROBLEM ISOLATION
 - 4) When "units sold" decline, it's useful to compare the company's numbers to its competitors to determine if it's an industry-wide or company-specific issue

Example Frameworks

BUSINESS SITUATION FRAMEWORK

New Market Entry, New Product, New Business, How to Grow, Strategy, Turnaround, Company Position Assessment

Customer

Who is the customer?

- identify segments (segment size, growth rate, % of total market)
- compare current year metrics to historical metrics (look for trends)

What does each customer segment want? - identify key needs

What price is each segment willing to pay? - determine price points and price elasticity/sensitivity

Distribution channel preference for each segment

Customer concentration and power* (does one customer control all the demand, the "Wal-Mart" effect)

Product

- **Nature of product** (think out loud about the product, its benefits, why someone would buy it)
- **Commodity good or easily differentiable goods** (could company increase differentiation)
- Identify **complimentary goods** (can we piggy back off growth in compliments or near compliments?)
- Identify **substitutes*** (are we vulnerable to indirect competitors namely substitutes?)
- Determine **product's lifecycle** (new vs. almost obsolete)
- Packaging (optional) - what's bundled, included (ex. Razor vs. razor blades, with w/o service contract... can change in packaging make product more likely to meet needs of specific customer segments.)

Company

- **Capabilities and expertise**
- **Distribution channels** used
- **Cost structure** (mainly fixed vs. variable - is it better to have higher fixed cost with lower variable, or vice versa. High fixed cost = barrier to entry.... compare to industry, often insightful)
- Investment cost (optional: only if case involves an investment decision)
- **Intangibles** (e.g., brands, brand loyalty)
- **Financial situation**
- Organizational structure (optional: e.g., is team organization in conflict with how customers want to do business. Ex: We're organized by product line, but customers want one point of contact across all product lines)

Competition

- **Competitor Concentration* & Structure** (monopoly, oligopoly, competitive, market share concentration)
- Competitor behaviors (Target customer segments, products, pricing strategy, distribution strategy, brand loyalty)
- Best practices (are they doing things we're not?)
- **Barriers to entry*** (do we need to worry any new entrants to market?)
- **Supplier concentration*** (optional: ex: Microsoft or Intel in PC Market... use full 5 forces if this is a likely issue)
- Industry regulatory environment
- Life-cycle of industry

* From Porter's Five Forces: An excellent framework that I've incorporated into this one. I don't use five forces separately for no other reason than habit/preference (though I do use the concepts). If you're not familiar with five forces, it's worth reading up on it.

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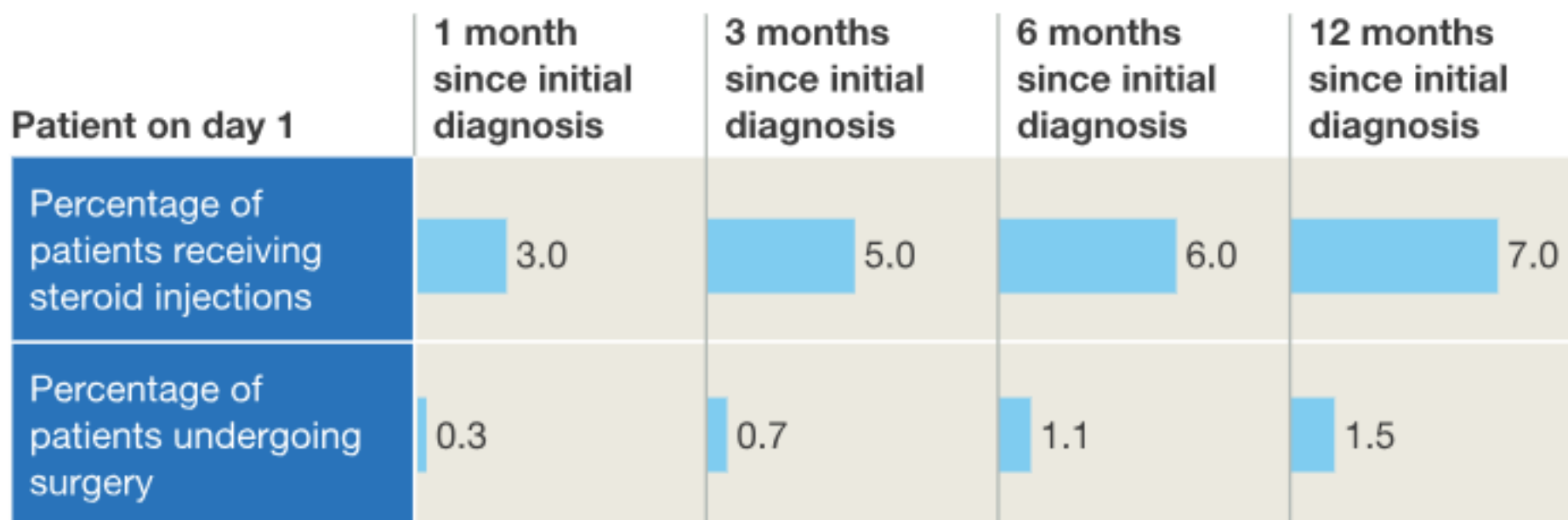
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Analyzing Data

- Goals is to ***extract insights*** from the presented data, ***especially those that are not obvious***
- Keep in mind the consultant created this graphic to prove some point. What was it?
- This is a skill you can definitely ***practice on your own*** without needing to do full cases
 - McKinsey Insights App – graphs
- Let's try some on our own! You are presented the following data and asked by your McKinsey interviewer "What do you see here?"

Exhibit 1

Percentage of low-back-pain patients who received steroid injections or surgery



Source: McKinsey analysis of Truven commercial medical claims data in major metropolitan areas, 2013–2015

Quantitative Questions

- Walk through your math; it should be a conversation
- It is better to ***write out your work*** and do it correctly than to do it in your head incorrectly
- Once you have your number, ***sense check it***, and discuss its significance to the problem at hand
- Okay to ***round when appropriate***, unless told otherwise by your interviewer
- It is ***okay to make a math error*** but make sure you catch it or take your interviewer's hint

Brainstorming Question

- Evaluating **CREATIVITY** and **STRUCUTURE**
- Creativity
 - Unique solutions to the specific problem
 - Thinking outside the box
- Structure
 - Should not be a “splurge of random ideas”; but somehow should be related
 - For example, if you want to increase customers at a restaurant think of how the customer interacts with the business

Wrapping It
Up

Usually, this goes something like “...So you run into the CEO of the client in the elevator...”



There are three steps:

Recommendation

Risks

Next Steps

Final Points

- Have fun with it, but practice, practice, practice!
- Practice with different people from different backgrounds and schedule it out
- In the beginning, casing can be a bit daunting (this is NORMAL) but it should become as easier
- In consulting, you also need to be a people person, so soft skills come into play
- You are being tested on if you can think like a consultant, so know your audience

References

- Cheng, Victor. “Case Interview Core Frameworks.” *CaseInterview.com*, 5 Feb. 2019, www.caseinterview.com/case_interview_frameworks.pdf.
- He, Danning, et al. “Low Back Pain: Two Insights on Treatment Patterns from a Patient Journey Analysis.” *McKinsey & Company*, 4 Feb. 2019, www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/low-back-pain-two-insights-on-treatment-patterns-from-a-patient-journey-analysis.

Questions

