



Stern Management Consulting

Case Interviewing Workshop

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[Calculation Case](#)||[Problem Case](#)|| [Probing Case](#)

Also try out [McKinsey's Interactive Case](#) for another example.

What Are They Looking For?

The interviewer is evaluating you on three dimensions:

(1) Diagnostic Skills, (2) Analytical Skills, and (3) Communication Skills.

Diagnostic Skills

- How well do you narrow down a problem?
- Do you ask good, pertinent questions?
- Can you identify and extract the most important issues related to the problem?
- Can you prioritize?

Analytical Skills

- Can you follow a logical line of reasoning?
- How well do you structure your answer?
- Are you good at making quick calculations on your feet?
- Do you appreciate the implications of any recommendations you make?

Communication Skills

- Do you express yourself clearly
- Are you a good listener?
- Do you ask good questions?
- Do you adapt to whatever information you're given?
- How well do you explain and defend your ideas?
- How well do you handle pressure?
- Do you have a high energy level and strong sense of self confidence?

Packaging Yourself

Even in case interviews, you'll be expected to answer "general" questions. The most important and often damaging issue is how you present yourself. In particular, you have pursued several academic programs,

you have a set of work experiences, you have interests, and you have aspirations. You should develop a logical explanation for the paths (and, yes, the tangents) that you have followed and link this explanation to your future plans.

- Why did you study history in college, work four years in the health care industry, and then decide to go to B-school?
- What strengths does your background in theater management provide you with in the business world?
- How are you filling in the gaps in your resume?
- And how does consulting fit into all this?

"Package" yourself coherently. You don't have to have a *perfect* logic for absolutely everything you've ever done, nor do you have to be 100% sure about what you want to do in the future. The key is to give the interviewer the sense that you have *actively* structured your own life and pursuits as opposed to being a person whose life is randomly structured, and passively adjusted to circumstances.

Wrapping Up..

Some interviewers will let you know when it's time to wrap-up a case. Others will wait to see *how well you synthesize and build up to a conclusion*. In both situations, you should review the information you got and recap your approach and recommendations.

In most cases, there's no single right answer. The interviewer will be looking to see how well you deal with ambiguity and incomplete information. If the answer is clear, synthesize the facts and present your answer, repeating the main facts that lead you to your conclusions. "Given that existing markets are mature, that and that I feel that the company should" If there are many possible answers, or if strategies are contingent on certain events, then consider presenting your wrap-up as a contingency plan. "There are two possible strategies the company might pursue, X and Y. If ... occurs and the company can ..., I think they should go with X. Otherwise, Y is their best option because..."

Finally, when presenting your final recommendations, demonstrate that you are aware of both implementation issues and inherent tradeoffs involved in your recommendations. Can the company afford to undertake X? Does your plan fit with the company culture? Are there other organizational changes you would want to address? Might corporate image or market reactions be something you want to factor in? Think about the systemic repercussions of action.

Why Consulting?

You will inevitably be asked to explain why you are interested in consulting vs other careers. While reasons differ, the list below provided some fairly generic rationales from which you could draw:

- Consulting provides a good balance between analytical work and "people" work
- Consulting provides a good mix between individual work and team work
- Consulting allows you to leverage on the diverse set of skills you learn in B-School
- Consulting gives you an incredible amount of experience in a very short time
- Consulting provides an opportunity for professional development and ongoing business education
- Consulting offers great variety; you deal with new clients, new problems, and new industries all the time

Types of Cases

CASE 1: The Calculation Case

You are visiting a new client who sells golf balls in the United States. Having had no time to do background research, you sit on the plane wondering what is the annual market size for golf balls in the US and what factors drive demand. Your plane lands in 15 minutes, how would you go about answering these questions?

This type of case is very common, particularly in strategy firms like McKinsey and Bain. The interviewer doesn't care much about the actual number (although how fast you do math in your head can be important), but rather wishes to see a logical process for reaching some kind of answer. The following steps illustrate a typical process...

Golf ball sales are driven by end-users. You have to determine the numbers of end-users; this will be some fraction of the total US population (say 300mil). If you assume a uniform age distribution and an average life expectancy of 80 years (you have to make these types of assumptions), you can then estimate that only people in the ages 20-70 will be potential buyers. Thus you eliminate 30 of 80 years or 3/8 of the 300 mil population. So, now you are down to a potential buyer pool of about 110 million. Now you might estimate how many people out of 10 play golf- say 4- so now 4/10 of 110 gets you down to 44 million people who play golf. Now you have to estimate purchase frequency, how many balls per month an average person buys (you may want to temper this "average purchase" assumption by at least mentioning that retired people play much more than students). A good guess might be 15. So demand per month is now 15 x 44 million, or 660 million. Finally, you need to estimate the number of months per year that people play golf - 12 months in good climate regions, maybe 5 in regions with cold winters - so on average 8 is a decent estimate: $8 \times 660 = 5280$ million golf balls per year.

Remember, *the number itself is meaningless*. The interviewer only wants to see your thinking process. Also, there are many ways to come up with an answer. You would really impress the interviewer after you're done if you offered to recalculate the answer using a different method, and then explained possible sources of error in your calculations!

CASE 2: The Problem Case

A large health-care company has brought in a team of consultants to determine an appropriate strategy for improving profitability through growth in the size of its operations. They hope to reach their profitability goals over the next three years. As one of the consultants, what would you do?

This case has no single answer. Rather, the interviewer is interested in seeing how you approach the problem. The key is to appear logical and to demonstrate an ability to move from the specifics of the case to the general issues involved in improving profitability anywhere... In other words, the case isn't about health-care at all. So don't panic if you're not an expert in the industry. Remember that the interviewer is principally looking for you to demonstrate *analytical skill*: How you think, how you structure a problem, and whether you are skilled at building a framework for thinking about a situation. You should be able to draw on models from competitive strategy, finance, marketing, operations, organization, or behavior. The point is this, however: *You don't need to reference them - just use them.*

Opening... A good way to begin this case is to question whether expansion of operations is the right way to achieve profits. Are they currently profitable? If not, growth just further destroys value and perhaps they must attack profitability from the cost side. If they are currently profitable, then they have three

options: increase sales, lower costs, or both. Don't assume that growth is the only answer.. show the interviewer that you would consider all options and understand both drivers of profitability - cost and revenues.

How to Proceed... Once you structure the options, the interviewer will lead you down the relevant path for this case, so follow the lead. If you're told that the company has low costs relative to the industry...then pursue the sales growth option.... One way to structure your thinking about this problem would be to use a Growth Tree framework. Use the tree to think aloud for the interviewer and guide your questioning:

"If the company has two possible growth options - they can expand into existing businesses or diversify into new business. I think that growth in existing businesses should be considered first because that's where they have core skills. In existing businesses they can grow their product market or consider vertical integration. ..."

Feel out the interviewer: Where are the opportunities? What might be some options you can readily eliminate, e.g. is vertical integration really a viable option for a health-care provider? Continue to work through the tree systematically. If you ask about opportunities for pushing new products into existing markets and the interviewer seems very interested, pursue this path by offering suggestions for potentially viable new products.

CASE #3: The Probing Case

A super-regional bank is attempting to increase its operating efficiency as a way to boost profitability. You have been asked to look at the non-interest, non-personnel expense base (i.e. purchases expenses as a possible source of cost reduction opportunities. How would you determine the potential size of the opportunity for increased operating efficiency? What issues might you run into as you begin such a study?

This case is asking you several questions simultaneously -- most of them are related to the size of opportunity and the means by which you could measure and manage the opportunity.

Opening... Explore what kinds of information you would need to conduct such a study. Where would it come from? Often General Ledger and Accounts Payable systems do not provide the necessary information.

Probing...

- What is the total expense base of the bank?
- What portion of it consists of purchases?
- Is the organization centralized or decentralized in the way it purchases?
- How would you determine whether certain groups of goods and services are more promising for reductions?

Make assumptions based on the replies you get from the interviewer and clearly articulate them. The point is to interact with the interviewer and develop the case --and its solution-- together. The interviewer is checking to see that you are good at establishing rapport, at listening, and at adapting to changes he/she makes in the basic structure of the situation.

Some Other Practice Cases...

A chain of grocery stores currently receives its stock on a decentralized basis. Each store deals independently with its suppliers. The president of the chain is wondering whether the firm can benefit from a centralized warehouse. What are the key considerations in making this decision?

A magazine publisher is trying to decide how many magazines she should deliver to each individual distribution outlet in order to maximize profits. She has extensive historical sales volume data for each of the outlets. How should she determine delivery quantities?

You are called by a U.S. manufacturer of mens tailored suits. The company sells roughly 500,000 suits a year exclusively in the U.S. through specialty and department stores retailers. Currently, wholesalers buy the suits from independent sales reps who earn a commission of 5% or roughly \$10 per suit. The manufacturer wants advice from you on whether or not to hire a sales force in-house.

A major investment bank is worried about its bond trading operation. They suspect that their government bond desk may have violated securities laws by bidding for more than 30% of a new issue of U.S. Treasury notes. One individual, in particular, has been earning considerably more than the historical average...

During your last trip to the supermarket, you notice a large price difference between competing brands of cocoa powder. Noting the markets shares for each brand from a magazine article, you compile the table below. What can be said about the structure of this market? The supermarket manager offers Firm A an opportunity to produce under private label for the supermarket, should Firm A accept this offer?

	Brand	Share	Price/unit
A	40%	\$4.00	
B	29%	\$3.80	
C	14%	\$3.55	
D	17%	\$3.35	

A pharmaceuticals manufacturer is worried about health care reform. In particular, they wonder whether they should be carrying on business as usual.



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