

Case Interview Preparation

Simon-Kucher & Partners

- **Introduction**
- Acing case interviews
- Sample case walkthrough

Our goals for this session: What we will and will not cover

Covered in this document

- ✔ What is a case interview?
- ✔ What do employers usually look for in interviews?
- ✔ Strategies and tips
- ✔ Sample case walkthrough

Not covered in this document

- ✘ Regular job interview questions
- ✘ Group interviews and other nontraditional interview types
- ✘ Back-of-the envelope and estimation questions

Agenda

- Introduction
- **Acing case interviews**
- Sample case walkthrough

- **What is a case interview?**
- Strategies and tips

What is a case interview?

Definition

Scenario-based job interviews that test problem solving skills. In a case interview, candidates are usually asked to solve a business challenge. The challenge is often a toned-down version of a project that the firm has done in the past.

Who uses case interviews

Case interviews are most often used by consulting firms, as well as some financial firms. This is because there is no single profile for consultants (or bankers). The cases test basic business sense, analytical ability, and the problem-solving capabilities essential to these types of jobs. In recent years, other industries have also started to conduct case interviews.

Format of case interviews

In general, cases take about 20-30 minutes to complete. New information may be given as the case progresses to prepare candidates for additional questions from interviewer. There are many variations on case interviews (such as being interviewed in groups), but they will not be covered in this document.

What do employers usually look for in case interviews?

Often, a case is more about the process than getting the answer, so understanding what employers look for in case interviews will help you know how approach them.

Problem-solving skills

- Do you make an effort to understand the key issues?
- Do you have a structured approach?
- Are you asking relevant questions?
- Did you take time to consider all the options (be creative) and their implications?

Business sense

- Familiarity with basic concepts such as supply and demand
- Understand that there are a variety of business goals (profit, revenue, market share, brand awareness, etc.)
- Awareness of how some current companies do their business (e.g. Google makes money on advertisements, etc.)

Analytical capabilities

- Can you do basic arithmetic?
- Can you read charts and tables?
- Do you read between the lines (implications of what you see)?
- How good are you at piecing together information from different sources (synthesis and insight)?

Communication

- Are you articulate?
- Can you tell a compelling story (not just the solution, but why you believe it is the best)?
- Can you organize information in a clear manner (slide making in some case)?

As in regular interviews, interviewers will be looking for poise and fit: Do you carry yourself professionally? Are you engaged and confident?

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 - **Strategies and tips**

Strategies: A clear and logical approach is the most important factor

Understanding the problem

Structuring and solving the problem

Making a recommendation

- ▶ **Cases are extremely varied** (though many often fall into standard categories such as rolling out new products, uncovering problems in current process, etc.).
- ▶ **There is no “one-size-fits-all” solution** or strategy for doing well on a case study. This is a helpful flow for many cases, but should be tweaked to suit your situation.
- ▶ **A good approach can be more valuable than having the “right” answer.**

Tip: Cases may be varied, but since they are often based on actual projects, try to do some background research on the company while prepping for your case interview.

Always make sure you understand the issue before proceeding

Understanding the problem

Structuring and solving the problem

Making a recommendation

- ▶ **Listen carefully and take detailed notes**
- ▶ **Don't be afraid to ask clarifying questions if you did not catch something**
 - Repeating the basic premise of the case back to the interviewer is often helpful
 - If you are not familiar with the industry, it is okay to ask how it works!
- ▶ **Always clarify the objective of the case**
 - Objectives may or may not be stated – if you're asked where a business "should" take a certain action, it's crucial to understand the goal in mind (e.g. profit? market share? etc.)

Tip: You may not be penalized for asking clarifying questions, but not being able to focus on the issue at hand and continually going on tangents will leave a negative impression.

A good structure is as or more important than the correct solution



▶ Use structure to make sense of your problem, objectives, and potential approaches

- Always start at a high level (don't jump immediately to number crunching)
- Many books and online sources offer frameworks on the most common business challenges
- Existing structures/frameworks are good starting points and they save time, so familiarize yourself with them
- Frameworks should not be blindly applied; think what is appropriate for your situation and adapt accordingly

▶ Take a few moments to collect your thoughts and think through the problem

- It is okay to ask interviewers for a minute to think. Don't feel pressured to say something immediately

▶ Explain your plan for solving the problem – think out loud!

- Interviewers want to see that you are logical and can think through challenging problems. Explaining your approach early on will let interviewers know if you are on the right track so they can guide you if necessary.
- Clear communication of your approach and tactics is one of the most important aspects of a case study!

Tip: Existing frameworks (4P's, 5 Forces, etc.) are useful, but do not refer to them explicitly – don't give interviewers the impression that you are just fitting cases into molds.

Walk through your solution with the interviewer



- ▶ **Check if the interviewer has the information you need before making an assumption**
 - The interviewer rarely tells you everything you will need to solve the problem in the introduction
 - If you need to make an assumption, attempt to be both logical and simple
- ▶ **Don't rush through math; write all the numbers out neatly and in an organized fashion**
 - Label your calculations and figures (don't just scribble numbers in margins, etc.) so you can backtrack if needed
 - Double check your math and assumptions. Do they make sense?
- ▶ **Make insightful observations: Go beyond just “doing the math”**
 - Make sure to think through your answers and draw connections to what you already know about the case (e.g. market challenges from part 1 of the case), but always check with interviewers on these assumptions
 - Understanding implications of numbers is often crucial!
 - Remember that big picture often involves understanding trends, how different segments behave differently, etc.

Tip: Once you have double-checked your work, be confident. Sometimes interviewers will ask you if you are “sure”. It isn't always because you made a mistake.

Finish with a persuasive recommendation

Understanding the problem

Structuring and solving the problem

Making a recommendation

▶ Check that your recommendations address the original objective

- Cases often have multiple sections, and addressing the original objective often requires tying all these pieces together

▶ Pitch your solution convincingly

- Summarize your findings and the reasoning behind your proposed solution (organize your solution in a way that is easy to understand and tie back to the objective)
- Support your solution with evidence whenever possible
- In some cases, you may need to sketch a slide. Make sure you don't make these too cluttered
- Be confident and articulate when explaining your solution

▶ Be creative: Briefly address other considerations

- Cases don't always have a "right" answer
- It is ok to mention additional considerations and alternatives if there is time, but do not let those distract from key issues

Tip: Good presentation skills are a must for consultants. This includes posture (no slouching) and the pace of your delivery.

Do's and Don'ts

Do's

- ✓ Ask clarifying questions
- ✓ State your assumptions
- ✓ Organize your thoughts & notes
- ✓ Be concise and articulate
- ✓ Practice, practice, practice!

Don'ts

- ✗ Force-fit frameworks
- ✗ Get bogged down in the details
- ✗ Go on tangents
- ✗ Freak out if you make an error
- ✗ Forget you are in an interview

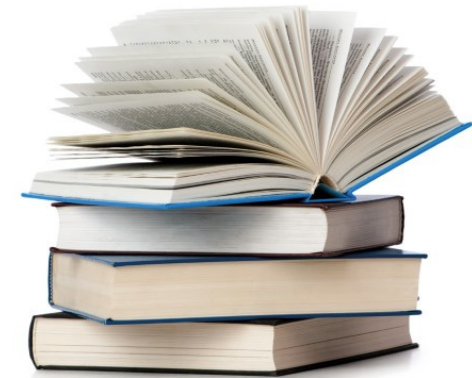


Additional sources

If you Google “case interview preparation” online, you will find many free sources available, from both consulting company websites and independent sources. Your career center probably also offers materials to help you. However, nothing will beat practice.

Books

- Case in Point by Marc Cosenino
- Vault Guides (to the Case Interview, to Consulting)



Online sources

- Consulting company websites offer practice cases and advice
- www.caseinterview.com – offers videos and frameworks



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The Case: Smart Phone introduction



The VP of Pricing at a major consumer electronics manufacturer enlists your help with a problem... and she needs the 15-minute solution. Walk her through the issues as you see fit. Please ask for any information that you need.

Situation:

The year is 2016 and the company is preparing to launch a new, innovative smart phone. The phone contains many features that other smart phones do not, and considerable hype surrounds the expected launch.

Given this situation, how would you go about determining the right price for this smart phone? (*Just to price the hardware, not the contract or other components*)
What information would you want to have?

Part 1: What information would you want to have?

Potential lines of questioning

- Goals of pricing strategy
- Product lifecycle
- Penetration strategy
- Price structures (upfront, rebates, recurring charges)
- Value vs. competition (products & services)
- Costs
- Other potential revenue streams (downloads, data plan revenue sharing, accessories)
- Cannibalization
- Capturing differences in customer willingness to pay, and ways to do so



What we're testing

- ✓ Business sense
- ✓ Creativity
- ✓ Knowledge of our focus area (pricing)

Part 2: Testing analytical skills

Assume for now that the marketing department, in conjunction with Simon-Kucher & Partners, has done a study to determine customer willingness to pay and has found the following:

- 20% of potential buyers would pay up to \$800
- 40% of potential buyers would pay up to \$600
- And the remaining 40% of potential buyers would pay up to \$400.

At what price would you launch the new smart phone, and why?

Part 2: Setting up the problem

What you have

Percent of market	Maximum willingness to pay
20%	\$800
40%	\$600
40%	\$400

What you should have:

- **Goals: A price that is profit optimal (should know from previous line of questioning)**
- **Profit = Volume * (Price – Cost)**

Be creative!

An excellent idea would be to suggest strategies (segmentation, product differentiation, etc.) to extract the maximum willingness to pay out of all customers.

Then the interviewer would explain that for the purpose of this case, the product must have a single price.

Part 3: Solving the problem

What you need to do

- **Cost: Fixed + Variable**
- **Interviewer gives variable cost of \$300, no fixed costs**
- **Volume: Any market size will yield the same answer! Choose a simple assumption: 1, 10**

Pricing Strategy Option	Price	Cost	Profit per phone	Volume	Profit
1	\$800	\$300	\$500	20% * 1	\$100
2	\$600	\$300	\$300	60% * 1	\$180
3	\$400	\$300	\$100	100% * 1	\$100

What we're testing

- ✓ Asking for the right information
- ✓ Handling basic math
- ✓ Answering the question
- ✓ Knowledge of the profit function
- ✓ Problem solving

Common Traps:

Not realizing that a lower price captures the customers with a higher willingness-to-pay

Not asking for cost; calculating revenue instead of profit

Part 4: Making a recommendation

What you need to address

- **What information have you been asked to provide?**
- **What objective(s) are you trying to achieve?**
- **Can you think of a concise, creative scenario in which a different solution might apply?**

“I would recommend charging \$600, since it is the profit-optimal price for this phone.

If, however, we have the flexibility to change the price over time, I would launch at \$800 and later reduce to \$600.”

What we’re testing

- ✔ Confidence in your work
- ✔ Ability to speak clearly and concisely
- ✔ Creativity and business sense

Common Traps:

- Disregarding the initial question and objectives
- Getting bogged down by the details

Part 5: Bonus scenario

The company launched the smart phone at \$600 and confirmed the volume forecasts at this price point. A few months after the launch, the VP of pricing comes back to you and she says that they would like to drop the price on the phone. The company's plan is to lower the price to \$450, but they want your advice first.

How would the volume you would need at \$450 compare to the volume achieved at \$600 if the goal is to not sacrifice any profits? (Assume customers remain at all price points)

Part 5: Setting up the problem and making recommendations

What to do

- **Goal: Maintain profits**
- **Multiple methods for arriving at the correct answer**
- **Volume must double to compensate for the price cut**
- **Sanity check: Is doubling volume possible given percent of market? What would you recommend?**

What we're testing

- ✔ Calculating a break-even point
- ✔ Math skills/quantitative analysis
- ✔ Logic
- ✔ Making a persuasive recommendation