

# **VAULT GUIDE TO THE CASE INTERVIEW**

**MARK ASHER, ERIC CHUNG  
AND THE STAFF OF VAULT**

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# CASES

# INTERACTIVE

# CASES

## A fit interview in disguise

You've memorized the frameworks and you've walked through the practice cases. Congratulations! You've aced the analysis half of case interview preparation. Now it's time to build on your skills and add the second half of your preparation: delivery.

It is one thing to tear apart a business problem in the privacy of your own space. But it is an entirely different endeavor to walk through that analysis out loud for a complete stranger—someone who is prepared to challenge your thoughts and be even a bit antagonistic. How many of us have tried to explain a solution to someone else and stumbled on words, stuttered, threw in a few too many um's, or had to retrace our steps after losing our place? Poor presentation in an interview can sink you — consultants are assessing your poise as much as your intellect.

In fact, smart candidates realize that the case interview is an audition. The interviewer is getting a snapshot of what it would be like to work with you. It's not just about what's going on upstairs. How good are you at communicating your logic? How would clients perceive you? What would you be like to work with on a team? It is just as important to practice the actual vocal delivery of the analysis as it is to be able to think through the analysis itself.

We know of a handful of people who walked right into their first case interview and nailed it. But for most of us, the case interview can be a tougher communication proposition than public speaking. The better prepared you are to walk through your thinking aloud and explain your analysis in clear, succinct sentences, the better you will do at the real thing.

## How to use the interactive cases

The good news is, you can crack this part of the case, too. The best way to practice your poise is to practice with someone else. That's where these interactive case exercises come in.

The idea of our interactive case exercises is to simulate the case interview environment as closely as possible. (Remember, the case interview is designed to simulate the actual consulting environment — the interviewer is your client and may provide certain background data necessary to solve the problem, but you may have to make estimates and assumptions, and you will have to provide the approach.)

The following set of cases is designed for two people to practice with each other. Have one person play the interviewer and the other person be the interviewee.

The interviewer should read through the case beforehand, understand the analysis, and be prepared to guide the interviewee through the case. Make sure the interviewee hasn't read through the case ahead of time. (If you plan to use these cases yourself, STOP and find someone to practice with you!)

## How To Run an Interactive Case Exercise

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As you'll see, each of these cases has five sections.

- **Context** — Initial setup for the case.
- **Question** — What the interviewee needs to answer in solving the case.
- **Background data** — Additional information that the interviewer will reveal to the interviewee as he or she is asked for it.
- **Suggested approach** — One possible solution to the case.
- **Study notes** — A few key tips for solving the case.

To run one of these case interviews, the designated interviewer should read and understand the entire case exercise ahead of time. He or she should be prepared to answer questions from the interviewee based on the case.

To begin the practice session, the interviewer should read the context and question sections directly to the interviewee. The interviewee should then ask questions of the interviewer about the facts of the case, with the interviewer revealing information from the background data section as necessary.

If you're the interviewer, you must analyze not just the answers the interviewee gives, but the logic behind them. If the interviewee makes an assumption or states a fact without giving logical reasons for her assumption, ask "Why do you think that?" or "Where are you going with your analysis?"

It's the interviewer's responsibility to nudge things along if they've reached an impasse. If the interviewee is completely stuck, offer a data point from the background data provided or assist the interviewee in reaching the next logical step in the analysis.

At the end of the data section, you'll find a follow-up question. The interviewer should pose this question after the interviewee has answered the main question. This happens in real cases when the interviewee has done well; it's designed to push the interviewee even further and to simulate real engagements, when things routinely come up at the last minute.

### Scoring the case

After the case, the interviewer should give the interviewee balanced feedback on his or her performance and go over the study notes. For example, you can score the interviewer's performance as follows:

- a) **Presentation** — Shook hands, smiled, was well-dressed, and displayed solid manners and business etiquette throughout. Maintained eye contact throughout the interview. (10 points)
- b) **Communication** — Relayed thoughts and ideas to interviewer clearly and succinctly. Explained thought processes in sufficient detail for the interviewer. (30 points)
- c) **Quantitative Skills** — Showed good facility with numbers, including guesstimates (15 points)
- d) **Problem Solving** — Followed a logical, thorough, well-connected path of reasoning to solve the answer. Laid out a road map upfront and continued to think out loud. Used a framework if appropriate. Showed the ability to be flexible and change directions if the interviewer wanted to guide the case a different way. (30 points)
- e) **Summary** — Wrapped up the case for the interviewer, bringing together the pieces of the puzzle and offering thoughtful recommendations and follow-up insights. (10)
- f) **Questions** — Asked the interviewer two or three thoughtful questions specific to the interviewer's firm. (5 points)

## Tips for the Case

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Here are a few pointers to make sure you get the most out of the interactive case exercises.

### **For the interviewer**

If you are the interviewer, be realistic. Real consulting interviewers are, on average, businesslike yet fully intending to help you crack the case. Don't be overly willing to volunteer the background information without being asked, but if the interviewee asks for a piece of information that is listed, go ahead and reveal it. If the interviewee comes up with some brilliant point that is not covered in your materials, acknowledge that a good point has been made, and then steer the conversation back to the case at hand.

### ***Simulate the actual case interview format***

If you really want to simulate a case interview, don't start with the case solving right away. Here is the typical format for a case interview:

- 1) Direct fit questions: (5-10 minutes)
- 2) Case question (15-20 minutes)
- 3) Questions for the interviewer (3-5 minutes)

Note that case interviews often start with a handful of fit interview questions, and almost all of the time they will fall in some form of three basic questions. These are "Why do you want to be a consultant?" "Why do you want to work for this firm?" and "Why should we hire you?" The interviewee should have quick, thorough answers to these questions ready. The interviewee should also have some basic questions ready for the interviewer about "his" firm.

### **For the interviewee**

If you are the interviewee, bring your leather notepad and favorite pen. Review the frameworks in this guide and apply them judiciously. Don't forget to take notes while the interviewer is speaking, and nod and paraphrase to demonstrate good listening. Above all, don't forget to answer the question — or at least to understand what the question is!

Practice communicating in a succinct, clear, engaging manner. For example, lay out your approach ahead of time for the interviewer. When you are transitioning to the next step of your analysis, signal that fact clearly. "That seems to cover revenues. Let's move onto costs next. I think the variable costs could be the most important part, so let's start there." If your interviewer wants

you to spend more time on a part of your analysis, this will give him the chance to communicate this to you.

You never know what kind of personality your interviewer will have, and you don't want to get used to a certain case giver's style. Moreover, as mock interviewers, we might tend to be a little more forgiving of our friends. Try practicing with folks you don't know very well but are willing to help you. These include current consultants, alumni of your school, career services employees, or fellow students.

If you run out of interactive cases, feel free to take previous cases in this book and convert them into the interactive case format. You can also make up cases on your own. Take them from previous work experiences, classroom case studies, or business ideas you've been drumming up in your head.

## Sample Interactive Cases

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### 1 Magazine Publishing Company

Your client, MediaCo, is a publishing company that creates and delivers a magazine with national distribution. Currently, it has two operating plants: one in upstate New York, and one in Oregon. It is considering shutting down one of the plants in order to save costs.

**Question: What should MediaCo do?**

#### Background data

- Both plants are at equal capacity.
- Each plant has identical costs of production at 75 cents per magazine.
  - Paper: 40 cents/magazine
  - Ink: 35 cents/magazine
- Assume there are no other costs of production.
- MediaCo could benefit from economies of scale of production if it were to produce from just one plant. This would result in a 20% savings in the inking process but no savings in the paper process.
- MediaCo delivers its magazines from its plants to regional post offices at the cost of 35 cents per magazine. This cost is the same for each plant.
- The costs of distribution would change if MediaCo had just one operational plant.
  - Delivery would cost 37 cents per magazine if MediaCo were to deliver only from the New York plant.
  - Delivery would cost 43 cents per magazine if MediaCo were to deliver only from the Oregon plant.
- There are no additional costs besides those of production and distribution. There are no additional fixed costs of production and distribution.
- Either plant could produce the entire capacity without additional costs.
- There are no international subscriptions, and the company has no plan to seek any.

## Suggested approach

A cost-benefit framework will work well for this case. In terms of benefits, there are three possible scenarios (keep both plants, shut down New York, or shut down Oregon), and we have enough information to assess the impact upon margins in each. In terms of costs, we can determine possible negative impacts to each scenario.

Let's analyze the two major cost buckets: production and distribution.

**Production** — If the company were to produce from a single plant, it would reduce its inking costs from 35 cents to 28 cents, so the overall cost would decrease from 75 cents to 68 cents per magazine. This cost savings would occur if either plant were shut down.

**Distribution** — We now know that it is more expensive to deliver out of just one plant (the case giver might push the receiver to explain why). Moreover, because it costs more to deliver from Oregon, we can infer that most of the readership is in the Eastern U.S.

We can now work out the per magazine costs under each scenario:

Keep both plants — Total cost per magazine is  $\$0.75 + \$0.35 = \$1.10$

Shut down Oregon — Total cost per magazine is  $\$0.68 + \$0.37 = \$1.05$

Shut down New York — Total cost per magazine is  $\$0.68 + \$0.43 = \$1.11$

Therefore, it saves MediaCo the most money to shut down Oregon and run the magazine entirely out of the New York plant. The interviewee should recommend this solution.

## Follow-up

Ask the interviewee to address possible downsides to shutting down one of the plants. These include the following:

- **Layoffs** — It is likely that MediaCo would have to reduce headcount. This might create bad publicity and general ill will.
- **Possible shutdown costs** — MediaCo should investigate any additional costs it might occur if it were to shutdown a plant. Does it need to pay a fee to break a lease? What long-term overhead contracts does it have?
- **Shortsighted decision-making** — Costs are never constant and could change after any period of time. Are current costs highly indicative of future costs?

Finally, the interviewee could be asked to suggest alternatives to the shutdown proposal. Possibilities include:

- Close the Oregon plant briefly as a test. This retains the “real option” to reopen it at a later date.
- If it is cost-effective, create a new plant in between Oregon and New York to alleviate the discrepancy in distribution costs and still achieve the economies of scale in production. MediaCo might also look into buying a plant from a competitor, or looking abroad to build or buy a plant if it is cheaper there.

## 2 Broadband Software Company

Your client, SoftCo, is a startup software firm. They have built a cutting-edge software package for cable broadband companies. However, they are technologists without much business knowledge, and they have called you in to help them understand the economics of their industry.

**Question: How attractive is the cable broadband software industry? What should SoftCo do?**

### Background data

- Cable broadband software providers offer packages that help with any aspect of maintaining a cable offering to customers, including start-up procedure and administration.
- SoftCo makes provisioning software, which helps cable operators to install and maintain high-speed Internet cable service for end customers.
- Cable broadband software providers offer packages that help with any aspect of maintaining a cable offering to customers. This might include provisioning, billing, configuration, speed enhancements, or customer care packages.
- The main costs of software development are labor and technology ( such as hardware and licensing.) It is quite easy to find computer programmers and computer software. Development software is expensive but not unreasonable.
- It is very important for the software to reflect actual business flows in the cable operator’s provisioning business. SoftCo spent many hours interviewing cable operators to understand how they install, maintain, and provide customer service.