



Case Interview Training

<http://www.caseinterviewhq.com/>

Agenda

- Introduction
- Interview Basics:
 - Types
 - General Approach
 - Frameworks
- Case Interviews:
 - Brainteasers
 - Guesstimates/Market Sizing
 - Business Situation
- Practice Rounds:
 - Market Sizing
 - Business Situation
- Concluding Remarks



Introduction



- Today's Goal
- My Story
- Your story

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Interview Basics: Types

- (Psychological) Assessments
- Experience Interviews
- McKinsey PST
- Case Interviews (duh)
 - Guesstimates + Business Situation
 - Interviewee/Interviewer led
 - Group Interviews
 - Stress Interviews
- No preparation is perfect.



Interview Basics: Approach



- How to be a consultant?
 - 80/20 (“Boiling the ocean”)
 - Precise vs. Good Enough
 - Data Driven
 - “Client Friendliness” and the brain surgeon: hypothesis.
 - Think out loud.

- How the Interviewer thinks
 - Right Process vs Right Answer
 - Logical, data-driven analysis
 - Synthesis & Presentation

Interview Basics: Approach



- Case Interview Steps:
 - I. Open
 - II. Analyze
 - III. Close

- I. Open
 - Pause (That's interesting...)
 - Verify: what do I know, what is the question?
 - Explore relevant background
 - Value chain
 - Distribution
 - Why... ?
 - Structure

- Analysis (II) and Closing (III) depend on question at hand.

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Case Interview Questions



- Three major branches:
 - Brainteasers
 - Guesstimates/Market Sizing
 - Business situation
- Basics (80/20, client friendliness) apply to all.
- Same holds true to approach:
 - I. Open
 - II. Analyze
 - III. Close

Case Interviews: Brainteasers



- Why are manhole covers round?
- The three bags of gold coins.
- Two jugs: 4L

“Solving” Brainteasers.

- No real structuring possible, more a ‘stress’ test or tease.
- Hardly used, hard to practice.

Case Interviews: Guesstimates

- Often first-round questions or part of business situation cases.
- Examples:
 - How many Ping-Pong balls fit into a 747?
 - How many golfballs are sold each year in the Netherlands?
 - How many cartires are replaced each year?
 - XYZ Company wants to enter market X, how large is it?
 - How much does the Vatican earn each year?
- How to solve?



Solving Guesstimates



- I. Open
 - Pause (That's interesting...)
 - Verify: what do I know, what is the question?
 - Explore relevant background
 - Structure

- II. Analyze
 - 1. Population vs Household vs Individual
 - 2. Go through structure
 - 3. Make easy assumptions
 - 4. Don't f#ck up calculations

- III. Closing
 - 1. Double check, did I miss anything? Sanity check on answer.
 - 2. Answer question

On assumptions

- Assume if possible, don't calculate everything.
- Use easy assumptions:
 - 320 million inhabitants in USA
 - 100 million households
 - Age distribution is equal)
 - Male/Female 50/50
 - Maximum age of 80
 - Etc.
- **Support your assumptions, think out loud.**



Supporting assumptions



■ Household

- *“There are 300 million inhabitants, an average of 3 people per household, thus i assume there are 100 million households in the Netherlands. Every household has 1 garden hose...”*

■ Population

- *“I live in a town of 30,000 inhabitants, with 6 gas stations. I therefore assume one gas station serves an average of 5,000 inhabitants.”*

■ Individual

- *“I buy about 6 boxershorts a year, but not every guy wears boxers, such as kids and elderly people. Let’s assume that...”*

■ WTF?

- *“Let’s assume that a plane consists of the main hull, two wings, the cockpit and a tail section. I assume the hull is filled with 80 rows of chairs, and every row is 1 meter wide. This comes down to a length of...”*

Guesstimates: Closing Remarks



- It's not about the answer, it's how you got there.
- Adhere to your structure, don't forget anything.
- Get your numbers right.
- Only use information from the case.

Guesstimates: hints & tips



- Practice
 - The interview itself is stressful enough, you want the approach to become second nature.
- Practice math
 - Download Kopfrechnen Trainieren
- Read:
 - Cracking the Case by CaseInterviewHQ.com
 - Case in Point by Marc Cosentino
- Don't waste your money on WetFeet, Vault, etc.
- Practice, practice, practice!

Case Interviews: Business Situation



- The main interviewing case, covers wide range of different questions:
 - Market Entry
 - Profitability Questions
 - M&A

- We follow the same procedure:

- I. Open
 - Pause (That's interesting...)
 - Verify: what do I know, what is the question?
 - Explore relevant background
 - Structure (!)

Opening a Case (cont.): Structuring



- Structure is very important
 - Right Process vs Right Answer

- Four steps:
 1. Identify
 2. Match Framework
 3. Describe Key Components
 4. Draw Framework

II. Analyze

- Analyzing = breaking down
 - Always break everything down, segment until you find something
- Six steps:
 1. State Hypothesis
 2. Pick Branch of Framework
 3. Identify Key Issues
 4. Ask Questions
 5. Dig deeper or go back up
 6. Refine Hypothesis
- When given data:
 - Ask for numerical data
 - Development through time
 - Competitor situation



III. Closing

- Synthesis: combination of elements to form whole
- Four Steps:
 1. Take a break to gather your thoughts.
 2. Figure out what is important.
 3. Provide conclusion, preferably with action.
 4. Support with relevant data.
- Good closing:
 - Company XYZ should close down plant A because of data1, data2 and data3. Potential risks are A and B.
- Bad closing:
 - I figured out data1, data2, data3, data4 and data5, so blabla.



Business Situation Final Remarks



- Data
 - Look for trends.
 - Segment.
 - Analyze Competition.
- Analysis
 - Hypothesis driven: “I think X, so I need A, B & C to prove.”
 - Keep digging until you find something interesting
 - Or until you can “cross out” branch
- Closing
 - First conclusion, then supporting data.

Business Situation: Hints and Tips

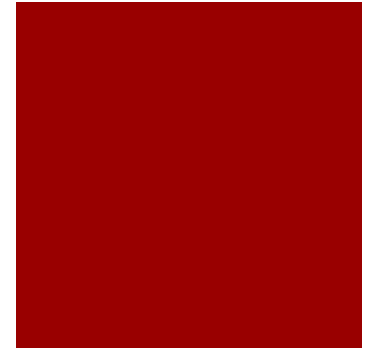


- Practice:
 - Nothing beats practicing with a partner.
 - Cases from casebooks and Cosentino
 - Cases in 'Cracking the Case':
 - Follow line of thought
 - Make them on your own first, then look at answer
 - Compare differences: both can be right

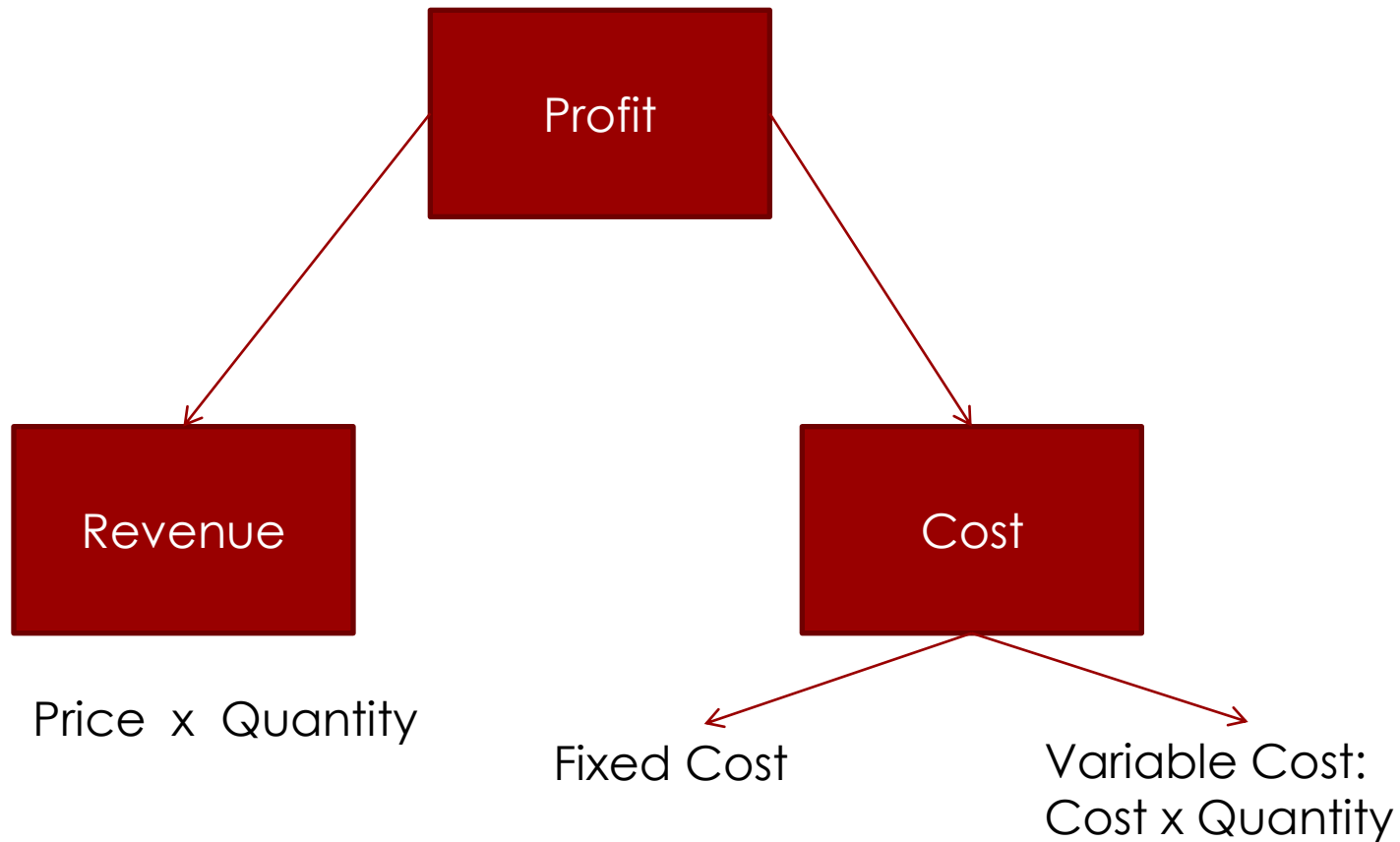
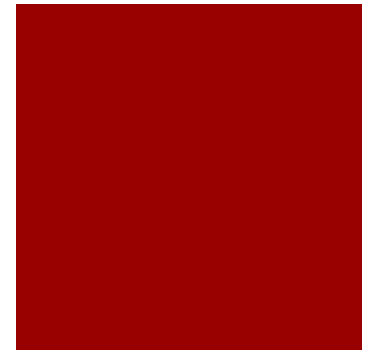
- Practice does make (almost) perfect.

Frameworks

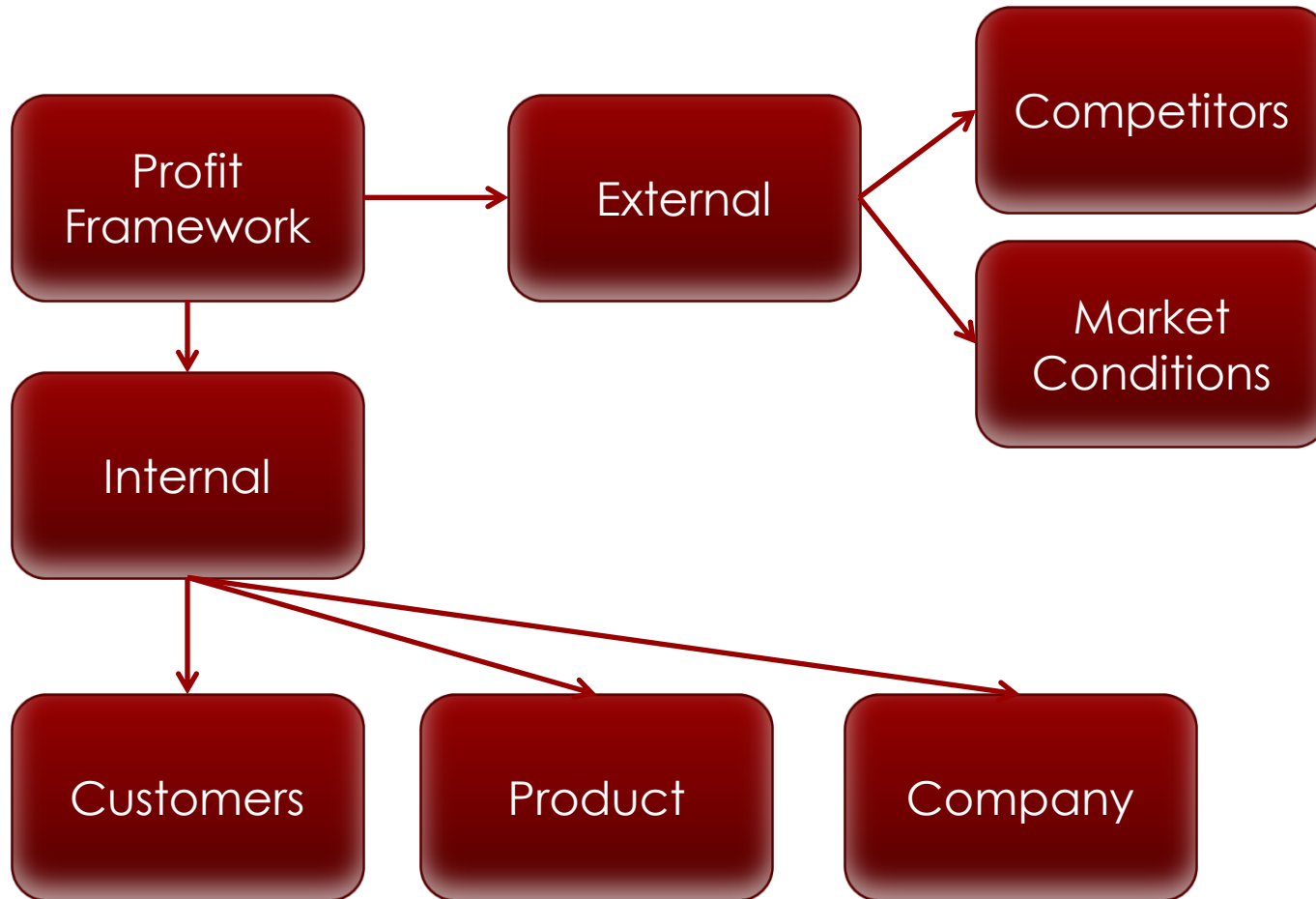
- Goal: to apply frameworks and be able to ‘play’ with them.
- Examples of frameworks:
 - Profit = Revenue - Cost
 - Porters’ 5 Forces
 - Three C’s
 - Four P’s
 - Business Situation Framework (Victor Cheng)
 - Ivy League Framework (Marc Cosentino)
- Never state out loud that you are going to use “The 5 Forces” or the “Four P’s”.



Profitability Framework



Business Case Framework



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Coffee break



Example Case: Garden Hoses



- Our client is thinking about entering the garden hose market. He wants to know whether he can start up a business manufacturing garden hoses and break-even in a year.
- Before we start, how large is the garden hose market in the USA?
- What else should the client consider?

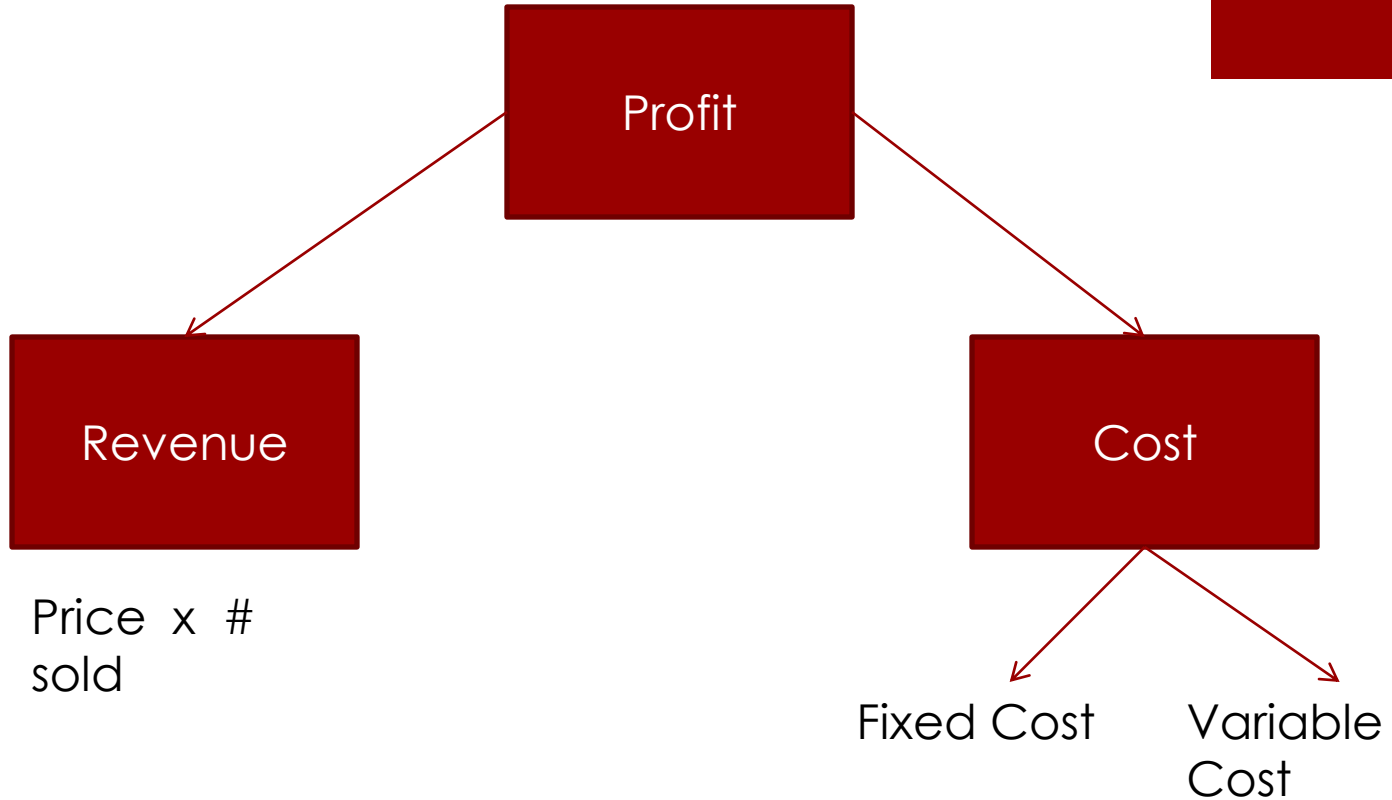
Example Case: MediaCo

- MediaCo prints a wide range of magazines and a national newspaper in the UK, but has suffered financially. The CEO is asking us to increase profit to € 3m a year.

- What do you suggest?



Example Case: MediaCo



Example Case: MediaCo

- Diving deeper into the newspaper division

Customers

Who are the customers?

What does each segment want?

Products

What is our product? What makes it special? (or not)

Company

What are our core capabilities?

Competitors

Who is our competition? What is their market share? Developments?

Example case: MediaCo

- Let's suppose MediaCo wants to sell its newspaper division, what would be arguments pro and against?

- Potential buyers
- Public Image
- Lay-offs
- Anti-trust
- Creates money



Concluding Remarks



- Website
 - www.caseinterviewhq.com
- Free case interview info
- Articles on the PST, Math, Minto, etc.
- “Cracking the case”
 - Book covering whole interview process