

Case Interviews

Raffi Grinberg



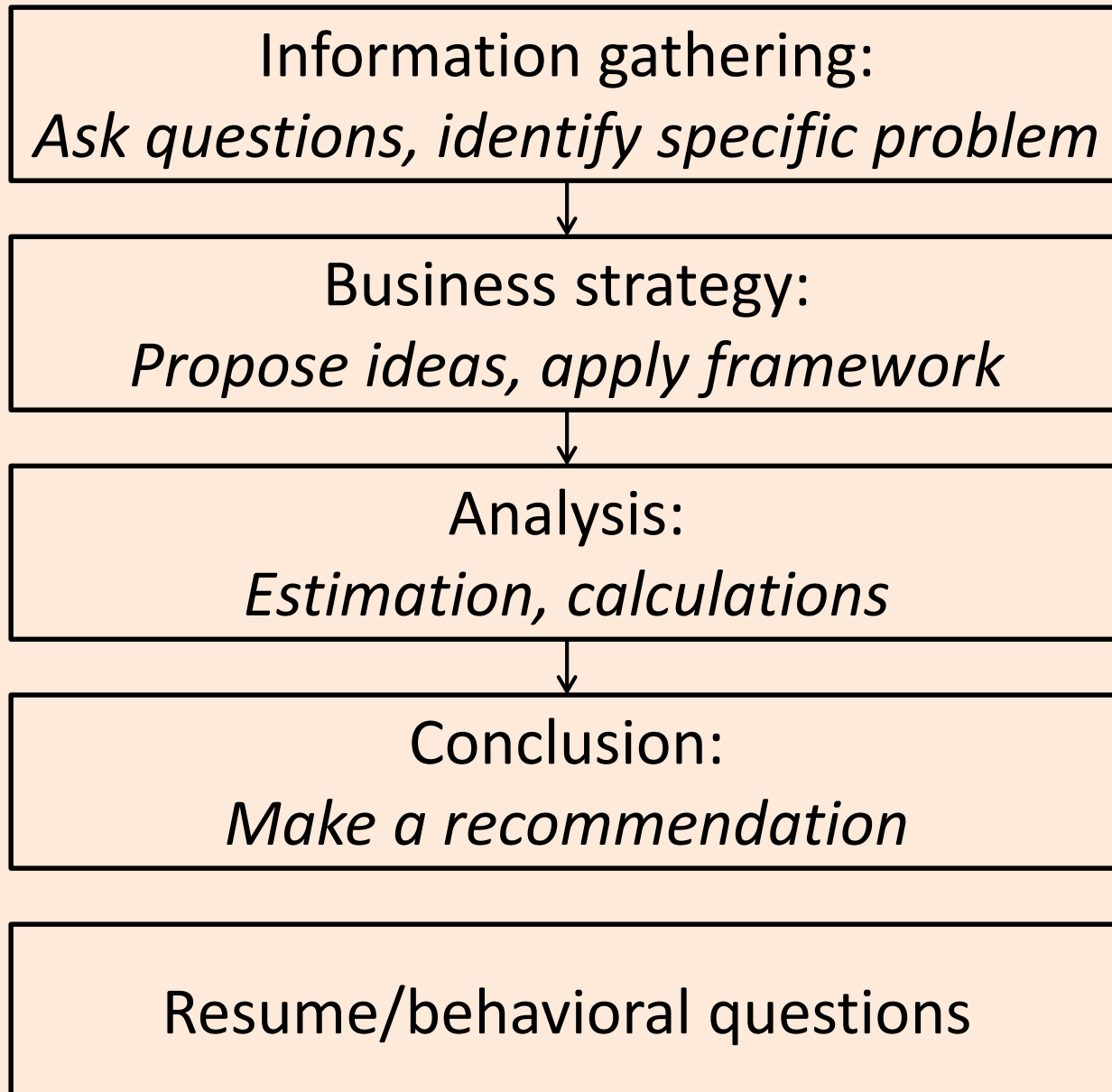
BOSTON COLLEGE
CARROLL SCHOOL of MANAGEMENT



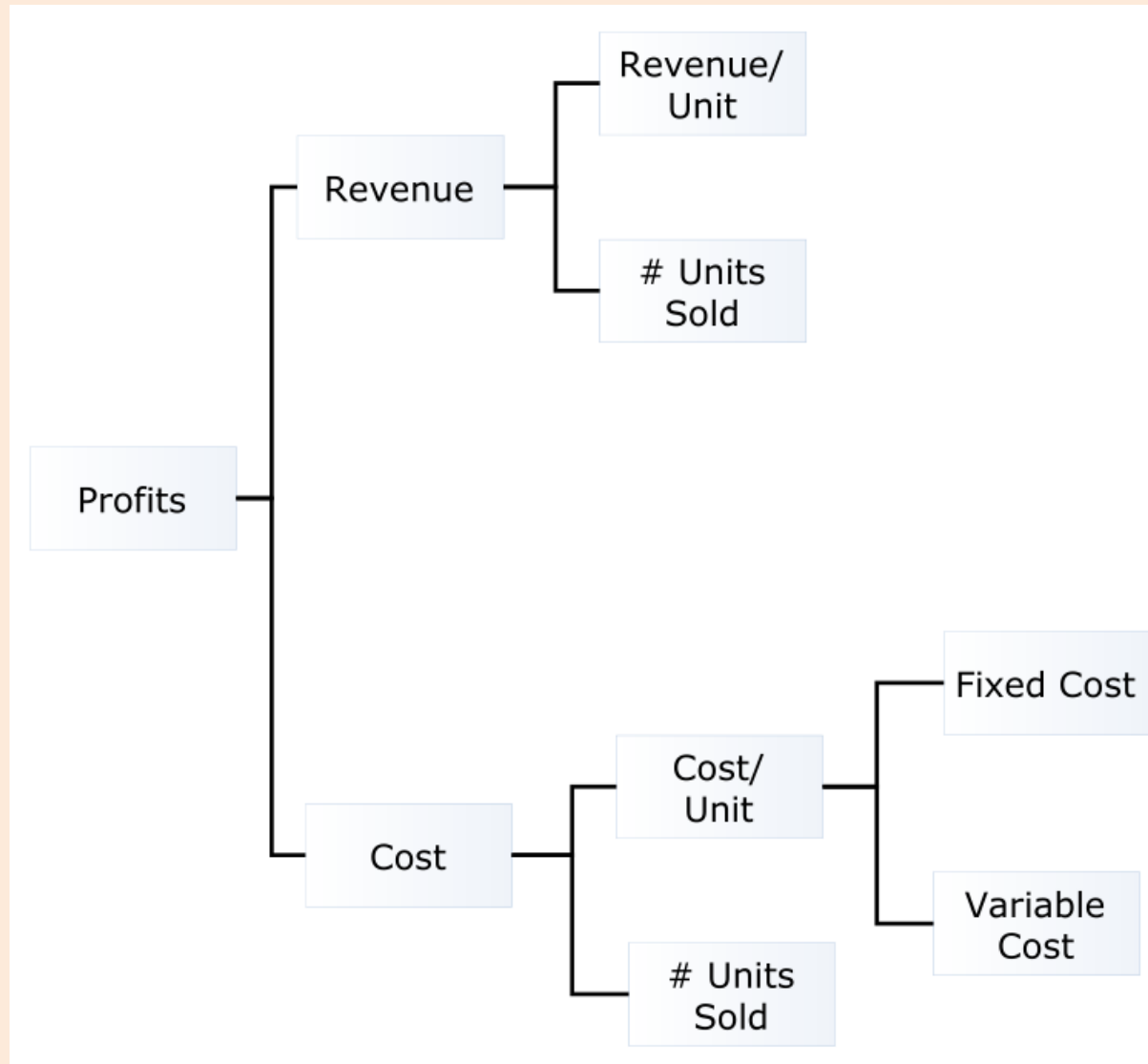
Purpose of a case interview

- See how you think
- Evaluate your:
 - Business judgment
 - Quantitative ability
 - Ability to think clearly under pressure
- See how you communicate
 - Same rules/tips as for regular interviews

A typical structure



Useful frameworks (1 of 2)



Useful frameworks (2 of 2)

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.)

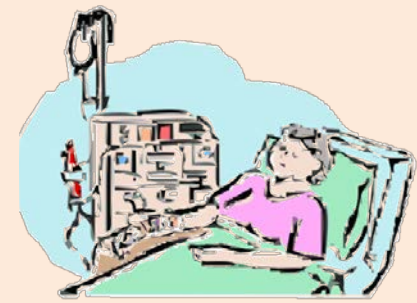
Company

- **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

Let's practice



- The general problem: large (>\$10B) provider of dialysis, declining profits in western PA area
- The specific problem: increased competition due to provider consolidation
- The main question: should they consolidate?
- The numbers:

| Current model | Joining ACO | Merging with hospital |
|----------------------|---------------------|-----------------------|
| \$100M revenue | - | Share revenue 60/40 |
| Declining 10% p.a. | Growth 10% p.a. | Growth 25% p.a. |
| \$40M/yr local costs | Additional \$20M/yr | - |

Best practices

- Write notes
- Think out loud
- Structure your thoughts
- Turn it into a conversation

Close in style

- Start with your recommendation
- Summarize the evidence
- Bonus:
 - Creative idea
 - Area for more research
 - Acknowledgment of limitations

How to prepare

- Business judgment – memorize ONE set of frameworks
- Quantitative ability – do mental math while walking/eating
- Ability to think clearly under pressure – visualization
- The only substitute for practice is...
 - MORE PRACTICE
 - Goal: get so comfortable with the format that you can be yourself
 - Find a partner, and switch off interviewing and giving feedback



It should be fun!

- Solve an interesting problem
- Challenge yourself
- It's not 100% representative of the day-to-day work, but it shows you the kind of thinking you'll do