

“Get Off My Case!”

Consulting Club Interview Preparation Guide 2001 - 2002

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1 . I N T R O D U C T I O N

By virtue of acceptance to Kellogg everyone knows that you are all bright, accomplished people who are capable of working for a top consulting firm. That being said, there are more of you interested in consulting than there are summer offers to go around. Consulting firms go to great expense and effort to make sure the summer experience is meaningful and therefore do not have nearly as many spots as they would like to hire for full time. Fulltime is usually a different ballgame.

This booklet was put together to help you prepare for the most significant step of the recruiting process – the interview. Unfortunately, there is a great deal of variability in this process: who you interview, his or her mood that day, your mood that day, the chemistry between the two of you, how difficult the case was, and just random subjectivity. Therefore, it is important that you control as much of that which you can, namely your own preparation. If you are motivated and do your homework, you will greatly increase your chances of getting a summer offer. And if it does not work out for the summer, your preparation will help you during 2nd year.

There are basically two types of consulting interviews (or two parts to the same interview): the **fit** and the **case**. The two have different importance to each firm, but you must give equal importance to both in your preparation. In a fit interview, the recruiter is finding out who you are by probing what choices you have made in your life and why, very similar to your interview to get into Kellogg. The case interview is a way for the recruiter to gauge your analytical and problem solving skills. You are given a business problem and asked to walk through an analysis of it – whether or not you arrive at a solution is not that important. The interviewer is trying to see how you think and communicate, and also evaluate how you solve a problem that took her and her team months to solve.

The thought of doing case interviews creates a great deal of anxiety among students. This is wholly unnecessary. The best way to reduce the anxiety is to (1) practice, (2) practice and (3) practice. Case interviewing is not rocket science. But doing it well requires a considerable amount of preparation. We hope this booklet will guide you in your preparation and that you ultimately get the job you want.

The Consulting Club acknowledges the efforts of Bernardo Silva, Michael Doheny, Pablo Altman, Deepak Garg, Daniel Hayden, Ankur Malik and Colleen Sellers who wrote and edited cases for the casebook.

Good luck!

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2 . Y O U R M I N D S E T

As you enter the process of interviewing for consulting jobs, there are a few things that you should keep in mind. These have to do with your peace of mind, your being a part of the Kellogg community, your dedication to your goals and your personal ethics.

Things to remember:

- The number of Summer and Permanent jobs available in consulting has not yet been decided because the number is never fixed and keeps changing.
- You are not competing against your fellow Kellogg students, you are competing against all the other business school students, PhD's and other nuts who want to go into consulting around the world, so don't be petty about offers, closed lists and which firm is best.
- Consulting firms are growing at a rapid rate and need people. The current year (for Class of 2002 fulltime jobs) has been an exception. As the economy turns the demand for consultants will pick up hopefully.
- You will eventually get a job in the field if you want one.
- If you don't get a job for the summer, you'll remain a strong candidate for a permanent position.
- If you get the right offer, you are satisfied and you can feel it, don't keep interviewing for spots that someone else really wants, but rather shorten the wait list.
- You will hit homeruns and have great highs.
- You will get rejected and feel awful.
- Traditionally 40% of the Kellogg class has entered consulting after graduation.
- Most of those who enter consulting will leave after a couple of years.
- Stay calm. Surround yourself with a support group.
- Above all, *be generous about helping each other out* – it's the Kellogg way and everyone is better off in the end.
- That being said, do not violate the honor code by asking the person who interviewed with a firm before you what the case was.

Corporate Presentations

The first step of the process is attending corporate presentations. Talk to second years about their experience, but we recommend that you limit the number of presentations you will attend based on your schedule. Choose, say, your top 4 or 5 firms and 1 or 2 others as opposed to killing yourself trying to make it to absolutely every presentation (unless you're trying to save money on food.)



A common misconception is that you *must* meet the firm's representatives and make an impression at presentations in order to get onto the closed lists. A vast majority of closed list invitations will come from the resume book review, from submitted cover letters/resumes and *not* attendance at corporate presentations. There are a lot of students so for anyone to have a prolonged meaningful conversation may not be possible. For the most part, you are there to learn about the industry and firm, so that your questions during a future interview can be more targeted. Bottomline is that try to go to the presentations if you can. If you do end up going try to talk to one or two company representatives only and not everyone who is present there.

There is no prescription for getting onto closed lists. Firms are often set in their ways in analyzing resumes. Some firms are rumored to have complicated algorithms that they plug your experience into to calculate your chances of success at their firm. You've done your best with your resumes and now you have little control over this part of the process. However, you can increase your chances *slightly* of making it onto a firm's "radar screen" (not necessarily their closed list) by talking to as many people as possible:

- Talk to people who have worked for the firm you are interested in. Try to get someone who worked in the particular office you are interested in because many firms' recruiting processes are decentralized to the office level. This could be a second year who had a summer internship at the firm or a current student who worked with the firm before Kellogg.
- Talk to Kellogg alumni at the firm.
- Talk to recruiters outside of presentations. Sometimes they are on campus for other reasons.
- Talk to recruiters during presentations. Don't always go for the most senior person at the presentation. Talk to the new associate in the corner that nobody else is talking to. However, don't monopolize a recruiter's time at presentations. This will reflect poorly on you.
- Note: You increase your chances for the closed list significantly when you send a resume and cover letter to the firm (except at firms like McKinsey which typically states it does not want to be contacted). Some of these cover letters & resumes are due in late December so check the CMC web site to find out the requirements of the firms you are pursuing.

Bidding

Unfortunately, if Jack has 7 closed list invitations and 800 points to bid while Jill has no closed list invitations and 800 points to bid, and yet neither got a closed list interview with firm X, guess who is more likely to win that bid. This is a process whereby the rich get richer and poor struggle. But fear not, it just means you have to bid wisely.

If you received few or no closed list invitations do not get discouraged. Half of the job offers end up going out to those who interviewed on the open list each year. It just means that firms are not as good at selecting people based solely on their resume as they think they are. In this case you really need to:

- Narrow your list of firms down to a handful and bid carefully.
- Don't just bid on all your "A-list" firms. Pick maybe 2 to 4 and then you need to start seriously considering your "B-list" as well. Remember, you can always "trade up" second year.
- Remember to look beyond consulting and reserve some points for your contingency plan whatever that may be: a job in industry in strategic planning for example. Definitely have a backup plan !!!
- Understand the CMC guidelines & deadlines for this process. The key dates are as follows:

Bid Round A

January 28-February 1, 4-8

BIDDING ENDS - Wednesday, January 16, 5:00 pm

Bidding Results Ready - Thursday, January 17, 12:00 noon *

First Come, First Served Begins - Thursday, January 17, 12:00 noon

Bid Round B

February 11-15, 18-22

BIDDING ENDS - Wednesday, January 30, 5:00 p.m.

Bidding Results Ready - Thursday, January 31, 12:00 noon *

First Come, First Served Begins - Thursday, January 31, 12:00 noon

Bid Round C

February 25-March 1

BIDDING ENDS - Wednesday February 13, 5:00 p.m.

Bidding Results Ready - Thursday, February 14, 12:00 noon *

First Come, First Served Begins - Thursday, February 14, 12:00 noon

Actual Interview

First and foremost, remember that a standard consulting interview has four parts:

- 1) A personal "fit" part for 15 to 20 minutes
- 2) A Case part for 20 minutes
- 3) Questions that you would like to ask your interviewer for 5 minutes
- 4) Wrap Up

The next two sections will discuss the "fit" and the "case" interviews in detail.

Fit Interview Preparation

- . What are the firms looking for?**
- . What should I do before the interview?**
- . What should I be aware of during the interview?**
- . What questions can I expect?**

Introductory comments

More often than not, people prepare themselves only for the case part, leaving the personal “fit” part unattended. Believe us, if you do not succeed in your personal interview, the case will not count!

Therefore, this document will be focused on the personal side of the interview process, and how to succeed on that difficult part of the recruiting process. The following section will tell you everything you need to know about the “fit” interview, down to the color socks you should wear. It is excellent, so print it out ASAP and set aside at least two hours to read and think it through a few times.

Sources:

- *"The Fast Track: the Insiders Guide to Winning Jobs in Management Consulting, Investment Banking and Securities Trading"; Mariam Naficy, Broadway Books, 1997.*
- *"PCS to Corporate America: From Military Tactics to Corporate Interviewing Strategy"; Roger Cameron.*
- *"Power Interviews: Job Winning Tactics from Fortune 500 Recruiters"; Neil Yeager and Lee Hough.*

So, here you are, reading this document and trying to figure out how to land your dream job. We'd like to help by telling you what we believe to be the key areas of preparation for a successful interview.

As you go through the process, you will receive tough questions that probe not only your intentions and intellect, but also your psyche and personality. Your delivery is as important as what you say. The only way to show poise and grace while answering these tough questions is practice and practice.

a) Know yourself:

You need to create a storyline for yourself. Describe how your life has developed such that a job with firm X is the next logical step in reaching your goals. Be able to walk through the details of your resume and fill in the details. For instance, why did you make the moves you have? What have been the most significant decisions you have made? Where were the challenges and where were the triumphs? This is also your chance to set yourself apart. Give the interviewer something to remember you by - tell an interesting story, talk about a unique skill or talent, etc. One way to do this is to incorporate words that will provoke curiosity in your resume.

The CMC offers many sessions to help you polish your storyline. Take advantage of them.

b) Know the firm:

What does the firm pride itself on? What makes them unique? If a firm prides itself on being a thought leader, show you have been a thought leader or why being a part of a firm that leads the industry is important to you. You must also know the basics about a company such as where they have offices and how they are structured. If you are unclear about any of these areas, ask!! You do, however, want to show some initial understanding and then ask for clarification.

Use Company presentations to ask the consultants smart questions. If you are interested in a firm, call the recruiting manager or a consultant you have spoken with and get more information about the work and culture.

Don't be shy about asking questions, most people are honored when they are asked about their opinions and experiences.

c) Listen well:

This is VERY important. Insights and clues are all around you. Even before your interview begins, you should try to pick up any information you can. Go to presentations and take notes. What are the buzzwords they use to describe themselves and the people they hire? Remember a few highlights from the company presentation. During the interview, pay attention to your interviewer. What makes them look interested? What do they ask you to elaborate on? If you are weak in one area, listen for a chance to show your skills in another way.

PREPARATION FOR THE PERSONAL INTERVIEW

In order to prepare yourself for the personal interview, you need to answer the following questions:

- 1) Who are the firms looking for?
- 2) What should I do before the interviews?
- 3) What should I be aware of during the interview?
- 4) What questions will I be asked during the interview?

1) Who are the firms looking for?

There are fundamental skills that you need to demonstrate to get a consulting job. Do you think you have these qualities? What examples would you use to show what you do?

Here is a list of the “critical skills” that consulting firms are looking for:

- 1) Analytical skills: Intelligent, able to find patterns and causal relationships in what appears to be unrelated data; creates hypothesis to drive research, uses clear and logic thinking, draws on past experience to solve problems, applies creativity to come up with solutions
- 2) Business Sense: Entrepreneurial, stays on current business developments, intuitively understands basic business dynamics, converses easily about business issues.
- 3) Quick Learning: Solicits and is open to feedback, humble, wants to improve himself/herself, learns from mistakes.
- 4) Communications skills: Listens carefully to understand others, uses tactful phrases and timing when communicating, has a good sense for what people mean, understands how he/she is being perceived.
- 5) Integrity: Does not waver on ethical issues, has basic respect for other individuals, is able to maintain confidentiality, follows through on commitments.
- 6) Interpersonal Skills: Mature, avoids turning business issues into personal issues, genuinely interested in other people, can get along with people from a range of backgrounds, positive in attitude, keeps cool under pressure, thinks before leaping, open-minded, able to put things in perspective.
- 7) Leadership skills: Has influence, can make decisions quickly, provides leadership in situations where there is none, understands individuals positions on issues and how to influence them, able to take risks, takes action when necessary, sets clear goals, rallies people around a shared objective.

- 8) Motivation and energy: Enthusiastic, has a can-do attitude, has high performance standards, motivates others, willing to work long hours, organizes work effectively, detail-oriented, willing to do unglamorous work
- 9) Quantitative skills: Can apply quantitative thinking to analysis of issues, understands quantitative relationships in business, comfortable performing simple math mentally, academic training in math.
- 10) Team player: Likes to work in teams, sensitive and willing to help others, knows when to be a leader and when to be a follower, puts group's interests before own, shares credit for joint work.
- 11) Intellectual curiosity: Ability to be satisfied with the intellectual challenge of his work, comfortable with the notion that client might not follow their advice.
- 12) Comfort with ambiguity: Can thrive in an environment in which things are fluid, non structured and uncertain, can bring structure and thought to what seems a confusing situation with maturity and poise.

Don't worry if it seems you don't meet these criteria. Most successful candidates really don't possess all of them. But being aware of these needs, and focusing your answers to demonstrate these skills, can be the difference between receiving an offer or not.

Talk about these skills, find where you developed them and applied them.

2) What should I do before the interviews?

This section will cover how to prepare for the interview. This part is a very important one, since it will determine how confident you are when you walk into the interviewing room.

a) Logistics:

The company should notify you if you are being invited for an interview. Generally, you are given several interview times to choose from. Recruiters remember early and late candidates the best. Although you may not be able to have the flexibility to decide this, try to avoid slots in the middle of the day, specially after lunch hour. In addition, many interviewers will be very critical on their very first interview of the date.

b) Understand the industry stereotypes:

Often, recruiters are looking for a "pattern" of people and backgrounds that have been successful in the past at their company. And unfortunately, often they are misled by surface impressions. Watch the consultants carefully on each occasion, see how they communicate, move and dress. Carry yourself with maturity.

Imagine that you are in a situation in which you must lead a meeting with senior executives. How would you act in that situation? Walk into your interview with that scenario in mind. Of course, your natural personality and warmth will make the difference!

c) Headlining:

It is hard for recruiters to spend eight hours in a row interviewing one student after another, asking the same questions all day. It is hard even to remember candidates. Much of the interviewer's assessment is subjective, and you need to make a lasting impression on an interviewer so that all you stand out of the pack.

Therefore, you need to have a very clear agenda for the interview. Come up with headlines - a few key points about you that will influence the interviewer. Prepare these headlines in advance, and back each headline with a will-chosen anecdote that is interesting enough to help the interviewer understand and remember the headline. The key is to slip in points about you during appropriate moments, not to force them on the interviewer obviously or awkwardly.

Interview preparation worksheet	
What is my story of why I want to work in this field?	
How did I develop an interest in this field?	
Why am I interested in this firm?	
What headlines about my personality do I want to imply? • ... • ... • ...	How will I communicate these? • ... • ... • ...
What headlines about my analytical skills do I want to imply? • ... • ... • ...	How will I communicate these? • ... • ... • ...
What headlines about my business sense and knowledge do I want to imply? • ... • ... • ...	How will I communicate these? • ... • ... • ...
What questions about the company will I ask at the end of the interview?	

Use the Interview Preparation Worksheet, as well as the CMC materials and presentations, to develop your headlines. The check these headlines against:

- The skills that firms are looking for
- The questions firms ask during the interview
- The characteristics of the firm you are interviewing with

d) Last minute details:

If you haven't yet, make sure that you find out what the company does, how it is different from its competitors, and three reasons why you want to work there as opposed to other companies. Also, make sure you have chosen four or five questions to ask your interviewer.

Make sure you get a lot of sleep the night before the interview, and a few nights before if possible. Get your preparation and clothes ready one or two days before so that you can relax. Do something fun with friends before the interview to take your mind off it, and you will be more relaxed and confident the next day.

e) Before you walk into the interviewer room:

Get early so you can take a deep breath, relax and work on last minute details (comb, restrooms, etc). Relax, and take this opportunity to exercise your skills and meet some interesting people.

Remember to visualize yourself as an executive attending an important meeting. Last but not least, if you think that this is a life-or-death interview, chances are you will psych yourself out.

3) What should I be aware of during the interview?

a) Attitude:

Don't complain or be too negative about something, focus on the positives of all your past experiences, be optimistic and be yourself.

b) Communication Skills:

"Delivery is as important as content". Your interviewer will be deeply influenced by your communications and interpersonal skills. Be aware of the way you communicate and the effect that this has on the interviewer. Interviewers like candidates with whom they feel some sort of rapport. Your attitude towards the interviewer will come across on your face and will make or break that rapport.

Non-verbal communications:

- Eye contact: Looking at the interviewer strengthens the point that you are making. Maintain fairly steady eye contact, especially when you are making a statement where your credibility might be questioned. If you are thinking, it is OK to look down or away for a few seconds. Shift your gaze from one eye to the other, this signals warmth and sincerity.
- Facial expression: You want to come across as happy, well-balanced person, because firms like happy people. Smile occasionally, and don't let the interviewer read nervousness on your face and gestures.
- Gestures: Subconscious movements, such as waving your arms to make a point, folding a piece of paper, or playing with your hair are distracting to the interviewer. In addition, they may come off as a sign of nervousness or dishonesty when you are answering difficult questions. Sit up straight in your chair; slumping conveys a sloppy, laid-back attitude. Lean forward when you are excited or interested.

Verbal communications:

- Pace: many interviewees speed up when they are nervous, and their words become slurred. Pausing for effect will heighten the listener's interest in what you are saying.
- Space Fillers: Don't be afraid of silence. Space fillers like "umm", "you know" etc. are both distracting and unprofessional.
- Logic: At all times, keep in mind the question you are supposed to answer. If you use a lengthy example, remember to tie the example back to the question. Doing so makes it seem that you had an organized approach to your answer.
- Amount: cut yourself when you have made a point. Don't let yourself recite information in five different ways.

c) Etiquette:

- Don't talk too much about money or perks.
- Be careful with your language, you never know what might offend the other person.
- Just in case, be politically correct.
- Don't sit down until the interviewer asks you or until he has done so.
- Posing overly tough or critical questions is impolite.
- Be nice to everybody.
- Don't delve yourself into extremely personal topics of preferences.

- Thank the interviewer for his time at the end of the session.

d) Spin control:

Too many qualified people rule themselves out because they think that they lack raw material. Destroy that myth right now, you are not studying at one of the best business schools because Kellogg is a charity organization.

Some suggestions to make the best impression include:

- Emphasize the use of "I"
- Explain your positions or activities, the skills demonstrated in that position, the challenges faced and the results accomplished
- Think what things that you have done can make you shine during the interview.
- Personality traits should be demonstrated, not directly stated.

4) What questions will I be asked during the interview?

a) The introduction:

During the first two or three minutes of the interview, interviewers introduce themselves and attempt to break the "ice" by making comments about the weather or other small talk. They also describe the structure of the interview. Remember that you are there because they chose you, and they will have a positive tendency towards you.

Many recruiters say that their impressions are shaped in the first five minutes of the interview. To make a good impression,

- Shake hands firmly with the recruiter.
- Relax; the interviewer is looking forward to meeting you after seeing your resume.
- Smile, show some warmth, but err on the formal side rather than on the informal until you have gotten a sense of the interviewer's style.
- If the interviewer attempts a small talk, make sure to engage in a conversation with him.

b) Personality questions:

Put yourself in the interviewer's shoes. They might have to work with you if you are hired, so they want to make sure they like you. This is the major purpose of this phase. If interviewers don't like you as a person, or you don't really fit in with the culture at the firm, they will find an excuse to reject you no matter how perfect your answers are, or if you say what you are supposed to say.

Interviewers are also testing whether they can put you in front of a client without embarrassment. Will you handle a difficult situation with grace and tact? Are you aware of what is appropriate behavior?

You have a big opportunity in this segment of the interview. Don't let the conversation ramble, focus on your agenda and direct it the way you want to.

Critical skills being tested include integrity, interpersonal skills (maturity, judgment, tact, etc.), communications skills and the ability to listen and to learn.

The most common questions that an interviewer will ask include:

- Personality Questions:
 - Failure questions
 - Self-awareness questions

- Ethics/Sensitivity questions
- Fun Questions
- Resume Questions:
 - Decision-making rationale
 - Teamwork
 - Leadership
 - Resume Case Question (e.g. tell me the strategy of your prior company...)
- Communications Questions
 - Teach me something in five minutes
 - Sell me the lamp of the desk...
- Business Questions:
 - Interests
 - Business Knowledge

For a complete set of questions, refer to the CMC Website:

<http://www.kellogg.nwu.edu/career/notebook/interview/faiq.htm>

c) Your questions:

In the last few minutes of the interview, interviewers will ask you if you have any questions. You are still being evaluated. While the quality of your questions probably won't make or break the interview, it does make a difference when interviewers are uncertain about your interest in our understanding of the job. Poor questions are seen as a sign of little interest.

Resist the temptation to succumb to fatigue when your interviewer is responding. Nothing is worse than when you ask a question and then stare at the interviewer blankly, repeating "uh-huh" and not listening.

Develop questions specifically for each interview.

For a set of questions, please refer the CMC Website:

<http://www.kellogg.nwu.edu/career/notebook/interview/qftr.htm>

Your questions for first round interviews should be more general and neutral, while your questions for second and third round should be detailed and more tailored to the firm that your first round questions, and don't repeat them! If you ask very basic questions, the interviewer will wonder why you did not ask them during the first round of interviews. Think about questions about the interviewer themselves, they like it!

Additional Resources

- In addition, the Consulting Club sponsored an interviewing expert last fall to discuss this portion of the interview. Mark Horstman's deck from this Effective Interview Communication Seminar is available on the Consulting Club website.
- Mark will be returning to Kellogg on January 14, 2002 and attendance is highly recommended for who missed him in the Fall. Mark's insights into the process and preparation methods are extremely helpful.

**Final Word of Wisdom:
PREPARE, PREPARE AND PREPARE!!**

Case Interview **Preparation**

- . Types of Cases**
- . Frameworks**
- . Tips on Interview Style**
- . Tips for Practicing Interviews**

HOW TO SUCCEED IN THE CASE INTERVIEW

There will be at least one person in the Kellogg Class of 2002 who is a case interviewing natural. She or he will get on every closed list, will not do any practice cases and will get 10 or more offers for summer internships in consulting. If you aren't absolutely certain that you are this person, continue reading.

What is a case interview?

Case interviews are generally based on real client problems on which the interviewers themselves have worked. They can be anywhere from 10 to 30 minutes in length and are believed to test your analytical and problem solving skills. Typically, the interviewer poses a business problem and you, the interviewee, ask questions about that problem. The interviewer should guide you and keep you on track. Your goal is to sort out the key issues, put together a logical approach to solving the problem, and offer a solution if possible.

What are the firms looking for?

Case interviews are intended to test more than your ability to analyze and figure out a problem. They provide the interviewer with a snapshot of how you would stand up on an engagement team. These are some of the skills the interviewer is looking for:

- Analytical
- Interpersonal
- Communication
- Strategic Thinking
- Organizational
- Creativity
- Ability to synthesize
- Curiosity
- Remaining calm and smiling while you are thinking that the case is unsolvable

Process is important

Unless you are a freak of nature, consulting case interviewing will not come naturally to you. Fortunately, like other things in life (example: GMAT-taking), it can be learned. To do it well, you need lots of practice and a consistent approach.

Here's an example:

Listen to the Problem Posed	Clarify Issues	Choose an Analytical Approach	Structure and Present Your Findings	Next Steps
Take notes and try to organize the facts into a useful reference	Ask questions to clarify anything that wasn't clear Restate the problem	Identify the key issues Create a hypothesis Test the hypothesis	Summarize your findings State where you're going next	Tell the interviewer about other issues you might want to think about

⇐ *Explain your thinking to the Interviewer throughout* ⇒

I) TYPES OF CASES

Cases can be broken into several large categories. You should try to organize your preparation for case interviewing such that you've seen some of each. You'll never know which type you will encounter in an interview and cases often are a mixture of several. This is a pretty sound breakout of case types and key points to explore, but is likely not exhaustive.

I) PROFIT IMPROVEMENT CASES

These cases test your ability to determine the most important factors that contribute to a firm's revenues and profits and an understanding of cost dynamics.

Example case: You are put on a case team hired by a large manufacturer of paper products whose profit is down 20% over last year? Your role is to stop this downturn in profits – what would you do?

Example case: I was recently working for a major clothing manufacturer whose unit profit margins had remained at historic levels, but whose overall company profits were falling. What would you recommend?

The task here is to show the interviewer how you would isolate the source of the problem and then recommend a solution.

II) INDUSTRY ANALYSIS CASES

These cases ask you to use your knowledge of microeconomics, marketing and even common sense to analyze an industry or market.

Example case: You are a small regional airline considering expanding. What are the key issues and what options would you suggest?

Example case: Tell me about your job before Kellogg, how would you describe the _____ market? Describe the market potential to me?

Suggested tools:

- Porters Five Forces
- Four C's

III) MARKET ENTRY/ EXPANSION CASES

These beauties test your ability to evaluate viable markets and opportunities and prioritize factors that make it easy or difficult to enter the market.

Example case: One of your clients has come to you interested in entering the market for roller-blade accessories? How would go about coming up with a recommendation?

Suggested Tools:

- Porter's Five Forces
- Four C's
- Profitability

IV) INVESTMENT CASES

These cases ask you to focus more heavily on finance and to think of the scenario in terms of long-term payoff. POETS, NO NEED TO PANIC!!!!

Example case: Kafe Kellogg is considering investing in a margarita bar, should they do it?

Example case: A concrete manufacturer is considering purchasing a small regional concrete producer. Should they?

The basic question you are looking to answer is whether this is a positive NPV project for the firm. For non-finance people, you do really need to understand this, but it should only take a half-hour in January with an investment banker or quant jock. You need to figure out whether the discounted cash flows that will be received in the future as a result of this investment will exceed the investment needed today. It just takes a tiny bit of work to figure out what the cash flows actually are and how they change over time.

V) MARKET SIZING CASES

Market sizing have an undeserved bad reputation. They can be the easiest cases to solve once you get used to them.

Example case: “How many golf balls are in the air in the world right now?”

Example case: “How many haircuts are given in Chicago per day?”

The most important point (and we'll put it in italics for you) is: *The interviewer is not looking for a RIGHT answer.* If a friend comes out of an interview and says, “Gosh, I calculated that there are 57 phone booths in Evanston and it turns out there are over 300, I guess I'll have to look for a brand job now”, please give them a good slap for us. Getting a right answer is unimportant, showing logical thinking is essential.

Interviewers are looking for people who can think on their feet, are comfortable with ambiguity, can make logical assumptions and then come up with reasonable estimates with confidence. Sounds easy doesn't it? The key to answering market sizing questions is making assumptions with confidence.

VI) BRAINTEASERS / ODDBALLS

Although these cases are rare, be prepared to get something that does not look like a business problem. This is usually in addition to the other cases and it is another way to evaluate your creativity and problem solving skills.

II) CASE FRAMEWORKS

MARKETING CASES: KOTLER'S FOUR P'S

Product

Features and capabilities
Positioning decisions and market segmentation
Differentiated versus commodity
Reliability, brand name (quality, reputation)
Packaging, size
Service and warranties
Future strategy

Distribution

Channels (consider level of desire and margins desired)
Coverage (trade off between coverage and costs)
Inventory – levels, turnover, carrying costs
Transportation – alternatives, efficiencies, costs

Promotion

Buying process:
Consumer awareness
Interest
Trial
Repurchase
Loyalty
Select sales (Pull versus Push) Pull = advertising / Push = discounts to merchandisers
Promotional efforts
Advertising medium (reach and frequency)
Direct selling
Sales promotions – incentives to consumers, sales force and channel members
Public relations

Price

Retail and discounts
Strategy: MC = MR, skim, penetrate
Volume or profits
Perceived value or cost plus margin
Economic incentives to channel
Establishing barriers to entry
Overall Strategy – relation to market size, product life cycle and competition



FOUR C'S: CUSTOMER, COMPETITION, COMPANY AND COLLABORATORS

<p>Customer Customer Perceptions Loyalty Switching costs Profitability of customer Purchase behavior Market Size/ Share Growth Segmentation Maturity Trends Product Price Differentiation Life Cycle Technology Substitutes</p>	<p>Company Economics Costs Profitability Capacity to develop / produce Channels</p> <p>Fit Strategy and vision Core competencies Culture Resources Brand equity Org Structure (incentives, compensation issues)</p> <p>Tools Break-even analysis Financials Org structure Experience Curve</p>
<p>Competition Industry Size, number of competitors, market share Competitive response Current strategy Capabilities Economies of scale/ scope Experience curve Resources: Financial Channels Organization Intangibles Competitive response</p>	<p>Collaborators Suppliers Distributors Synergies Buyer power Supplier power Parts of a system (camera + film + developer)</p>

PORTER'S FIVE FORCES

<p>Barriers to Entry Economies of scale Proprietary product differences Brand recognition High switching costs for the customer Capital requirements Difficult to access distribution channels Cost advantages of incumbents Government regulation, restrictions on entry Expected retaliation</p>	<p>Buyer Power increases with: Bargaining leverage Buyer concentration Low buyer switching costs Buyer information Availability of substitute products High price elasticity Low product differentiation High brand recognition of buyers products Low impact on buyer's quality</p>
<p>Rivalry Increases with: Industry growth High fixed costs + low variable costs High value added Intermittent over capacity Low product differentiation Low brand recognition Low switching costs Number of competitors Corporate stakes High fixed costs or high specialized assets High barriers to exit</p>	<p>Supplier Power Increases Differentiation of inputs Importance of suppliers product/ service in cost Structure of industry Lower Switching costs of suppliers Higher impact of inputs on costs or differentiation Lower Number of substitute inputs Higher threat of forward integration Lower importance of volume to suppliers Lower Supplier Concentration</p>
<p>Threat of substitute increase: Relative performance of substitutes Low switching costs Higher buyer propensity to substitute</p>	<p>Government: Regulation shift</p>

FIRM ANALYSIS: "INTERNAL VS. EXTERNAL" FACTORS

There are internal (company) and external (market) factors which both come together to influence a company's competitive strategy

Internal factors influencing a corporate strategy include:

1. Company strengths and weaknesses (or, if you prefer, core competencies)
2. Company objectives, values, and mission
3. Company systems and resources

External factors influencing a corporate strategy include:

1. Industry trends
2. Outside constraints (governmental, societal, legal)
3. Competitor activities

MICROECONOMICS ANALYSIS

Basic microeconomics provides the analytical basis for understanding many cases. Some of the issues to address are:

Type of market

Find out about type of market. What is 4 or 8 firm concentration ratio? What is minimum efficiency scale? (MES is the minimum level on the average cost curve.)

Perfect Competition

Without any product differentiation, a firm will be a price taker. A competitive firm's demand curve is horizontal and its price elasticity of demand is infinite. When the firm's demand curve is horizontal, each additional unit it sells adds sales revenue equal to the market price.

Marginal Revenue = Marginal Cost = Price

Monopoly

An industry dominated by one firm is a monopoly. This firm has a significant control over prices. A monopolistic outcome maximizes industry profits. A monopolist sets price so that $MR=MC=Price \cdot [1+(1/Ed)]$ where Ed is the elasticity of demand.

If demand is highly elastic, there is little advantage of having monopoly power since $MR=MC=Price$ (same as Perfect Competition). Even if demand is inelastic, a monopolistic firm must be careful in setting price. If price is set too high and barriers to entry are not, the market may attract new entrants.

Oligopoly

An oligopoly is seen in industries that have high barriers to entry and are dominated by a few firms. Firms have some control over prices and all players have the incentive to maintain high prices, as any price cut will be matched by competitors and reduce profits. Game theoretic analyses help understand industry outcomes.

Elasticity of demand: the degree to which demand for a product or service can be altered by a change in price indicates the extent of the elasticity of such demand.

How elastic is demand with respect to change in prices?

Consider long-term and short-term effects on elasticity of demand.

Consider pricing issues like:

Think about what price the market will bear. Also identify substitution effects. Keep in mind that demand may be inelastic in the short run, but is typically more elastic in the long run.

How do competitors react to price change?

Consider methods to enhance and support price discrimination.

Is price too low (might compromise the reputation of the brand) or is it too high (might effect market share)?

Some important concepts for microeconomics analysis are:

Price discrimination: consider how the firm can enhance and support price discrimination (remember, price discrimination increases profits).

Double marginalization: consider how total profits in a vertical chain can be maximized by integrating with your supplier. This is possible when a supplier's pricing decision leads to inefficiencies in a firm's production decisions.

Transfer price: think of any inefficiency caused by artificial transfer pricing within a firm.

Break-even Point: $BEQ = (FC) / (P - VC)$

Break-even point determines the minimum units of sales necessary to break-even quantity.

The price minus the variable cost per unit is called the contribution margin. It represents the amount left after the sale of each unit and the paying of the variable costs in that unit that "contributes" to the paying of the fixed costs.

FINANCIAL STATEMENT ANALYSIS

Basics of the Income Statement:

	Gross Revenues (equals units x price)
Subtract	returns and allowances
<hr/>	
Equals	Net Sales
Subtract	Cost of Goods Sold, which is comprised of the following four items:
	Direct Labor
	Direct Materials Cost
	Overhead (watch out for allocation!)
	Delivery Costs
<hr/>	
Equals	Gross Margin
Subtract	Selling, General, and Administrative Expense
Subtract	Depreciation
<hr/>	
Equals	Operating Profit
Subtract	Interest Expense
<hr/>	
Equals	Profit Before Taxes

Basics of the Balance Sheet:

Assets

Current Assets:	
Cash	A
Short-term investments	B
Accounts receivable	C
Inventories	D
Prepayments	E
Total Current Assets	A+B+C+D+E=F
Property, plant, and equipment	G
Less allowance for depreciation	H
Investments	I
Other assets	J
Total Assets	F+G+H+I+J
<hr/>	

Liabilities and Stockholder's Equity

Current Liabilities:	
Accounts payable	K
Loans payable	L
Income taxes payable	M
Dividends payable	N
Total current liabilities	K+L+M+N=O
Long-term debt	P
Deferred income taxes and non-current liabilities	Q
Total Liabilities	O+P+Q=R
<hr/>	
Shareholder equity	S
Common Stock	T
Retained Earnings	U
Total Stockholders' Equity	S+T+U=V
<hr/>	
Total Liabilities and Stockholders' Equity	R+V (= total assets)
<hr/>	

PROFITABILITY ANALYSIS

Profitability equation:

Profit = Revenue – cost

Revenue = f (price/unit * quantity) Cost = f (FC + VC + CC)

How do you increase revenue?

Increase prices

Increase volume

Decrease costs

Increasing price

Market power

Demand elasticity

Differentiated product

Higher prices of substitutes

Additional benefits – customer service

Increase Sales Volume

Increase market share

New products to new customers

More products to current customers

Increase growth

Improve technology

Promotion

Find more efficient channels

Decrease Costs

Cost structure of firm / Evaluate value chain

Improve utilization of equipment

Outsource manufacturing

Consolidate purchasing

Reallocate to lower cost areas

Partner with distribution

Strategic IT

Identify cost drivers

Consider Fixed versus variable costs

Which costs can be decreased

What are the competitors cost structures

How have costs changed over time

Direct costs: materials, labor, factory overhead

Indirect costs

SG&A: overhead, depreciation, capital costs, R&D

CAPACITY CONSTRAINTS

Benefits of increased capacity

Necessity for market growth
Productivity enhancement
Decreased costs
Introduction of new technology
Alternate uses of capacity

Costs and Dangers of increased capacity

Consider firm and industry excess capacity
Impact on prices and industry balance
Opportunity cost
Consider
NPV / IRR
Breakeven analysis
Payback period

Alternatives to increasing capacity

Outsource
Lease
Subcontract

VALUE CHAIN ANALYSIS

Uses of value chain:

Costs
Profits
Activities and core competencies

Primary Activities

Inbound Logistics – Receiving, storing, materials handling, warehousing, inventory control, vehicle scheduling and returns to suppliers
Operations – Transforming inputs to final product form (machining, packaging, assembly equipment, testing, printing and facility operations)
Outbound Logistics – Distributing the finished product (finished goods warehousing, material handling, delivery operation, order processing and scheduling)
Marketing and Sales – Induce and facilitate buyer to purchase the product (advertising, sales, quoting, channel, channel relations and pricing)
Service – Maintain and enhance value of product after sale (installation, repair, training, parts supply and product adjustment)

Support Activities

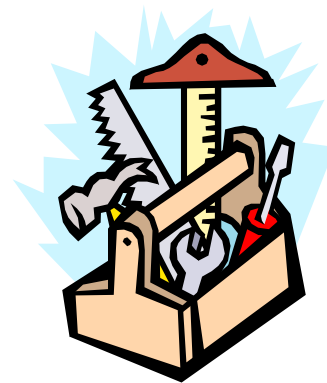
Procurement – Purchasing of raw materials, supplies, and other consumable items as well as assets
Technology Development – Know-how, procedures and technological inputs needed as every value chain activity
Human Resources Management – Selection, promotion, placement, appraisal, rewards, management development and labor/ employee relations
Firm Infrastructure – General management, planning, finance, accounting, legal, government affairs, and quality management

III) DEVELOPING A TOOLKIT

If you want to enter case interviews prepared for 90% of the cases that you will encounter, you will want to create your own master toolkit. You need to go through the process of learning what works for *you* and then develop a plan that reflects your own way of thinking about things. Simply put, you need to read a lot of the preparation materials, try them out and then steal the framework ideas to create a standard way of approaching cases. Each of us is different, so each of us requires different prompts to tackle a case.

This toolkit will not solve the case for you. It should provide you a mental checklist of frameworks and methods that help you to interpret the information in a case and feed your own thoughts back to the interviewer coherently. The end of this booklet contains Master Toolkits shared by previous 2nd years. Remember not to copy these, your own approach is one of the ways that you can differentiate yourself from other candidates.

READER WARNING: These are just examples. Do not use these as the basis for your interviews. You need to develop your own. Do not try this at home.



ToolKit 1) PETE'S SAMPLE MASTER TOOLKIT

Internal: Activities and actions that take place within the firm.

External: Activities and actions that take place outside the firm or involve the firm's interaction with its surroundings

Profit = Revenue – cost

Revenue = f (price/unit * quantity) Cost = f (FC + VC + CC)

Value Chain:

Inputs + Production + Marketing + Distribution + Sales Consumer →

Benchmarking:

- What is best practice in the industry?
- Who has done this type of project already?

Porter's Five Forces:

- Competition
- Supplier Power
- Buyer Power
- Substitutes
- Entry/Exit

ToolKit II) ANDREA'S SAMPLE MASTER TOOLKIT

- Financial structure
- Three C's
- Organizational Readiness
- Market *** Customers and Product *** Competition *** Costs
- Value Chain
- Profitability

ToolKit III) JANET'S SAMPLE MASTER TOOLKIT

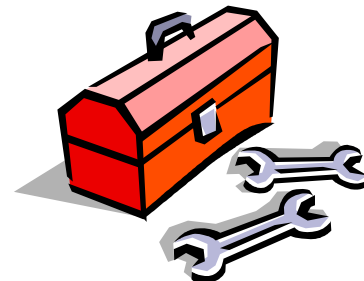
1. Market Forces
 - industry growth, 5 forces, trends
 - competition (relative market share and cost position, likely competitive reaction, control over pricing)
 - marketing, product differentiation
 - key success factors
2. The Consumer
 - trends, tastes, brand loyalty
 - distribution channels, price sensitivity
 - key decision factors
3. The Firm
 - strategy, culture, readiness for change
 - core competencies

(1), (2) & (3) then feed into the following equation:

$$\text{Profit} = \text{Price} * \text{Quantity} - \text{FC} - \text{VC}$$

	Overhead	Labor
	PP&E	Raw materials


That's it – now go create your own.



IV) TIPS ON STYLE

Put yourself in the interviewer's shoes: He or she is thinking that they may some day be working with you on a project, that they may be working with you in the same team room all day, and that they might get stuck with you for hours at an airport. Moreover, many consulting firms do work at the client site (as opposed to the office) and need to assess whether you are "presentable." Here, presentable is defined in the broadest possible sense: how you speak, dress, interact, listen, and so forth.

In short, interviewing is so subjective, you need to focus on style and delivery *in addition to* content. You would be surprised how much a good style can mask a few shortcomings. Put another way, given the choice between two stellar candidates on paper, the interviewer will likely remember a candidate's style while making an assessment.

- **Build rapport early:** As soon as you shake hands with your interviewer, the evaluation begins. And like the computer-adaptive GMAT, the first few questions have a greater impact on your score than the later ones do. Do not miss the opportunity to engage in the art of small talk as you walk from the waiting room to the interview room for example.
- 
- **Engage the interviewer:** This should be a discussion. Make sure you are constantly gauging the reaction of your interviewer to make sure he or she is following you. Avoid the tendency to ramble on about all the possible causes for a problem with choosing one to start with and asking your interviewer "Does that sound reasonable?"
 - **Show interest:** Even if you get a case on pet house-breaking wee wee pads, make sure you look like you are genuinely and thoughtfully interested in addressing that problem. You may want to ask the interviewer afterward if he or she worked on such a case and how it turned out. But don't push it! Only do this if you are a terrific actor.
 - **Communicate appropriately:** Minimize hoity-toity b-school buzzwords, talk English. Remember they're imagining how you would communicate to a client. Also, if you're interviewing with a strategy firm, talk strategy; an e-commerce firm, talk e-commerce, and so forth. Draw graphs to illustrate your point (especially on economic issues).
 - **Have poise.** Show comfort with ambiguity. At some point, an interviewer may make you feel uncomfortable (sometimes even on purpose.) Now that you know it's coming – try not to worry about it.
 - **Public math:** Yes, you will be asked to multiply $7 * 13$ or some other random numbers. Don't panic! Talk out loud, do your best to pick easy numbers when you have the option and let the interviewer know that you are going to be rounding the numbers off. Avoid constipated looks when you're doing math. Have poise and look like you're enjoying it.
 - **Enjoy the silence:** Take a few thoughtful moments before answering each fit question and to collect your thoughts before launching into a case. Don't talk just to fill space. Never be afraid to take a few seconds to regroup in the middle of the interview. Have poise.
 - **Interviewing is a two-way process:** View it as a chance to get to know the firm better – it's important that you try to figure out if you would actually like working there. Remember that cases that you get are often reflective of the type of work the firm does.

- **Develop a list of quality questions to ask the interviewer:** Don't get caught with nothing to ask, even if you don't really care about the answer. Firms are looking for intellectual curiosity. Take advantage of the person sitting in front of you: ask questions that allow them to talk about themselves and their experiences. After all, it's people's favorite topic of discussion. Use the question time to let your personality shine.

Tips for Practicing Interviews

There is no prescription for the number of cases you should be doing per week or the number of hours you should be practicing. Last year, commitments ranged from 2 to 8 hours of practice per week. Most people who were focused on consulting treated case prep as their 5th class during January. But to get the most out of your practice no matter how much time you decide to spend we propose the following:

- Find a group of first years who have the same commitment to practicing consulting cases that you do.
- This group can be just about any size. In the beginning you may want to start with three people in the room: one watches while the other two practice and you rotate. As you get more proficient, you may just want to practice in groups of two.
- Large groups bring the benefit of varied practice partners, but you will have to invest some time into coordination. Also, much of the legwork can be shared within a large group. For example, one large group split up the task of researching all the consulting firms and putting together a "cheat sheet" for each firm for all to glance right before an interview.
- Recreate the scene. Role play. Time the interview. Give a tough interview, but give clues when at an impasse.
- Start the interview with a few practice fit questions from your resumes. Remember: Do not underestimate the importance of the fit portion.

Case Preparation **Material**

- . General Consulting Industry Preparation**
- . Case Practice Resources**
- . Sample Cases**

P R E P A R A T I O N M A T E R I A L S

By now you are thinking, how am I supposed to do all this? People have faced the need to interview with consulting firms before and there are lots of sources of information.

GENERAL CONSULTING INDUSTRY RESOURCES

Looking for something to read over the holiday break? Look no further. This section is an overwhelming list of resources that will help you better understand the world of consulting. We want to emphasize that you shouldn't go out and read them all – you would be thoroughly burned out if you did! It probably makes sense to choose a few of the items and spend some time, eggnog in hand, with the ones you feel will be most helpful to you.

1. HBS Press, Wet Feet Press and Vault Reports
 - “The Harvard Business School Guide to Careers in Management Consulting--2000” [http://www.hbsp.harvard.edu/hbsp/prod_detail.asp?1917]
 - Wet Feet Press “So You Want To Be a Management Consultant” [wetfeet.com]
 - Vault Reports “Industry Guide: Management Consulting” [vaultreports.com]
 - These firms provide industry overviews that are both candid and current. Products can be ordered via their web sites and Kellogg students get a discount.
 - Firm specific reports: these booklets very effective in helping you understand the difference between firms.
2. The Kellogg Consulting Club Web Page
 - http://www.kellogg.nwu.edu/student/club/consult/cons_000.htm
 - Improvements in recent years have made this page a terrific resource for students.
 - Check under links and news to see the latest recommended readings.
 - Student look-up function: This is the best part of our new site! You can choose a firm and pull up the face book for current students (interns & Alumni) or even find graduates. Use this function to harass second years!
 - Cases, cases, cases: dozens of new cases can help you with your case frenzy.
3. Firm Web Sites
 - You can tell a lot about a firm from its web site.
 - Typical content includes: firm history and philosophy, recent work, skills that firm look for in a recruit, case advice and even interactive practice cases.
 - Web links are available on the CMC web page.
 - A great call if you find yourself with 10 minutes before an interview and know nothing about a firm.
4. Dangerous Company, James O’Shea and Charles Madigan
 - A book that details the use (and abuse) of consultants. May cure you of your desire to become a consultant, but gives a good overview.
 - Written by former editors of the Chicago Tribune who now reside Evanston and Wilmette.
5. The Economist: Special Insert on Management Consulting, March 1997
 - This article is a few years old now, but is a great one for you if you really don't get the whole consulting thing.
 - Provides some good numbers on relative size and focus of many of the major firms.
6. Firm recruiting brochures
 - Many of these brochures are kept up in the CMC and are handed out at the firm presentations.



- It's funny. If you really look at the content, they all say exactly the same thing.

7. The Consultants News

- This monthly rag is a two-minute read and can help you stay current (and it's free, if you just fill out a painful survey).
- Can help you give the impression that you really understand the industry.

CASE PRACTICE RESOURCES

There are sources for practice cases all around you. Since you don't know what you will encounter during the recruiting season, it's best to get some material from each and make sure you mix it up. Here are some of the best sources:

1. The Consulting Club Web Page:

These cases are pretty good and supply a mixture of the types of cases that we have discussed. This is a good place to start. Various firms have donated cases for practice. These often give you an idea of what kind of cases to expect from those firms.

2. Consulting Firm's Web Sites:

These often have sample and interactive cases and give you a flavor of what type of cases each firm likes and how to approach them.

3. Consulting Firm Practice Events:

The companies will have events that allow you to see cases done, to do cases with consultants, and to write and give cases in front of a group. Firms emphasize that these events are non-evaluative, but we are a bit suspicious. Just in case, we suggest you play it safe and behave yourself. Keep all your clothes on.

4. Second Years:

Most of the second years have the cases that they have been given in their heads. Many have a box of consulting cases in their closet as well. They can also give you a better idea of how to really run an interview – ask them to give your team a case. There is a masterful sorting function to help you find 2nd years on the consulting club web site.

5. Career Resource Center:

Get to know that room across the hall from the CMC. The loan out videos of the case preparation workshops that consulting firms have held at Kellogg in the past. These give you an idea of how one of these interviews is structured and takes a lot of the mystery out of the process.

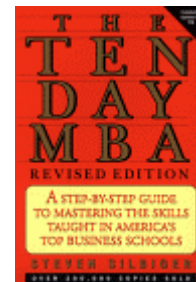
6. Your Professors:

They know this stuff. Look for notes on their web pages to brush up on your core especially strategy and microeconomics. Figure out where the best information is and share with each other.

7. Books:

It doesn't hurt to brush up on some of the chapters in your management and strategy textbook. Also *Ten-Day MBA* by Steven Silbiger is a great "cliff notes" to the core MBA subjects. There is a chapter for each. And of course:

- WetFeet Press "Ace Your Case" wetfeet.com
- Vault Reports "Case Interviews" vaultreports.com



FINAL NOTE

Well, that's the whole Enchilada. You now have the tools to get to work and to build up your **mojo** for the January onslaught. If you put in the time and effort, you will improve your odds of getting the job you want.

Now Practice, Practice and then Practice some more, and don't forget to have some fun in the process as well.

Good luck and Knock 'em dead!



Sources:

"The Fast Track: the Insiders Guide to Winning Jobs in Management Consulting, Investment Banking and Securities Trading"; Mariam Naficy, Broadway Books, 1997.

"PCS to Corporate America: From Military Tactics to Corporate Interviewing Strategy"; Roger Cameron.

"Power Interviews: Job Winning Tactics from Fortune 500 Recruiters"; Neil Yeager and Lee Hough.

"Introduction to the Case Interview"; AT Kearney, 1997.

MIT/Sloan Resource Book, 1996/97.

"The Industry Insider. Ace Your Case! The Essential Management Consulting Workbook" – Wet Feet Press