Case Interviews

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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

Information gathering:
Ask questions, identify specific problem

Business strategy:
Propose ideas, apply framework

Analysis:
Estimation, calculations

Conclusion:
Make a recommendation

Resume/behavioral questions
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 keys 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, it's 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:

<table>
<thead>
<tr>
<th>Current model</th>
<th>Joining ACO</th>
<th>Merging with hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100M revenue</td>
<td>-</td>
<td>Share revenue 60/40</td>
</tr>
<tr>
<td>$40M/yr local costs</td>
<td>Additional $20M/yr</td>
<td>-</td>
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</tbody>
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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