Cracking the Case
Case Interview Training
Strategy and Operations
October 3, 2005
Case Interview Training Agenda

Objectives

What is consulting?

Who is Deloitte?

Case Interview Preparation

- What is a case interview and what do companies expect?
- How do you approach a case?
- Example case
- Practice

Additional Information
Objectives

By the end of this session you should:

- Understand what a career in consulting has to offer
- Know how Deloitte is positioned in the consulting industry
- Understand what a case interview is
- Be ready to begin case preparation:
  - Know what is expected in a case interview
  - Understand how to approach cases
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### Types of Consulting

<table>
<thead>
<tr>
<th>Type</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy &amp; Operations</strong></td>
<td>Corporate Strategy, Financial and Performance Management, Operations</td>
</tr>
<tr>
<td><strong>Human Capital</strong></td>
<td>Organization and People Performance, HR Operations and Technology, Change Leadership and Learning, Total Rewards</td>
</tr>
<tr>
<td><strong>Enterprise Applications</strong></td>
<td>Software related – Cognos, Oracle, Microsoft, SAP, CRM packages</td>
</tr>
<tr>
<td><strong>Technology Integration</strong></td>
<td>Development services, Enterprise Connection Services, Technology, Architecture and Network Services, Enterprise Service Management and Security</td>
</tr>
<tr>
<td><strong>Outsourcing</strong></td>
<td>Application Outsourcing, Business Process Outsourcing</td>
</tr>
</tbody>
</table>
Overview of Consulting Process

New consultants usually begin as generalists and become more specialized over time.

Clients can be from any industry.

Work is often done at the client site.

Consultant

Engagement

Fee & Relationships

Client
## Motivations for Hiring Consultants

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perspective</td>
<td>Client wishes to gain a different perspective of their business and industry</td>
</tr>
<tr>
<td>Speed</td>
<td>Client wants to accelerate their business</td>
</tr>
<tr>
<td>Resources</td>
<td>Client needs access to resources such as knowledge, research and people</td>
</tr>
<tr>
<td>Management</td>
<td>Client needs management expertise because they are unable to deal with their big issues</td>
</tr>
<tr>
<td>Politics</td>
<td>Client needs an unbiased opinion that internal parties will accept</td>
</tr>
</tbody>
</table>
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Deloitte consultants have access to unparalleled skills and experience in the integrated firm

Consulting projects can draw upon expertise from other areas of the firm

- Tax strategies, structuring and planning
- Enterprise risk / controls / security
- Assurance / financial & real estate advisory
- Transformational outsourcing

Source: Deloitte Internal Research
Deloitte is the world’s 3rd largest consulting firm

### Ten Largest Consulting Firms in the World (FY03)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Firm</th>
<th>Consulting Revenue ($M)</th>
<th>Revenue Growth</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IBM</td>
<td>$12,955</td>
<td>-2.0%</td>
<td>11.1%</td>
</tr>
<tr>
<td>2</td>
<td>Accenture</td>
<td>$8,272</td>
<td>-7.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>3</td>
<td>Deloitte</td>
<td>$5,920</td>
<td>2.5%</td>
<td>5.1%</td>
</tr>
<tr>
<td>4</td>
<td>Cap Gemini E&amp;Y</td>
<td>$5,073</td>
<td>-22.6%</td>
<td>4.4%</td>
</tr>
<tr>
<td>5</td>
<td>CSC</td>
<td>$3,350</td>
<td>-8.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>6</td>
<td>BearingPoint</td>
<td>$3,141</td>
<td>3.0%</td>
<td>2.7%</td>
</tr>
<tr>
<td>7</td>
<td>Hewlett-Packard</td>
<td>$3,095</td>
<td>-0.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>8</td>
<td>McKinsey &amp; Co.</td>
<td>$3,000</td>
<td>0%</td>
<td>2.6%</td>
</tr>
<tr>
<td>9</td>
<td>Mercer</td>
<td>$2,719</td>
<td>1.4%</td>
<td>2.3%</td>
</tr>
<tr>
<td>10</td>
<td>SAP</td>
<td>$2,461</td>
<td>-11.0%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Source: Kennedy Information

Consulting Facts:

- Strategy practice among the largest in the world
- Global reach
- 38,000 consulting professionals

1Kennedy Information ranked Deloitte’s strategy practice among the three largest in the world over each of the past four years.
Strategy & Operations fits into the Consulting group at Deloitte

- Corporate and business unit strategy
- Customer channel strategy
- IT strategy

- Performance measurement
- Business risk identification
- Revenue cycle enhancements

- Strategic sourcing and procurement
- Supply chain strategy and planning
- Logistics operations
- Health care
- Government
- Production operations (Lean, 6 Sigma)

Consulting
- Financial Advisory
- Tax
- Audit
- ERS

Strategy & Operations
- Human Capital
- Enterprise Applications
- Technology Integration
- Outsourcing
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What is a case interview?

- The case interview is a critical component of the recruiting process at major consulting firms
  - More time is often spent on cases than “fit” or “behavioural” interviews
  - Typically interviewees are given multiple cases in each round of interviewing
- Opportunity to demonstrate your problem solving abilities, interpersonal skills, creativity and adaptability
What is a case?

Hypothetical, open-ended business issue or dilemma

Types:

**Verbal Case**
- A short verbal summary of a situation or complication is provided
- Interviewee must ask probing questions to determine root cause and form recommendation

**Written Case**
- Detailed case is provided in written format, often including tables and/or graphs
- Some analysis of data will be expected
- Interviewee must respond to specific questions posed in the case

**Combination of Verbal/Written**
- A short verbal summary is provided, with supporting tables/graphs
- Tables/graphs may be automatically provided, or only given in response to good questions

*Helpfulness of the interviewer is highly variable*
What are companies looking for in the case interview?

<table>
<thead>
<tr>
<th>Analytical Skills</th>
<th>People Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>▸ Problem definition and solution structuring</td>
<td>▸ Communication skills</td>
</tr>
<tr>
<td>▸ Analytical ability</td>
<td>▸ Listening</td>
</tr>
<tr>
<td>▹ Quantitative capabilities</td>
<td>▸ Presentation / speaking</td>
</tr>
<tr>
<td>▸ Ability to:</td>
<td>▸ Business acumen</td>
</tr>
<tr>
<td>▹ Synthesize data</td>
<td>▸ Confidence</td>
</tr>
<tr>
<td>▹ Think creatively</td>
<td>▸ Performance under pressure</td>
</tr>
<tr>
<td>▹ Tolerate ambiguity</td>
<td></td>
</tr>
<tr>
<td>▹ Defend hypothesis</td>
<td></td>
</tr>
</tbody>
</table>
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Process for Solving Cases

- **CLARIFY**: Ensure complete understanding
- **STRUCTURE**: Develop approach to solve problem
- **ANALYZE**: Request information to test hypothesis
- **CONCLUDE**: Synthesize findings into recommendations
Clarification is vital to ensuring your understanding of the problem

- Listen closely to problem definition
- Ask questions to improve understanding
- Paraphrase the original question to confirm understanding

If you misunderstand the problem you will get on the wrong track!
Process for Solving Cases - Structure

A structure will allow you to systematically investigate the issue

- State your hypothesis upfront – this demonstrates insight
- Develop a structure or framework to approach the problem
- Let the interviewer know what structure you plan to use

*If you do not structure your analysis, you will miss critical issues that need to be explored!*
Process for Solving Cases - Structure

Choose a framework to structure your answer:

- Choose a framework that fits the problem, do not try to fit the problem into a framework
- Develop your own framework or modify an existing framework, as long as it makes sense – this demonstrates your adaptability
- Avoid referencing a pre-made framework by its name – example: “I’m going to use Porter’s Five Forces to determine the issues affecting company X”
- Outline the components of the framework in your own words
### Process for Solving Cases - Structure

#### Problem Type

<table>
<thead>
<tr>
<th>Framework Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>M&amp;A/Execution</strong></td>
</tr>
<tr>
<td>- Value Chain</td>
</tr>
<tr>
<td><strong>Competitive Strategy</strong></td>
</tr>
<tr>
<td>- Porter’s 5 Forces</td>
</tr>
<tr>
<td>- SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)</td>
</tr>
<tr>
<td><strong>Organizational</strong></td>
</tr>
<tr>
<td>- 7-S (Strategy, Structure, Systems, Style, Staff, Skills, Shared Values)</td>
</tr>
<tr>
<td><strong>Marketing</strong></td>
</tr>
<tr>
<td>- 4 P’s (Product, Price, Place, Promotion)</td>
</tr>
<tr>
<td>- 3 C’s (Company, Competitors, Customers)</td>
</tr>
<tr>
<td>- Growth/Share Matrix</td>
</tr>
<tr>
<td>- 2x2 Matrix</td>
</tr>
<tr>
<td><strong>Profitability</strong></td>
</tr>
<tr>
<td>- Profit = Revenue – Cost</td>
</tr>
<tr>
<td>- Revenue = Price x Quantity</td>
</tr>
<tr>
<td>- Cost = Fixed Costs + Variable Costs</td>
</tr>
<tr>
<td><strong>General</strong></td>
</tr>
<tr>
<td>- Minto Pyramid</td>
</tr>
</tbody>
</table>
Process for Solving Cases - Structure

Additional tips on structuring:

- Logical structuring is essential
  - Components should be MECE (Mutually Exclusive, Collectively Exhaustive)
- Structure your answers and how you think
  - Think out loud – say what you are going to say, say it and say what you said
  - Do not lose sight of your structure when speaking
Process for Solving Cases - Analyze

Analyze the problem using your chosen framework:

- Explore each major area of your framework by asking the interviewer broad questions
  - Ask more specific questions about the areas that may result in useful information
  - Recap findings at the end of each area before moving on to the next one
  - Abandon areas that will not yield helpful information – take hints from the interviewer

*Be flexible and take cues from the interviewer!*

*Your interviewer will give you hints about what areas are important.*
The conclusion is the “executive summary” of the case

- Summarize your key findings
- State recommendations – was your hypothesis correct?
- Discuss potential risks related and possible mitigation strategies
- Discuss implementation and next steps

Your conclusion will demonstrate your ability to synthesize information and present a logical, convincing argument.
### Process for Solving Cases – DOs and DON’Ts

#### DOs

- Relax – Take a deep breath before you start
- Take your time (within reason) - Once the interviewer gives you the problem, ask for few minutes to structure your approach
- Listen to your interviewer – ensure understanding and take hints
- Think out loud – make sure your thought process is structured
- Be concise – Once you have identified underlying problems, begin to formulate possible recommendations
- Ask logical questions - The interviewer will only provide information if you ask. Make sure your questions follow your structure
- Be confident without being arrogant

#### DON’Ts

- Don’t jump to an answer right away
- Don’t make assumptions without clarifying with the interviewer
- Don’t worry about the right answer, worry about the right approach
- Don’t exclusively rely on pre-made frameworks – modify or develop your own whenever possible
- Don’t appear frustrated or flustered
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- Visit the Deloitte site (www.deloitte.ca) for additional information on the firm and job postings
  - Deloitte will not be recruiting directly from UofT undergraduate programs for Business Analyst positions this year, but will start in fall 2006

- Contact Chris Jones at cjones@deloitte.ca if you have any questions
  - Please do not send Chris your resume!

- We have provided the UTCA with additional cases to post on the portal
Questions?
Appendix
Minto Pyramid Framework

- SCQA structure
- “S” – Situation: Outline the current situation or status
- “C” – Complication: What has happened to change or complicate the situation?
- “Q” – Question: What is the question that arises from the complication?
- “A” – Answer: The answer to the question. It is often a recommendation.
Frameworks – Porter’s Five Forces Model

Used to define key forces within the industry

- Suppliers
- Customers
- Substitution threats
- Barriers to entry

**Rivalry**
(us versus them)

**External Environment:**
- Major economic shifts
- Changes in government regulations
- Changing social concerns
## Frameworks - Three C’s

| Company        | Cost structure, breakeven, capacity utilization? Costs compared to competitors?  
|                | Financial resources?  
|                | Company and product fit? Core competencies?  
| Competitor     | Who are they? How are they different?  
|                | What is the level of competitive intensity in the industry? What channels do they use?  
|                | How are products differentiated?  
| Customer       | What segments exist?  
|                | How do they make purchase decisions?  
|                | What specific features do they look for?  

Addition to the Three C’s Framework

While names differ the extra element generally looks at overall trends in the industry.

<table>
<thead>
<tr>
<th>Industry Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>‣ Is the market growing?</td>
</tr>
<tr>
<td>‣ Are all competitors facing similar problems?</td>
</tr>
<tr>
<td>‣ What are the industry trends?</td>
</tr>
</tbody>
</table>

This can be a good place to start point before you go into the 3 C’s.
BCG matrix

Can be used to optimize a business’s product portfolio based on product life cycle

<table>
<thead>
<tr>
<th>Business Growth Rate</th>
<th>Relative Position (Market Share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>high</td>
<td>high</td>
</tr>
<tr>
<td>QUESTION MARKS</td>
<td>STARS</td>
</tr>
<tr>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>DOGS</td>
<td>CASH COWS</td>
</tr>
</tbody>
</table>

Diagram:
- **QUESTION MARKS**: High growth, low market share
- **STARS**: High growth, high market share
- **DOGS**: Low growth, low market share
- **CASH COWS**: Low growth, high market share
Frameworks – Profit Improvement

Revenue and Cost Sources

- Gross Revenues:
  - Units
  - Price

- Discounts
- Returns

- Fixed:
  - Overhead

- Variable:
  - Labor
  - Materials

- Very common framework
- Focus in on an area where there has been recent changes or that is poorly understood by the company
Frameworks – The Value Chain

- **Raw Materials**
  - Cost
  - Selection
  - Supplier

- **Manufacturing**
  - Cost
  - Quality
  - Speed
  - Supply

- **Marketing**
  - Price
  - Product
  - Place
  - Promotion

- **Distribution**
  - Cost
  - Channel
Market Sizing - Cases

- “Back of the envelope” computation

- Designed to test your ability handling numbers as well as your ability to make quick and reasonable assumptions

- Key is not to get the “right answer” but to clearly think through the necessary steps to arrive at the answer
Market Sizing - Tips

- Make rough estimates but support them
- Use pencil and paper
- Round numbers off to make calculations easier
- Sketch out the logic of how to get from here to there before you start the math
- Watch the interviewer for subtle clues as to how you are doing. You can also ask “does it seem reasonable?”
- Practice before the interview
- Learn basic data about population, demographics, income distribution, etc. (I.E know the population of the U.S/Canada and how many people are in a household)
Market Sizing - Example

How many men’s Gillette Sensor blades are sold in the US in one year?

- 250 mm people in the US
- 125 mm are men (50 % of all people men)
- 100 mm men of shaving age (men evenly distributed in 5 quintiles of 15 years and those under 15 years old don’t shave)
- 75 mm use disposable razors (assume 25% use electrical based on % of my friends who use them)
- 15 mm men use Sensors (assume 20% market share because 1out of 5 rows of razors in the supermarket are for Sensors)
- 750 mm Sensor blades sold per year (assume one razor per week and use 50 weeks to simplify the math)