

Preparation for Case Interviews

Session 1

1/09/19

What is consulting?

- Engaged in the business of giving expert advice to people working in a professional or technical field.*
- Helping people solve problems and move from their current state to their desired state.**

List of Management Consulting firms

McKinsey&Company

BCG

BAIN & COMPANY 

 OLIVER WYMAN

Roland Berger
Strategy Consultants

ATKearney


accenture

Консалт.
бутики

STRATEGY

PARTNERS


ERNST & YOUNG

Deloitte.


pwc

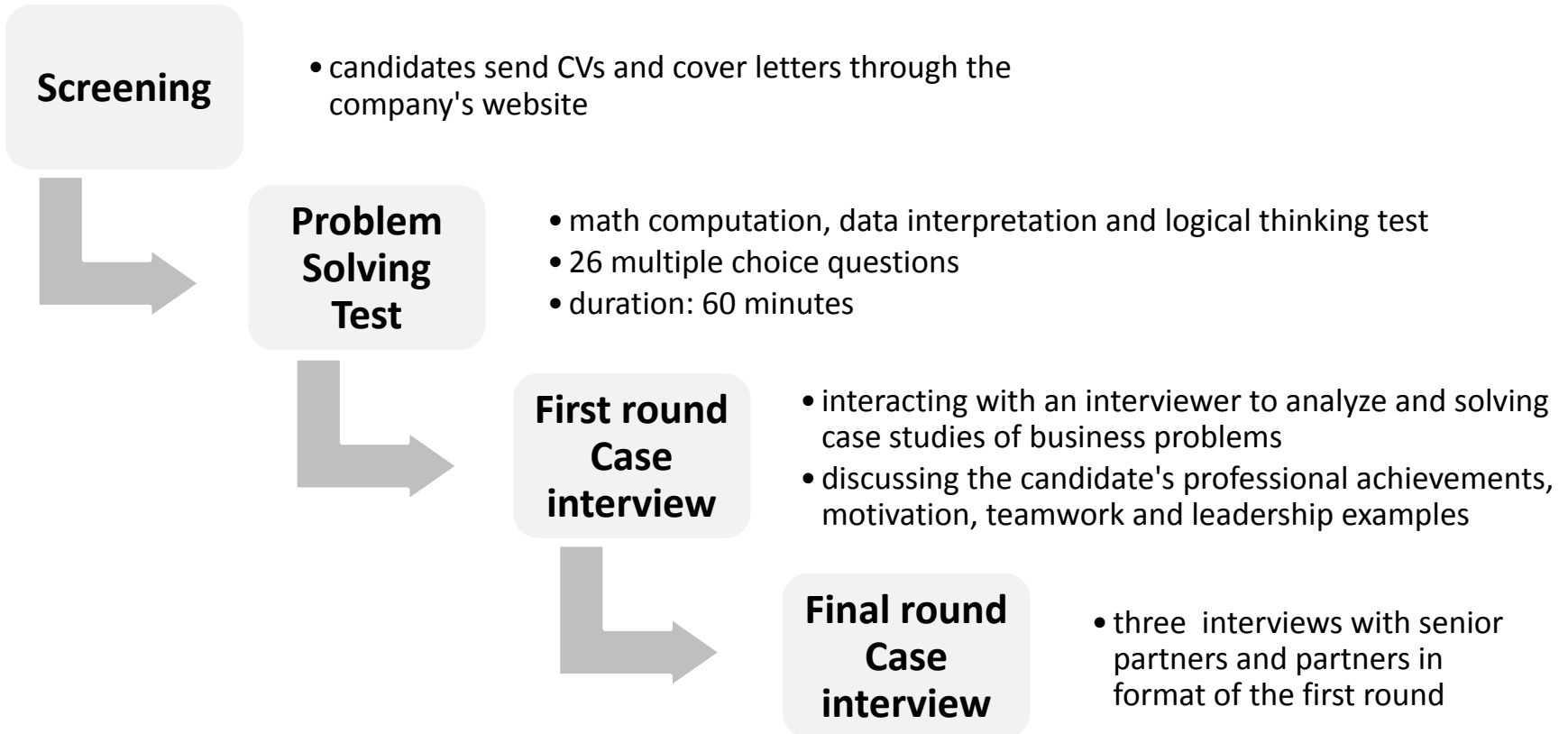

KPMG

What they do:

They advise enterprise businesses on their most critical issues and opportunities:

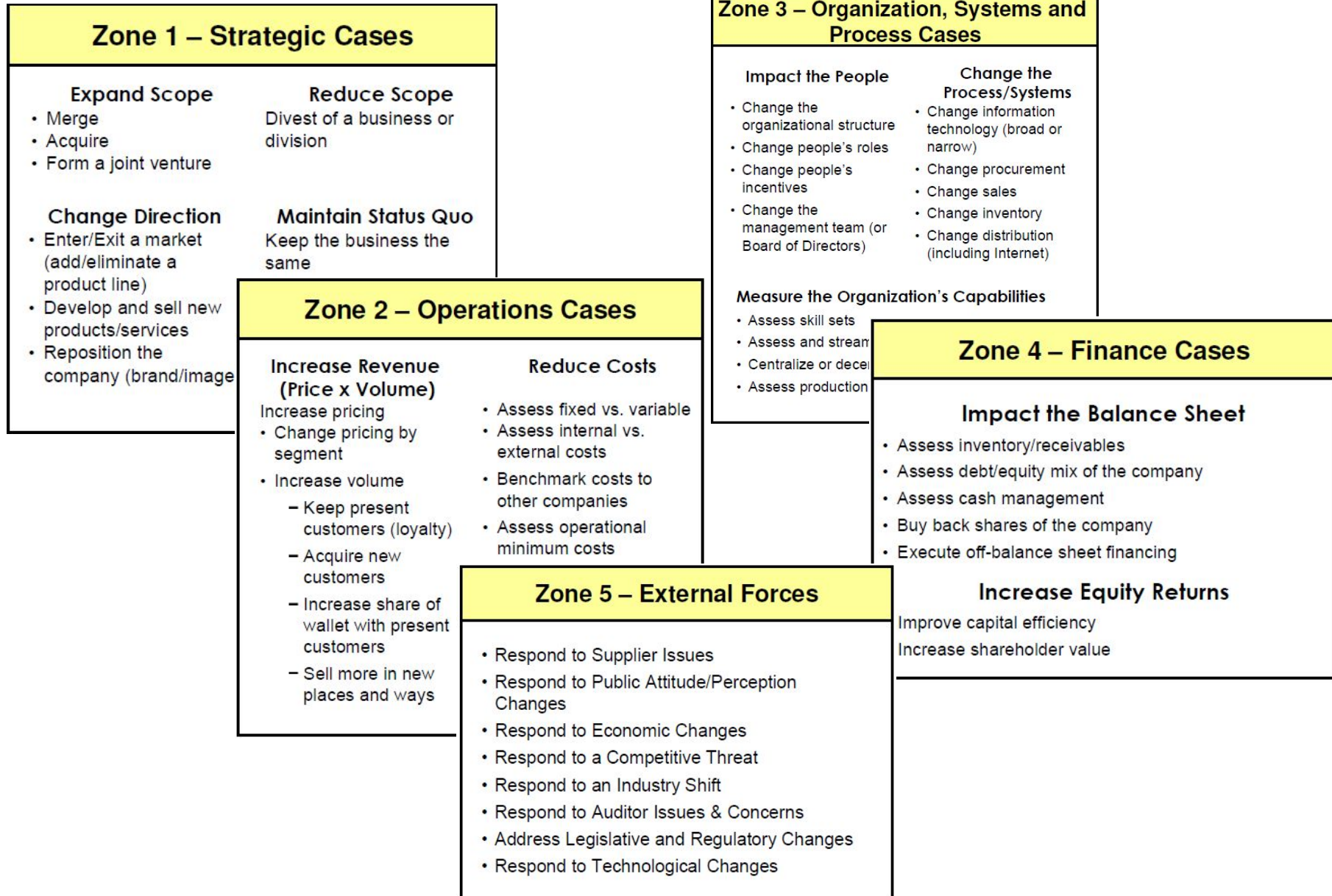
- strategy
- operations
- marketing
- organization
- information technology
- advanced analytics
- transformations
- sustainability
- corporate finance
- mergers and acquisitions

Selection stages (McKinsey example)



- **Types of Cases**
- **Problem-Solving Tools**
 - Problem Identifying
 - Structuring
 - Drill-down analysis
 - Synthesis
- **Case-Solving Part**

Types of cases



The most likely scenario – Strategy and Operations

- Maximize profit (*“Help! My company is losing money.”*)
- Enter a new market
- Develop / Launch a new product
- Sell more of the same stuff to more people (products or services)
- Reduce costs
- Respond to competitors
- Merge two companies

Tools

Tools of solving a case:

- **Problem Identifying**
 - SMART Questions
- **Structuring**
 - Hypothesis
 - Issue Tree
 - Pyramid Minto
 - Frameworks
 - MECE Principle
 - Types of structure
- **Drill-down analysis**
 - Math calculations
 - Checking hypothesis
- **Synthesis**
 - Stating conclusion with supported arguments
 - Risks and Recommendations

Main Steps:

- Summarize the question
 - to avoid answering a wrong question
 - to weed out irrelevant information
 - one word in the question makes a big difference
- Verify the objectives
 - can be several objectives
- Ask clarifying questions
 - new definitions
 - SMART principle

SMART principle:

- **Specific**
 - What? Who? Why? Where? Which?
- **Measurable**
 - What indicators will measure progress and success?
- **Attainable**
 - Sufficient financial capacity
 - Technology, space, equipment
- **Result-Oriented**
- **Time-bound**
 - Deadline
 - Short-term or long-term outcomes

Choose a good problem statement

Assess

? Equipment efficiency is low and continues to fall.

Just a fact

? Should equipment efficiency be improved?

Not disputable

? How to optimize the use of equipment?

Too broad

? What are the opportunities to increase the efficiency of equipment use by 10% until the end of 2019 by implementing technical and organizational measures?

Much better, but contains unnecessary info

? How to increase the efficiency of using equipment by 10% until the end of 2019 without significant investment?

Good problem statement

Project objective

A clear statement of the project's objectives, reflecting the expectations of the person who set the task and determining the volume and nature of the work

1 Context



Brief information about the situation and existing problems that led to the formulation of the problem

3 Interested parties



People, groups of people, organizations that will influence decision-making and implementation of planned measures

2 Success criteria



Parameters, indicators, allowing to conclude that the problem has been successfully solved

4 Restrictions of possible solutions



Outlines a range of acceptable solutions (e.g., geographical, financial, organizational, and other constraints)

5 Obstacles to a sustainable outcome



Risks and problems that may prevent completion of the task

These three steps of the science – hypothesis, experiment, and conclusion – are the same ones as an aspiring management consultant should use to solve cases.

- Hypothesis
- Types of structure
- Issue Tree
 - Pyramid Minto
 - Frameworks
 - MECE Principle

Hypothesis

- Your idea which you need to test
- Client doesn't need only opinions, they need proof as to which opinion is correct.
- Why we need to make a hypothesis before analyzing data?
- You don't have enough time in a case interview
- Hypothesis reduces the range of possible conclusions
- Five-Minute Hypothesis Rule

Hypothesis

Let`s say a client asks, “Should I enter the XYZ market?”

What kind of hypothesizes I have?

Yes, you SHOULD enter

No, you SHOULDN`T enter

Types of structure

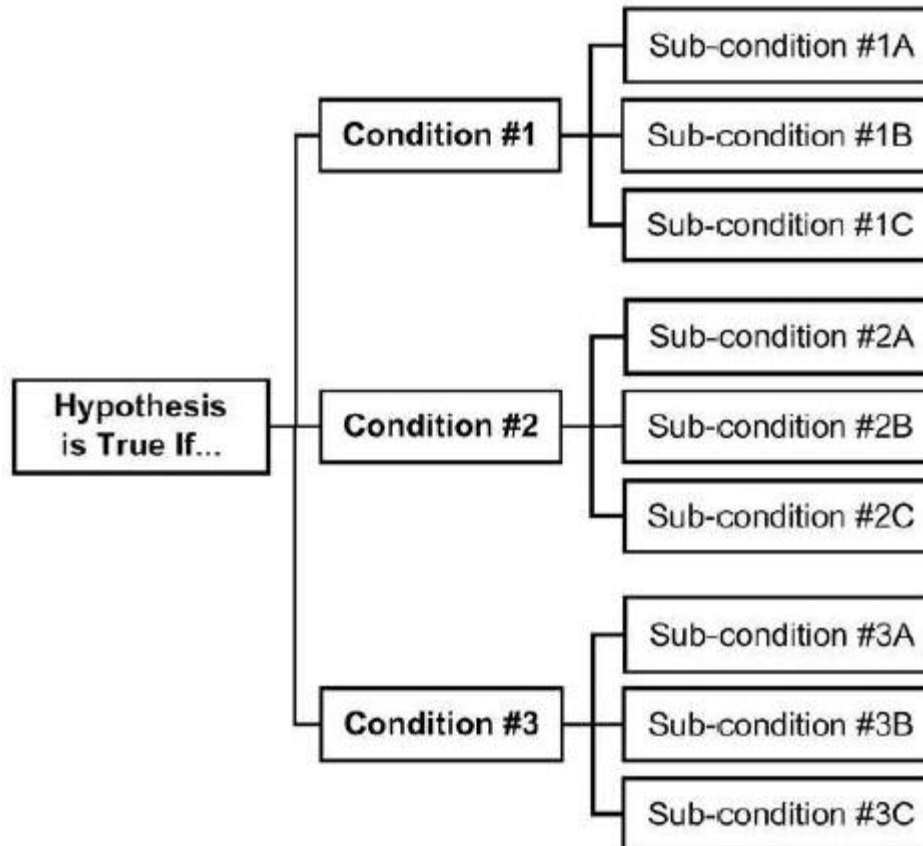
1. Formula based
2. Value chain/customer journey
3. Qualitative issue tree

Issue Tree – Pyramid Minto

An issue tree lays out a set of logical conditions that, if proven correct, prove the hypothesis correct

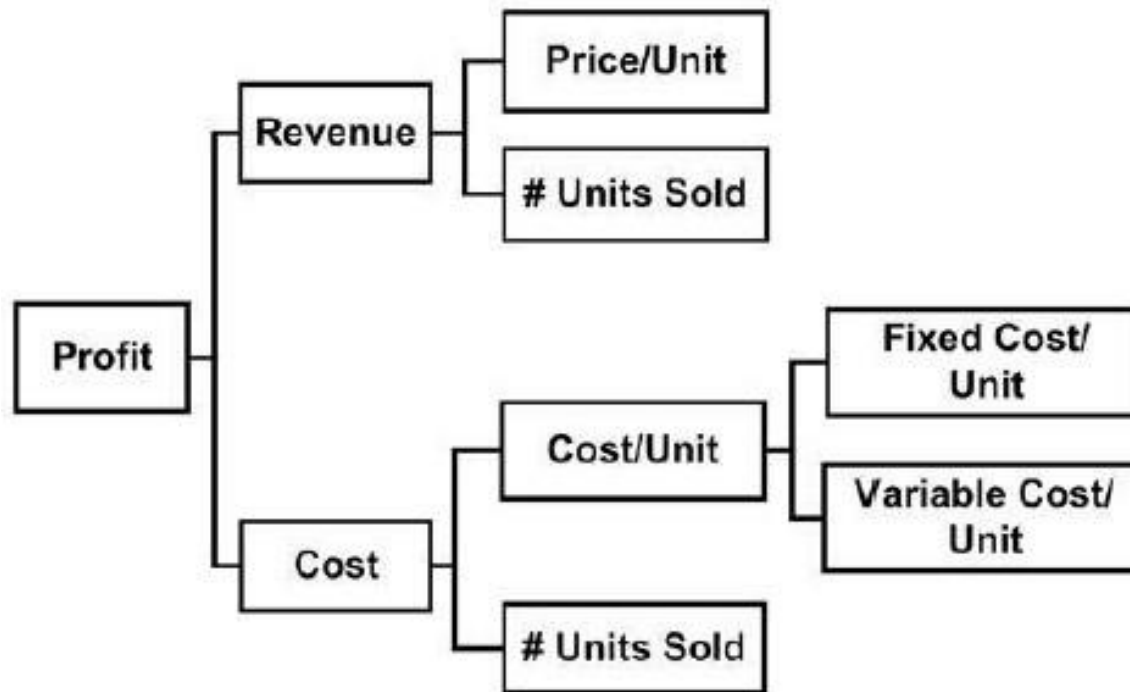
OR

A logical argument or structure designed to test the validity of a hypothesis



Issue Tree – Frameworks

An issue tree template used to solve common business problems (must be customized on a case-by-case basis)



Profitability Framework

Issue Tree – MECE Principle

Mutually Exclusive, Collectively Exhaustive

All the information should be grouped into discrete categories, with no overlap between categories (mutually exclusive), and all the categories added together should cover all possible options (collectively exhaustive).

- Hobbies vs. Age or Gender

Example: Make a pyramid more structured



Issue Tree

Previous Example: “Should I enter the XYZ market?”

Make one-layer issue trees which are under MECE principle

Possible Answers:

- Financial and Non-Financial Factors
- External and Internal Factors

Issue Tree

We have a framework as: Customer, Competitor, Company and Product

Why this framework is not fully MECE?

Because product factors could overlap with competitor factors and company factors. You could cover products twice—once under competitors and once under company.

But the part of the insight in considering a product introduction strategy comes from comparing the client's product to its competitors' products

Case 1:

“Как я могу иметь больше денег к концу месяца, не влезая в долги?”

- Make a hypothesis tree
- Make an issue tree
- Make a combination of two trees

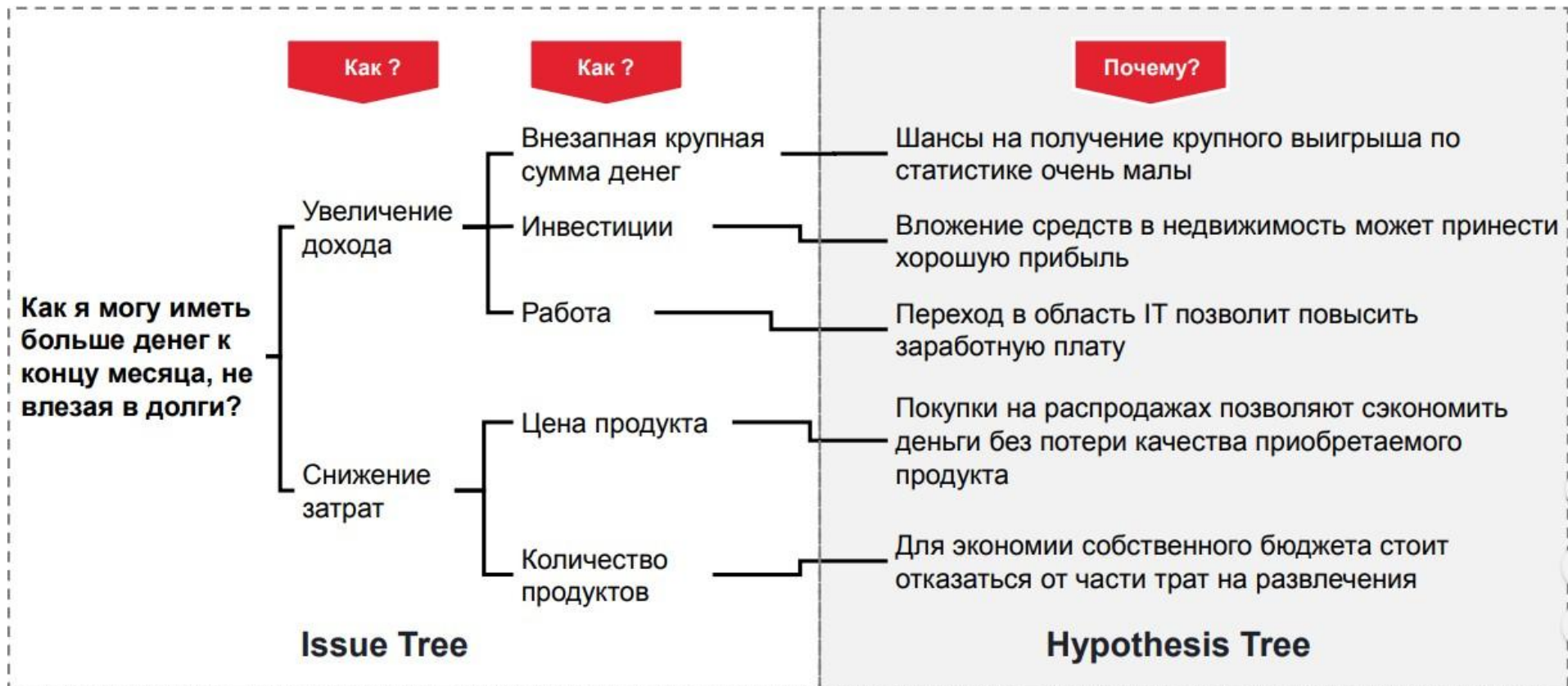
Case 1: Hypothesis Tree



Case 1: Issue Tree



Case 1: Лучшее решение – комбинация issue and hypothesis trees

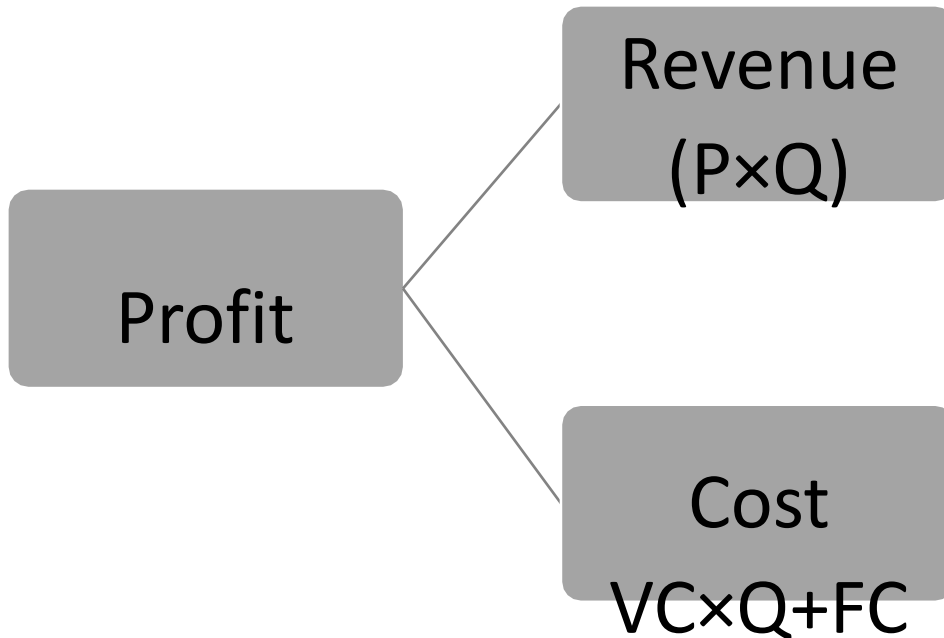


Case 2:

Food company wants to increase its profit by 20% in 2 years.

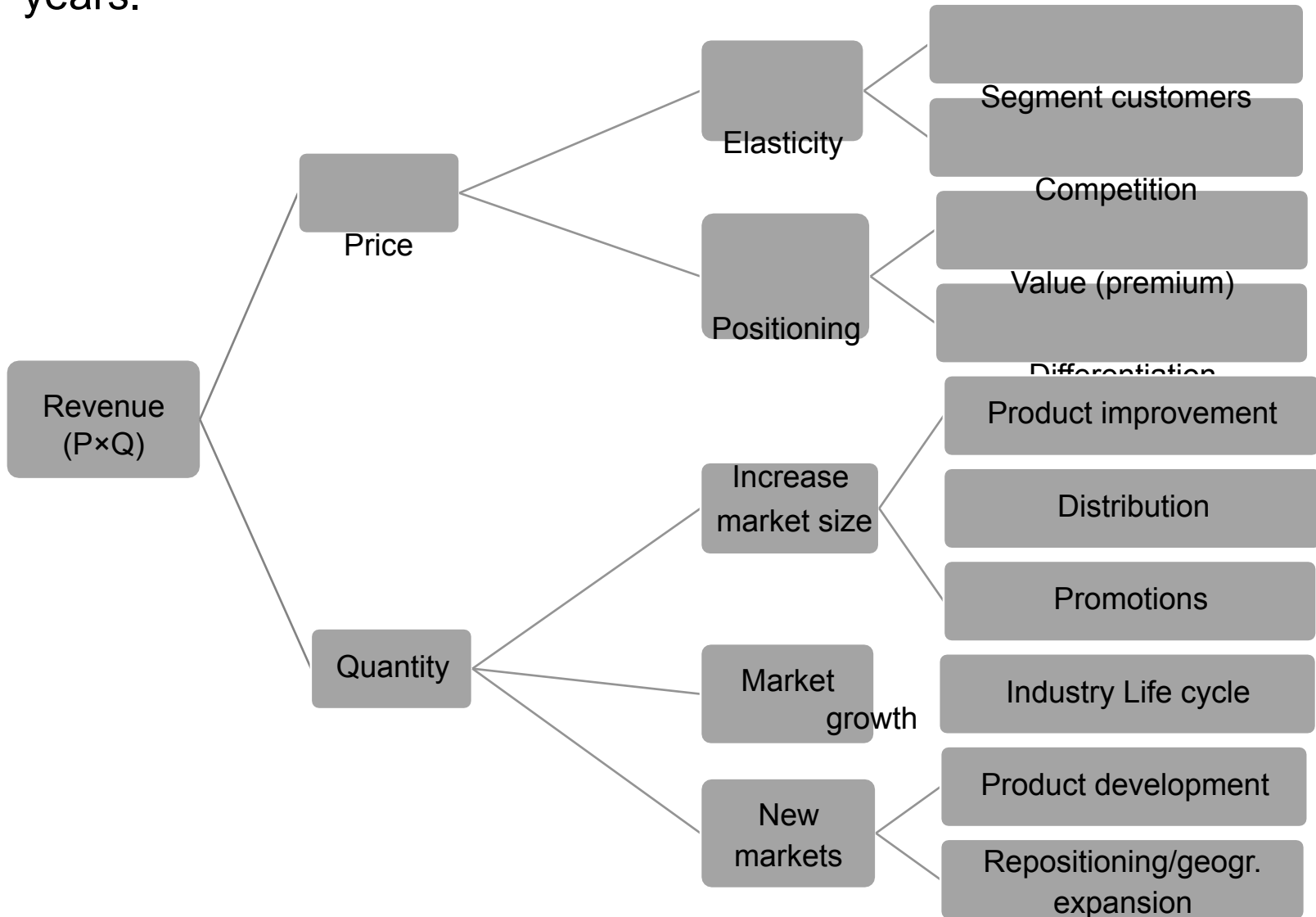
Let's

make a MECE structured issue tree.



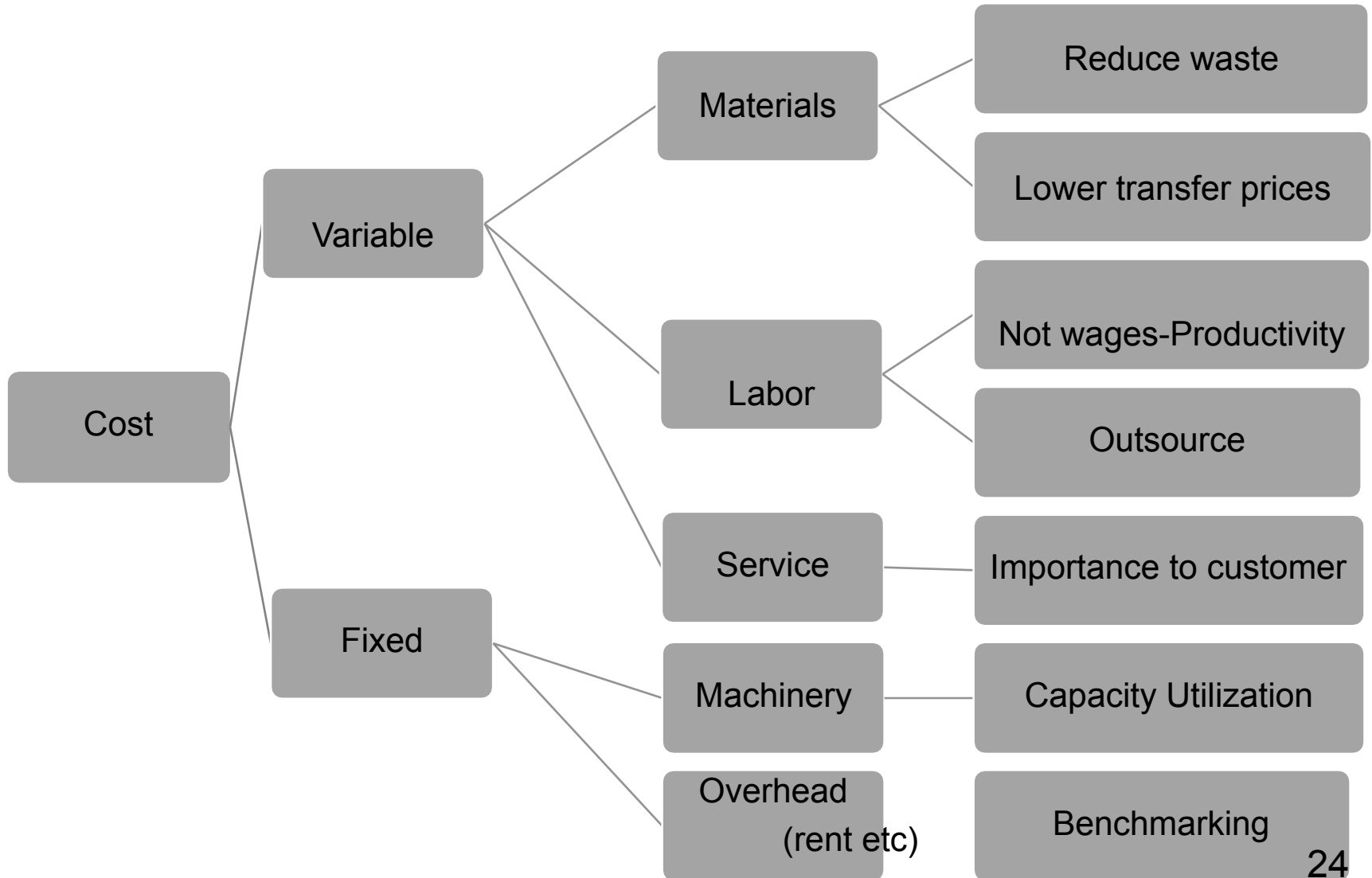
Case-Solving Part

Case 2: Food company wants to increase it's profit by 20% in 2 years.



Case-Solving Part

Case 2: Food company wants to increase it's profit by 20% in 2 years.



- Read “Case Interview Secrets” by Victor Cheng
- Watch “ConsultingMathCourses” on Vk page of the club
- Solve cases from casebooks