Casebook 2018-2019

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Featuring:

CORNERSTONE RESEARCH

GEP®
Insight Drives Innovation

McKinsey&Company

Deloitte.

pwc

BAIN & COMPANY

Contacts

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- Full-Time: Black & Veatch Management Consulting

For questions, casing practice, or anything, please reach out to me at **phpark1997@gmail.com**

EMORY
GOIZUETA
BUSINESS
SCHOOL

Behavioral Questions

“Tell me about yourself?”

- Every single interview starts off with some version of this question.
- Prepare a 1-2 min summary of who you are. This should include basic information of your name, school, class year, and major. Most importantly, you must talk about your brief accomplishments and work experience and end with how the position and firm is relevant to you.
- What most people miss is a “story” type of narration. You must convey your interests and why that has led you to where you are now. A good tip is to talk through your resume chronologically, but talking about what you learned in each experience and how you arrived at the next experience. Do not just list!
- Don’t be afraid to be yourself! This is your first impression so make it count.

Economic Consulting Firms

- The key experiences to highlight here are research and analytical projects because they are looking for more academically inclined people.
- Be prepared for them to probe more into your research experiences. They might ask “Why did you use that statistical test instead of this one?” or “What if you got this data instead of that?” They will critically assess your projects!
- As most people are academic, explain why you want to do more business instead as economic consulting is entirely different from research.
- Keep up with the news and read up on cases your firm has done in the past.

Frameworks

π FW - cause ambiguous

Internal

Fin.

R - C

- price
- price/die
- quantity
- mix

- FC
  - PRE
  - insur.
  - R&D
  - S&A
- VC
  - inputs
  - packaging
  - labor
  - delivery
  - taxes

Op.

- product quality
- efficiency
- supply chain
- capacity
- utilization
- brand

External

Comp.

- new entrants
- differentiation
- trends
- new prods

Supplies

- supply crunch
- consolid.
- fragment.
-

Cust

- prefs Δ
- size
- growth
- subst.

Reg

- new laws
- new tariffs
- lobbying
- admin action

Use F/W to figure how to solve

π FW - Revenues are growing

Costs

FC
- land
- facilities
- S+M
- R+D
- insurance
- investment
- LT labor

VC
- inputs
- intake
- labor
- maint.
- power
- penalty?
- product

Ops
- new factory?
- new geo?
- new supp?
- new cust?
- supply chain
- scale probs?
- utilization

Causes
- Δ in cost struc.
- new initiatives
- new prod?

Risks

Int.
- EE metric
- efficiency
- negotiate.
- LT input

Ext.
- press
- reg resp
- comp resp
- channels/dist

π FW - costs flat or ↓

Rev.

Price
- Δs
- strategy?
- pricing by segment
- owner of pricing

Quant.
- Δs
- cust issues
- returns
- volat timing

Mix
- trends
- shifts over time
- new prods

Mkt

Comps
- new entrant
- new positioning
- new prod.

Costs
- prcts
- consol.
- channels

Growth FW

Curr Co.

Fin

R
- prods
- price
- geog
- mix over time

C
- FC
- VC

Non-Fin

Brand
- quality
- mktpos
- key must-haves

Ops
- capa.
- util.
- breadth & scope

Mkt

Custs
- segments
- channels
- trends
- prefs
- growth + π by cust type

Comps
- trends
- perf
- relative positions
- new prod/entrants?

Grow?

Existing
- more vol.
- better pricing
- new mkts/positions
- new custs

New
- prod/svc
- BU
- Build, buy or partner

Market Entry

Attr Mkt?

Custs
- #
- prefs
- growth
- Δ over time
- WTP

Comps
- #
- positioning
- differentiation
- exp. resp

Regs
- tax rate + fees
- oversight
- risk/ uncertainty

Good for Us?

Revs
- Expect Vol
- Pricing power + limits
- Synergies?
- Brand rep?
- prod. dif
- FX risks/ benefits

Costs
- Invest/ entry costs
- FC set up
- VC + Δ from existing
- local expertise
- sup chain complexities
- dis/econ of scale + scope

How to enter?

- Build
  - own
  - control
  - slow
- Buy
  - quick
- Partner
  - low barriers
  - culture ↑
  - nego + mgmt + risk

New Product Launch

Product

- biz model
- why is it better? differentiate
- Competition
- substitutes
- complements
- positioning
- patent / legal protection

Good Mkt?

Custs

- size
- growth
- trends
- buying power

Comps

- Fragm cons
- positioning
- SWOT

Reg risk?

Good 4 us?

Fin

A - C

- upside
- upsell
- price/vol
- cost
- sync.
- exp
- mkt power
- startup costs

Capa

- brand
- position
- capacity
- mgmt distraction

How?

Build

Buy

Partner

Acquisition / M+A

Good Mkt?

Custs.	Comps	Supps	Reg
-Segmts ☆ growth prefs WTP	-comm /freq -☆ -diff.	-comm -regularly reliable -□ -power	-risk -terms -new exposure

Good Company?

π
R - C

- trends
- mix
- growth ops
- cost red. ops

Good for us?

- Fin hurdle rate
- Strategic fit?
- Operational complement?
- Strengths
- Exit Opptys
- Synergies
- Why us? Competitive for target

Bain & Company - Employee Practice 1

Video game manufacturer and retailer. Should you move retail into Brazil? Should they move production to China, as well?

- Retail
  - Population of Brazil: 100,000,000 people; segment from Age 0-35 at 87.5 ~ 100 million people total,
    - % of people who are poor is 65% at 65 million people, 65 million split into households of 4 each with a penetration rate of 75% of households buying 3 games per year
    - % of rich people is 35% at 35 million people, split into households of 4 with a penetration rate of 75%, and each household buying 3 games per year
  - Price: $50; Costs ($51.40 internal to Brazil)

Bain & Company - Employee Practice 1

Video game manufacturer and retailer. Should you move retail into Brazil? Should they move production to China, as well?

- Production
  - It will be 50% at first, then taper down to 15% overtime by increments of 5% per year.
  - Start off at $21 tariff in first year. Costs will be, excluding tariff, $35.
  - How long till profitable in China? How long to recoup investment of $100 million factory in China?
  - Pros and cons of internal and external production?

Bain & Company - Employee Practice 2

Drywall manufacturer. New players are entering the market with low prices. Should we decrease our prices by 10%? What other options are there?

- Profitability
  - Current profit?
    - Q: 100,000, P: $10, VC: $3, FC: 2
  - New profit?
    - To maintain current profit with new prices at a 10% discount, how much more needs to be sold? Is this realist? A difference of 87,500 units.
- Customers
  - Contractors and small business owners.
  - Buy directly from them.
  - Buy based on relationship and particular brand.
  - Company has strong brand presence and has been around for a while.

BAIN & COMPANY

Bain & Company - Employee Practice 3

Manufacturer and seller of e-Book tablets. Sells them through Digibooks website. They want to launch tablets in a country with no history of e-Readers (1% of the population use and 5% of the population know of the product). How to launch this in the most profitable manner?

- Customer
  - What are some things to consider?
  - Super (90 million people who spend $200 each), Occasional (200 million people who spend $125 each), and Rare (50 million people spend $175 each)
  - Market of $5.75 billion per year

Bain & Company - Employee Practice 3

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- Profit (Pros and Cons of Both?)
  - Retail
    - e-Reader Price: $100, GM:$30 (Penetration: 50% retail, 40% of retail will buy)
    - e-Book Price: 10 books at $10 (50% commission)
    - Profit: $300 million
  - Internet
    - e-Reader Price: $100, GM:$30 (Penetration: 50% retail, 10% of retail will buy)
    - e-Book Price: 10 books at $10 (50% commission)
    - Profit: $100 million

BAIN & COMPANY

Bain & Company - First Round

Own a casual, normal restaurant, and you want to install tablets, similar to AppleBee's, to increase sales. Should they? Concerns or risks?

- Have 20 tables that take on average 60 minutes to flip with two waiters/waitresses. Focusing only on dinner service, Friday through Saturday there is a line from 5-8 with 10 people per hour interval and an average wait time of an hour but people 50% of people leaving.
- Tablet: Only focus on purchase cost of $50 each.
  - Tablet will reduce the table flip time in half.
  - Tablet will increase current average bill from $50 to $75.
- Only focus on increasing new sales and purchase costs.
- Risks?

McKinsey & Company - Employee Practice 1

New eye glass (similar to Google glasses) device, that is a one time purchase, by client. Want to make $1 billion in revenue in first two years. Device will connect to wireless network using relationships with cellular carriers (only Verizon and AT&T). Demand for product comes from the cellular network.

- Customers
  - 50 million wireless customers in the US; 11 million at AT&T and 9 million at Verizon
  - They own 40% of the market; why do people choose them? **PRICE and ASSOCIATIONS OF A HIGHER PRICE WITH BETTER QUALITY.**
- Revenue
  - How many to sell in order to reach Revenue of $1 billion? Should be 2.25 million units; is 5% penetration rate realistic?
    - Price: $400 per pair
    - Carriers (Grow by 20%)

McKinsey&Company

McKinsey & Company - Employee Practice 1

New eye glass (similar to Google glasses) device, that is a one time purchase, by client. Want to make $1 billion in revenue in first two years. Device will connect to wireless network using relationships with cellular carriers (only Verizon and AT&T). Demand for product comes from the cellular network.

- Moving
  - What are the things to consider when moving in with the product?
- Distribution
  - Sold at retail stores.
  - AT&T has 2,200 stores and Verizon has 1,800 stores. Everyone else has $3,000 stores. Our carriers own about 58% of the stores.

McKinsey&Company

McKinsey & Company - Employee Practice 2

Owner of a burrito cart. It is currently profitable but you want to expand to a second cart in the city. Should you?

- Customers
  - 1 customer buys 1 burrito per day; the cart can only do 50 burritos per day at $5 each
  - Work 5 days a week per a month
    - Downtown: 200 potential customers /hr between 11:30 AM - 2 PM
      - 10,000 per month
      - Can get 20% of customers per month
    - Uptown: 100 potential customers/hr between 11:30 AM - 1:30 PM
      - 4,000 per month
      - Can get 40% of customers per month

McKinsey&Company

McKinsey & Company - Employee Practice 2

Owner of a burrito cart. It is currently profitable but you want to expand to a second cart in the city. Should you?

- Competition
  - Uptown: 12 competitors with only 1 being a Mexican restaurant
  - Downtown: 27 competitors with 4 of them being a Mexican restaurant
- Profitability
  - VC: $1 per burrito
  - FC: $1,500 per month for the cart
  - Uptown is more profitable at $1,700 per month
- Other growth ideas?

McKinsey&Company

McKinsey & Company - Employee Practice 3

Greeting card manufacturer. Profits are decreasing while there has been modest industry growth and competitors have seen their profits increase.

- Revenue
  - What is demand driven by? **Seasonality, individual events, and sickness.**
  - What is supply driven by? **Issue of not enough in stock on shelves.**
- Breakeven
  - FC: $200,000 per year
  - Price: $3.00 per card
  - VC:
    - COGS: $1.50 per card
    - SGA: $0.25 per card

McKinsey&Company

McKinsey & Company - Employee Practice 4

A state in india, the government wants to promote LED lights. They want to create a subsidy in the government's budget. What should the size of the subsidy be?

- Background Information
  - The largest state by area and the 7th largest by population with an urban to rural ratio of ⅓.
  - 1.3 billion people in INdia.
  - State is 1/10 of India's land mass but ½ of the population density in India.

McKinsey&Company

McKinsey & Company - Employee Practice 4

A state in india, the government wants to promote LED lights. They want to create a subsidy in the government's budget. What should the size of the subsidy be?

- Customer Size
  - 64 million people total in state. 4 people per household.
    - Each urban house has 10 lightbulbs.
- Pricing
  - What to think about for supply and demand?
  - The government will not directly supply the bulbs but a lot of people are willing to do it.
  - Normal Bulb: $1 and needs to be replaced every year
  - LED: $5.00 but needs to be replaced every 15 years; penetration rate of 0%

McKinsey&Company

McKinsey & Company - Employee Practice 4

A state in india, the government wants to promote LED lights. They want to create a subsidy in the government's budget. What should the size of the subsidy be?

- Reluctances
  - What would stop people from adopting?
    - Cost of failure, education, electronics, upfront investment, renters, distributions, and difficulty of behavioral change.
- Risks?

McKinsey&Company

McKinsey & Company - Employee Practice 4

A state in india, the government wants to promote LED lights. They want to create a subsidy in the government's budget. What should the size of the subsidy be?

- Customer Size
  - 64 million people total in state. 4 people per household.
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McKinsey&Company

McKinsey & Company - Employee Practice 5

In the space tourism business. Competition is 4.5 years a way; we are 1 year away. Like a low-orbit plane. Health checkups are needed for passengers. What should they price a flight?

- Cost
  - What are some costs?
    - Construction (R&D and building it)
    - Operating (Maintenance, labor, fuel, vetting customers, and insurance)
  - Actual
    - Build: $1.3 billion
    - Launch: $45 million
    - 1 spaceship does 200 flights over its life and the launchsite can do 40 flights per year. Each ship can hold 100 people in it.
    - Total Cost: $10.3 billion and $515,000 per person, minimum

McKinsey&Company

McKinsey & Company - Employee Practice 5

In the space tourism business. Competition is 4.5 years a way; we are 1 year away. Like a low-orbit plane. Health checkups are needed for passengers. What should they price a flight?

- Customers
  - 10% of people's income goes to holiday travel. Also, not everyone spends all their income on one event.
  - Factors: Health (younger and healthier), socio-economic status, and personality (adventurous).
  - Population:
    - ONly 0.4% of the total world population of 7 billion can afford to do this. 50% are healthy enough to do it. 50% of those are interested. So 7 million people.

McKinsey&Company

McKinsey & Company - Employee Practice 5

In the space tourism business. Competition is 4.5 years a way; we are 1 year away. Like a low-orbit plane. Health checkups are needed for passengers. What should they price a flight?

- Pricing Models
  - Cost-plus, price-plus, competitive, or premium.

No real answer. But explain logic that at least $515,000 but more importantly that can charge a lot more since a first mover and setting the industry.

McKinsey&Company

Cornerstone Research Group - Final Round

Wallaby Bank, a New Zealand hedge fund, is suing Wellesley Bank for manipulating foreign exchange rates. ForEx trades are based on a benchmarked and fixed rate that is decided at 4pm of that day. A random sample of trades is captured during the one-minute window and the rate is based on the median bid and offer of the sample.

- For large transactions (ex: Client wants US $100M), when would Wellesley Bank make a transaction to manipulate rates?
  - Wellesley Bank should purchase $100M just before 4pm in order to drive the price higher, for example to 1.500. At 4pm, the fixed rate has increased to 1.505 and the client pays $100M * 1.505= 150.5M New Zealand Dollars. Wellesley Bank's trade, however, was $100M* 1.500= $150M New Zealand Dollars. Thus the bank profited by 500k from the client's trade.
- If you were the bank, would you do 1 transaction of $100M or 10 transactions of $10M?
  - Do smaller transactions to drive the price up until 4pm

CORNERSTONE RESEARCH

Cornerstone Research Group - Final Round

- Your client is a global pharmaceutical company being sued by self-insured small businesses in a class action for uncompetitive behavior. The plaintiffs argue that the defendants are preventing generic drugs from entering the market and provide cheaper cost of drugs to patients. Your client's argument is that having a generic in the market won't affect cost due to stop-loss insurance.

Price of medical care	Price of generic	Price of branded drug	Deductible
x	y	1.5k	2k

- What should x and y be to prove the plaintiff's argument of lowering cost?
  - Price of medical care has to be >1k or the price of the generic has to be <1k. The care and drug has to be add up to less than the deductible for a cost-savings value.

CORNERSTONE RESEARCH

Cornerstone Research Group - Final Round

Price of medical care	Price of generic	Price of branded drug	Deductible
1.5k	1k	1.5k	2k

- Your client has proved that generics would cost 1k and that the current medical care cost is 1.5k, how does this affect their case?
  - Deductible of self-insured businesses will still be met whether there are generics or not. Thus, the businesses would not have seen a cost-savings from greater market entry. The client wins their case.

CORNERSTONE RESEARCH

PriceWaterhouseCooper - Employee Practice 1

An electronics (audio, video, and repair) company with 500 stores on the West Coast. 2001, had $520 million in revenue: $120 million from repair and $400 million from sales. In business for 30 years and known for fast service. But last 4 years had flat profits. Why? How do we improve this?

- Revenues
  - Sales has been going up but repairs seem to be flat.
- Competition
  - Stock has gone up by 2% but competitors have gone up by 15%.
- Costs
  - Labor is the largest at 45% of total costs.
    - Competitors are at 80% (Ultat, with 82% of revenue coming from repair) and 90% (Circuit, which 95% of revenue coming from electronics).

pwc

PriceWaterhouseCooper - Employee Practice 1

An electronics (audio, video, and repair) company with 500 stores on the West Coast. 2001, had $520 million in revenue: $120 million from repair and $400 million from sales. In business for 30 years and known for fast service. But last 4 years had flat profits. Why? How do we improve this?

- Labor
  - Open Monday through Friday from 8 AM - 6 PM
    - Two repair workers per store while competitors have 0.5 per shorte
    - Each does 10 jobs per week taking 2.5 hours per job.
    - Salaries are $60,000 each.

PriceWaterhouseCooper - Employee Practice 1

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pwc

PriceWaterhouseCooper - First Round

A PE firm wants to 1 of 2 biotech companies. They both produce products for melanoma. What are the respective revenues and which company should the PE firm acquire?

- Products
  - A: for genetic melanoma; taken orally at $10 per pill per day; no other products in the line
  - B: for Mutation X melanoma; taken via IV at $1000 every two weeks; other drugs in the pipeline (success rate?)
- Customers
  - 1,000,000 patients: 15% have genetic and ½ of that has Mutation X
- Revenue
  - A: $3.65 billion
  - B: $1.875 billion

pwc

Deloitte - Employee Practice 1

Hospital with different procedures. Known for heart/cardiology services. Volumes/surgeries are down. What should be done?

- Room Not Ready
  - Takes a physician and 3 people to run a procedure.
  - 5% of cases have not enough people or people with the wrong skills.
  - A case is on average 30 minutes.
  - How much wasted time?
    - 7,500 minutes.
- Procedure Problems
  - Staffing Issues
    - Some physicians are fast and book two rooms at once in a parallel process. This is done by 1 physician who does 10% of cases. He does 300 cases, which interrupts other cases 20% of the time, or 60 cases.

Deloitte.

Deloitte - Employee Practice 1

Hospital with different procedures. Known for heart/cardiology services. Volumes/surgeries are down. What should be done?

- Procedure Problems
  - Schedulers use their memory to book room slots. 25 physicians are covered under this method.
- Transport to Lab Problems
  - 2 transporters. 5% of the time the patient is not their or late. 15 minute delay on average.
  - No means of communication systems.
  - Causes about 3,750 minutes wasted.

Deloitte.

GEP Consulting - First Round

Regional electric monopoly with no competition. The government wants to put in new regulations to allow competition in the market. There is no control over prices or cost-cutting. How does the client deal with this in a year?

- Revenue: Flat with lot growth.
- Costs: Out of our control.
- Competition: No information.
- Customers
  - Industrial: 150 with $150 million in revenue
  - Commercial: 10,000 with $60 million in revenue
  - Residential: 100,000 with 48 million in revenue

Solution: Focus on industrial.

GEP®
Insight Drives Innovation

GEP Consulting - Final Round

Food manufacturing for grocery stores, specifically fruit cups. Profits are down but revenues are steady. How to reverse this?

- Pure costs and thinking about the supply chain and ingredients and ways to cut costs.
- Think About
  - Product Mix
  - Geography (serves only the West Coast)
  - Sourcing
  - Labor

GEP®
Insight Drives Innovation

Additional Resources

How to Case?

- *Case in Point*
  - https://www.amazon.com/Case-Point-Complete-Interview-Preparation/dp/0971015880
- Victor Cheng: *Look Over My Shoulder*
  - https://www.caseinterview.com/look-over-my-shoulder
- Mental Math Practice
  - https://www.caseinterview.com/math/home.php