Ace The Case

Part 1: What, Why + The Classic Case
Agenda

- Introduction
  - Ace the Case: Series
  - Dates + FYIs
- Think Business
- The Classic Case
- Framework + Strategy
- Challenge (optional) + Next Steps
<table>
<thead>
<tr>
<th>DATE</th>
<th>TOPIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 3</td>
<td>Why, What + The Classic Case</td>
</tr>
<tr>
<td>April 9 (Tues)</td>
<td>Profitability + Brain-Teasers</td>
</tr>
<tr>
<td>April 23</td>
<td>Market Entry + Market Sizing</td>
</tr>
<tr>
<td>April 30</td>
<td>Market Entry + Market Sizing</td>
</tr>
<tr>
<td>Surveys Out</td>
<td>Repeat</td>
</tr>
</tbody>
</table>

*FYI:* This series will be repeated with new cases each time. You are welcome and encouraged to join all!
Think Business

How to demonstrate business acumen
Step 1: Connect The Dots

HOW

- Problem structure + executing math are expected skillsets
- Distinguish yourself by knowing the following:
  - Understand the interrelations between industries
  - Ask intentional + strategic questions about all pillars of the business
Pillars of a Business

PEOPLE

FINANCE/OPS

PRODUCT

MARKETING
Step 2: Current Trends + Research

HOW

- Employers will want to know that you are keeping up with current market trends
  - Watch business related networks
  - Read business related periodicals
    - Ie: Wall Street Journal, CNN Money, Finance, Fortune, Forbes etc.

Being in the know will help you connect the dots in a case interview...
Step 3:
Top Key Business Concepts

It will be expected that you are fluent in the following slide’s topics as they are generally case interview topics.
KEY BUSINESS CONCEPTS CONTINUED

• Profitability
  – Revenues
  – Costs

• Industry attractiveness / Market issues
  – Total size of the market in dollars
  – Number of competitors → Minimum Efficient Scale
  – Market conditions (shrinking/growing/stagnant) and associated implications

• Mergers and acquisitions
  – Financials of the deal → Will it be profitable?
  – Product-line synergies
  – Market reaction
  – Culture issues

• Marketing
  – Pricing
  – Placement (distribution channels)
  – Product
  – Promotion
Other concepts that show deeper business insights

- Labor issues
  - Implications of unionized labor and compensation (salary, benefits, etc.)
- Long-term contracts
- Revenue streams
- Costs
  - Fixed vs. Variable
  - Direct vs. Indirect
- Supply and demand issues and their effects on pricing
- Culture and morale issues
- Operational issues
How To See the Full Spectrum of Business Functions:

In a Case Interview, you’ll need to show you can figure out the full set of implications, both direct and indirect.

Example Event:
The OPEC Nations Decide to Restrict the Supply of Oil

Workshop with a Partner:
Identify 3-5 direct and indirect implications from the example event

*Think of every pillar of the business:* how will this impact the consumer? The business? The government?

*I.e. (direct)* Gas prices will increase in the US -> Oil company revenue increases

OPEC = Organization of Petroleum Exporting Countries
POSSIBLE OUTCOMES

- Direct: Gas prices increase in the US, oil company revenues increase
- Indirect: Sales of SUVs decrease, auto companies offer more sales/promos on SUVs
- Indirect: Airlines raise fares for air travel, some travelers chose to fly less, airline layoffs
- Indirect: Use of public transportation increases, revenues for business related to auto use decline
- Indirect: US Federal Government faces pressure, US Government may apply trade sanctions onto the OPEC nations

Was your answer MECE?

MECE is a term that your case interviewer will keep in the back of their mind:

- What it means – was the interviewer’s conclusion Mutually Exclusive and Collectively Exhaustive?
The Classic Case: Profitability
WHAT IT IS

Profitability Cases Are The Most Common Case Type

AND:

- The #1 reason companies contact consulting firms
- Profitability cases help to solve financial obstacles
- Can make/break your reputation
WHAT WE LEARN: The Issue Tree

[YouTube Video Link](https://www.youtube.com/watch?v=GTo3N_afZW0)
A client owns a chain of restaurants in the Northwestern United States, and is concerned about declining profitability in one of the locations. What can she do to restore profitability?

What are your first 2 steps?
CONSULTANT’S STRATEGY

1. Ask/acknowledge the business model first (or, do your research before hand)

2. Make a step by step plan **BEFORE** the issue tree.

   “The first thing I’d like to do is examine the reason for the profit decrease, I’ll do that by asking you a variety of questions and follow-ups to ensure my approach is **mutually exclusive and collectively exhaustive** (mece)...Once I determine the root cause I will present 2-3 solutions to recover profits...”
Next Steps

- Take the example case (noted)
- By utilizing an issue tree, determine the root cause
- Email me the root cause and 3 possible solutions
- The first email with reasonable solutions to me will receive a gift card to Poor Richards
- Winner will be revealed at next week’s workshop

You’ve determined the following information from your Issue Tree:

- The restaurant has not experienced a drop in foot traffic
- The average spend per guest has dropped from $70 to $55
- A theater has recently opened down the street

A client owns a chain of restaurants in the Northwestern United States, and is concerned about declining profitability in one of the locations.

What can she do to restore profitability?
*The Top 3 Consulting Firms:

- Receive 200,000 Applications/Year
- Resumes; Approx. 4,000/Week (800/day)
- Offer: 500/year (average)

MAKE YOURSELF STAND OUT!
QUESTIONS
+
CONTRIBUTIONS