

What is a case interview?

A case interview is a 30- to 45-minute exercise that places you in a hypothetical business situation in which you and the interviewer work together to develop a recommendation or answer to a business problem.

Examples:

- How can Walmart increase its profitability?
- How can Nike increase customer retention?
- How should Apple price its new smartphone?

What do case interviews assess?

A case interview assesses five criteria:

1. **Logical, structured thinking:** Can you structure complex problems and ideas in a clear and organized way?
2. **Analytical problem solving:** Can you analyze and interpret data to draw the right conclusions?
3. **Business acumen:** Do you have a strong understanding of business fundamentals and good business judgment?
4. **Communication skills:** Can you communicate clearly, concisely, and articulately?
5. **Personality and cultural fit:** Are you a good fit for the work culture of the firm you are interviewing with?

What is the structure of a case interview?

All case interviews follow seven major steps:

1. **Understand the case background:** Take notes while the interviewer reads you the case information. Pay particularly close attention to the context, company, and objective.

2. **Ask clarifying questions:** If necessary, ask 1 – 3 questions to clarify the objective of the case, understand the company better, or understand an unfamiliar term.
3. **Structure a framework:** Structure a framework to break down the complex business problem into simpler, smaller components. A framework is a tool that organizes different ideas into major categories. Present your framework to the interviewer.

Make sure that your framework is MECE, which stands for mutually exclusive and collectively exhaustive. Mutually exclusive means that none of the parts of your framework overlap with each other. Collectively exhaustive means that all of the parts of the framework account for everything you need to know to solve the case with no major areas missing.

4. **Start the case:** How the case will start depends on whether the case is an interviewer-led case or a candidate-led case.

Interviewer-led case: The interviewer will be steering and controlling the direction of the case. They will explicitly point you to which questions to answer.

Candidate-led case: You will be driving the direction of the case. You will propose what area of your framework to start in, what questions you want to answer, what analyses you want to do, and what the next step of the case is.

5. **Solve quantitative problems:** There are three major types of quantitative problems you could be asked in case interviews.

Market sizing or estimation questions: You will be asked to calculate the size of a particular market or estimate a particular figure. You may need to make your own assumptions on what number to use or the interviewer may provide you with the data.

Profitability or breakeven questions: You will be asked to calculate the expected profitability of a company or investment decision. You could also be asked to calculate the conditions necessary for a company to break even.

Charts and graphs questions: You will be asked to interpret data from various charts or graphs. These can include bar charts, pie charts, line graphs, scatterplots, bubble charts, and waterfall charts.

6. **Answer qualitative questions:** There are two major types of qualitative questions you could be asked in case interviews.

Brainstorming questions: You will be asked to brainstorm a list of ideas for a particular problem or question.

Business judgment questions: You will be asked for your opinion on a business issue or a strategic decision.

7. **Deliver a recommendation:** Present your recommendation and provide the major reasons that support it. Then, propose potential next steps that you would take if you had more time.

What are the common types of cases?

Profitability case: A company is experiencing a decline in profits or profitability and is trying to identify what is causing the decline and what they should do about it.

How to solve:

- Identify the driver behind the decline in profitability, whether it is from a decline in revenue, increase in costs, or both
- Understand what is causing this by looking at customer needs, competitor moves, and market trends
- Identify ways to improve profitability

Growth strategy case: A company is trying to decide how to best grow its business.

How to solve:

- Determine whether the company is looking to grow organically or inorganically
- For organic growth, consider growth through existing revenue sources and new revenue sources
- For inorganic growth, consider potential acquisitions and partnerships

Market entry case: A company is trying to decide whether they should enter a particular new market.

How to solve:

- Determine whether the market is attractive
- Assess the competitive landscape

- Determine if the company has the capabilities to enter
- Estimate the expected profitability from entering

Merger & acquisition case: A company is trying to decide whether or not they should acquire or merge with a particular company.

How to solve:

- Determine whether the market is attractive
- Determine whether the company is attractive
- Assess potential synergies and risks
- Estimate the financial implications

New product case: A company is trying to decide whether or not they should develop and launch a particular new product.

How to solve:

- Determine whether the market that the product targets is attractive
- Assess whether the product meets customer needs and is superior to competitor products
- Determine whether the company has the capabilities to successfully develop and launch the product
- Estimate the expected profitability from launching the product

Pricing case: A company is trying to decide the best way to price a particular product or service.

How to solve:

- Determine the cost to produce the product. This is your minimum price.
- Estimate the customer's maximum willingness to pay by quantifying the value the product provides. This is your maximum price.

- Investigate the price that competitors are setting for similar products. This will help you determine the optimal price between your minimum and maximum price.

What formulas do you need to know for case interviews?

Profit Formulas

- Profit = Revenue – Costs
- Revenue = Quantity * Price
- Costs = Total Variable Costs + Total Fixed Costs
- Total Variable Costs = Quantity * Variable Costs
- Profit = (Price – Variable Costs) * Quantity – Total Fixed Costs

Investment Formulas

- Return on Investment = Profit / Investment Cost
- Payback Period = Investment Cost / Profit per Year

Operations Formulas

- Output = Rate * Time
- Utilization = Output / Maximum Output

Market Share Formulas

- Market Share = Company Revenue in the Market / Total Market Revenue
- Relative Market Share = Company Market Share / Largest Competitor's Market Share

What numbers do you need to know for case interviews?

General Statistics

- Global population: 8 billion
- Average household size: 2.5 people per household
- Average life expectancy: 80 years

Country Population Statistics

- United States: 320 million
- Canada: 40 million
- Mexico: 125 million
- Brazil: 200 million
- United Kingdom: 60 million
- Germany: 80 million
- France: 60 million
- China: 1.4 billion
- India: 1.4 billion
- Russia: 150 million
- Japan: 125 million
- Australia: 25 million

What are some case interview tips?

Tip #1 - Make sure you understand the business problem and objective: Answering or addressing the wrong business problem is the quickest way to fail a case interview.

Tip #2 - Don't rely on using memorized frameworks: Interviewers can tell when you are regurgitating memorized information and not thinking critically.

Tip #3 - Structure your approach before doing any math calculations: This helps you avoid making unnecessary calculations or reaching a dead-end.

Tip #4 - Talk through your calculations out loud: This decreases the likelihood of making a mistake and helps the interviewer follow what you are doing

Tip #5 - Structure your answer to qualitative questions: Use a simple two-part framework such as internal/external, short-term/long-term, or economic/non-economic.

Tip #6 - Answer “so what?” after every question: Throughout the case, connect each of your answers back to the case objective. What implications does your answer have on the overall business problem?

Tip #7 - Have a firm recommendation: Do not have a flimsy recommendation that switches back and forth between two different recommendations. Pick one and provide support.

Tip #8 - Be 80/20: You will not have time to answer every single question. Focus on the most important questions that have the greatest impact on your answer. This is the 80/20 principle which states that 80% of the outcome comes from 20% of your effort.

Tip #9 - Be coachable and easy to work with: Interviewers look for people that they would personally want to have on their team. Demonstrate that you would be a great teammate.

Tip #10 - Be enthusiastic: Interviewers want to hire candidates that love their job and will work hard. Displaying enthusiasm shows you are passionate about consulting and working at the firm.

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