

MANAGEMENT CONSULTING AND THE INTERVIEW PROCESS

INTRODUCTION TO CONSULTING

WHAT DO CONSULTANTS DO?

Management consulting firms advise their clients on how to address the challenges they face, including:

- How to sell more product?
- How should they price their products/services?
- How to cut outsized costs?
- Should they enter new markets? If so, which one(s)? How?
- What new products should they develop?
- How to understand and direct cultural/organizational change?
- Whether to, and how to, make acquisitions or sell business lines
- And much much more!

WHO DO THEY DO IT FOR?

They provide these services to clients across every industry:

- Healthcare
- Energy
- Social sector
- Public sector
- Financial services Technology
- Telecom
- Retail
- Consumer Products Media
- Utilities
- Airlines
- Metals & Mining
- Private Equity

For more information on the consulting industry, what interviewers are looking for, and components of the case interview, visit [this guide](#) on RocketBlocks

EXAMPLE OF CONSULTING CASE

CONTEXT

Client is a **manufacturer of a home good** in the U.S.

QUESTION

A new competitor enters the market with a lower priced, copycat product; the client wanted to:

1. Figure out how to price their product strategically
2. Decide whether they should enter new retailers or strengthen existing partnerships with retailers

SOLUTION

Design a holistic product revamp around several key facets:

- **Update pricing and naming structure:** Worked with the client to perform a pricing-elasticity study to inform new pricing strategy
- **Refresh customer segmentation:** Identify current and potential customers, sized and prioritized segments, and recommended marketing channels to reach them

Redesign retailer strategy:

- Identify opportunities to expand into new retailers and use game theory to anticipate response of current retail partners

EXAMPLES OF CONSULTING FIRM TYPES

Large Strategy Firms

McKinsey, BCG, Bain, A.T. Kearney

Emphasis on corporate strategies for upper management

Big 4

Deloitte, PwC, KPMG, EY

Include a variety of practices, such as strategy, technology, human capital and implementation

Economic Consulting

Analysis Group, Cornerstone

Using analytics and modeling to support corporate litigation

Boutique Strategy Firms

LEK, Oliver Wyman, ZS

Emphasis on corporate strategies for upper management

IT Consulting

Accenture, IBM

Emphasis on IT implementation and development of technology tools for clients

Niche Consulting

Innosight, Chartis Group, Simon Kucher, AlixPartners

Smaller firms that focus on a specific niche, such as design + innovation, healthcare (Chartis) or pricing (Simon Kucher)

CONSULTING INTERVIEWS: CASE + FIT

CASE INTERVIEW

Case Interviews are 30-45 minute interactive interviews that challenge a candidate to solve a complex business problem while testing a range of hard and soft skills.

Candidates are expected to structure the problem, ask for and analyze data, and drive to a solution in real time. For case interviews, the approach to the solution is more important than solution itself.

FIT INTERVIEW

In the fit portion of the interview, candidates may be asked some behavioral questions about past work experiences as well as to give a brief introduction about themselves (elevator pitch).

More on fit interviews can be found on the OCS website and on RocketBlocks (Dashboard > Founder's Corner > "View All" Mini-Lessons > Fit Interview section)

The next slides focus on preparing for the case interview.

TWO COMMON CASE INTERVIEW METHODS

Interviewee-led

Typical of most firms. You decide which areas to explore and lead the discussion (i.e. drive the case)

Example

Interviewee: "Based on what we know so far, cost or revenue are areas that may be impacting the declining profitability. Since it looks like there has been a change in xyz, I'd like to take a look into the cost of raw goods and operations over the past few years first."

Interviewer: "Great, here are some charts we've been provided"

Interviewer-led

Typical of McKinsey. Interviewer guides the discussion. Case may have heavy brainstorming components and quantitative work.

Example

Interviewee: "Based on what we know so far, cost or revenue are areas that may be impacting the decreasing profitability."

Interviewer: "Great, let's dive into cost first. Here are some charts we've been provided."

CASE TYPES I: MARKET SIZING CASES

Market sizing cases test your thought process, ability to structure, general business and numbers sense, and communication given an ambiguous problem. The goal is to showcase how you break down the problem and come to a reasonable answer. There is often a broad range of acceptable answers instead of one correct one.

Sample Questions

- How many yellow school busses are used for elementary schools in [city you are recruiting for]?
- What is the market size of protein powder in the U.S.?

Commonly Used:

- U.S. population (300M or 320M), NYC population (7 or 8M)
- Average members per household (3 or 4)
- Lifespan (80 years), estimated population per age year ($320\text{M}/80\text{years} = 4\text{M}$)
- Etc.

Market Sizing Tips

- Choose numbers that are easy to work with
- Ask to round if numbers start to get hairy
- Give interviewer an overview of the steps you will take to get to the answer before diving in
- Be open to suggestions and working with the interviewer if they try to redirect you
- Conclude by putting the number you get into the context of the original question you received

TYPICAL MARKET SIZING CASE FLOW

~1-2 min

Understand the question

- Listen actively
- Ask clarifying questions
- Take judicious notes
- Clarify the objective of the problem you are trying to solve

~1-2 min

Structure your approach

- Mention you will take a minute to plan your approach (optional, may be real-time)
- Draw out framework
- Use top-down or bottom-up approach
- Walk interviewer through your thought process and adjust as needed
- Utilize clear and logical assumptions

~8-10 min

Work through the steps

- Follow your plan!
- Walk interviewer through as you do your math
- Verbalize assumptions when you make them
- Sense check your numbers – if a number seems too big or unreasonable, it probably is
- Highlight insights from any calculations
- Note conclusions

~2 min

“So what?”

- Drive the case to a conclusion before time expires
- Answer the case question
- Contextualize the answer
- How does your conclusion impact the decision?
- Be prepared to answer probing questions or be challenged on your answer

TWO WAYS TO FRAME

TOP DOWN

Start large: total population, number of households, etc.

320M people in the US

Use logical filters: Demographics (Income, Age, Gender); users v. non, etc.

Assume life expectancy 80 years = 4M/age

Get a target size / population of users

If we're looking for millennial or younger users, this is ~60M people

Determine usage per person/ household to get market size

Assuming 10% penetration, using once per month: 6M * 12 = 72M sales in 1 year

BOTTOM UP

Start small: with a single unit

One store, one street, one student, etc.

Use per unit basis: Logically assert how many units exist

2 books/student

250 students/school

Estimate the usage of that one unit

~3 schools in East Rock

Multiply by number of such units to get a full market size

**250 students/school * 2 books/ student
* 3 schools**

**= 1500 elementary school library
books in East Rock**

CASE TYPES 2: STRATEGY CASES

Strategy cases test your ability to structure a business problem into sub-problems, ask for and analyze data, .

Case types can include profitability, market entry, acquisition, organization, industry analysis (incl. non-profit), capacity expansion (incl. outsourcing), investments.

Strategy cases may sometimes have a mini-market sizing case embedded as well.

Read more about each industry on the OCS Case Interview website (“Industry Primers”).

Sample Questions

- Our client is a mining company in Australia. They would like to know if they should expand their mine into an adjacent lot.
- Our client is a fast-food chain. Over the past 3 years, they’ve experienced declining profits in their Northeast segment and want to explore how to turn this around.

TYPICAL STRATEGY CASE FLOW

~3 min

Understand the question

- Listen actively
- Ask clarifying questions
- Take judicious notes
- Organize notes as slides
- Formulate an initial hypothesis about possible solutions
- Write down key question

~2-3 min

Plan your approach

- Mention you will take a minute to plan your approach
- Draw out a framework as checklist of topics to explore
- Select 3 to 5 major topic areas
- Identify relevant sub-topics
- Present plan of attack to interviewer – start with the most important

~12-15 min

Probe for information

- Follow your plan!
- Ask specific questions to test hypothesis
- Adjust hypothesis and plan as data emerges
- Organize notes as slides
- Highlight insights from any numerical calculations
- Note conclusions

~3 min

Assert a conclusion

- Drive the case to a conclusion before time expires
- Answer the case question
- Take a definite stand
- Make best conclusion with data on hand
- Make recommendations and follow them with supporting evidence
- Address “risks” and “next steps”

TIPS FOR ACING THE CASE INTERVIEW

- 1. Understand the Question:** Before jumping into your answer make sure you understand the entire question. Restate the question and make sure that all of the information you heard was correct and clarify any questions about the prompt itself.
- 2. Take Time to Think:** After receiving the prompt and asking some clarifying questions, take a few minutes and think about what approach you are going to take for each section. Jot down notes for each part of the question and consider which framework you are going to use. A few minutes of silence may seem awkward, but interviewers understand that you need time to gather your thoughts.
- 3. Form a Partnership with the Interviewer:** The case interview is a partnership between the interviewer and the applicant where the interviewer is the “client” in the consulting engagement. Your task is not simply to answer the questions, but to build a relationship with the client, find out critical pieces of information that may have not been revealed, and read subtle cues from the interviewer.
- 4. Listen attentively throughout the Case:** Listening is crucial for the consulting case interview. The interviewer will give you clues throughout the case and if you do not pay careful attention you may miss an important point, taking you down the wrong path.

TIPS FOR ACING THE CASE INTERVIEW

- 5. Use Frameworks:** Frameworks are ways to structure your answer, making it easier both for you and for the interviewer. It helps the applicant by structuring their thoughts and making sure they don't forget a key part of the analysis. At the same time, it helps the interviewer by providing a clear train of thinking instead of jumping around from point to point. It is not imperative to memorize every framework, but it is important to have structure in whatever way you decide to approach the question.
- 6. Take Notes:** Be scrupulous in your note taking; it is not enough to just listen attentively. Having detailed notes will help you avoid making careless mistakes and keep your thoughts organized. Make use of highlighting, circling or whatever type of marking up you prefer—it's a great way to prepare for a summary at the end of the interview. Some interviewers may ask you for your notes after the interview in order to check your organization and/or make sure you do not disclose information to other applicants.
- 7. Make Assumptions:** Making assumptions during the case (and estimations) will help you solve the problem faster and make it easier to make calculations to continue with your analysis. For example, if you are doing a market sizing on how many coffee cups are sold in the U.S., you might say, "I am going to assume a U.S. population of roughly 300 million people divided equally among the 0-20, 20-40, 40-60, and 60-80 age range". Remember to always justify your assumptions: "I am going to assume we can capture 10 percent market share, because of x and y." Estimations are also a key way to simplify your analysis, but make sure you are not estimating or rounding a number that needs to be exact (like profit margin).

TIPS FOR ACING THE CASE INTERVIEW

- 8. Ask Great Questions:** The consulting case is largely about asking the interviewer the right questions in order to learn more about the organization. Because the interviewer usually has information that is not immediately revealed, you should ask questions before making your own assumptions. Questions have to be probing and show your understanding of the subject matter. Instead of asking to learn more about the competition, you may ask, “Do you have any information or insight on the breakdown of the fast-food industry? How many major competitors are there and what are their respective market shares? On what basis do they differentiate themselves?”
- 9. Provide Insight Beyond the Case:** It is not enough to simply answer the questions posed by the interviewer. Throughout the case, your role as an applicant is also to give insight wherever you can, showing the interviewer your thoughtfulness and expertise in business strategy. For example, if you are estimating revenues from radio advertising, you may offer additional insight about how much TV or online ads cost as a way to estimate radio ads. Additionally, you may even go beyond the questions in the case in the conclusion and offer two or three things the organization should consider that were not posed by the case but may be good business strategies.
- 10. Have a Conclusion:** There is nothing more awkward in a case interview than when the applicant answers the last part of the question and assumes they are done. Take a few minutes at the end to gather your thoughts and provide a thoughtful summary that includes the question posed, your approach and assumptions, and your final conclusions. This is a great way to set you apart from other applicants and, if done correctly, will end the interview on a high note (even if there were blunders at various points in the interview).
- 11. Practice!** The more cases and drills you do, the more skilled and confident you will become.