

CONSULTING:

WHAT IS IT?

HOW DO I GET A JOB IN CONSULTING?

HOW DO I PREPARE FOR CASE INTERVIEWS?

What is consulting?

Consulting is the industry and practice of **providing guidance** to management in order to **improve the performance** of organizations. Clients are typically businesses, but management consultants also advise government agencies and nonprofit organizations.

What types of problems do consultants solve?

- How can a business enter a new industry?
- How should a business go about introducing a new product?
- How can a business respond to a competitive threat?
- Why is a certain business losing profits? How can we turn it around?

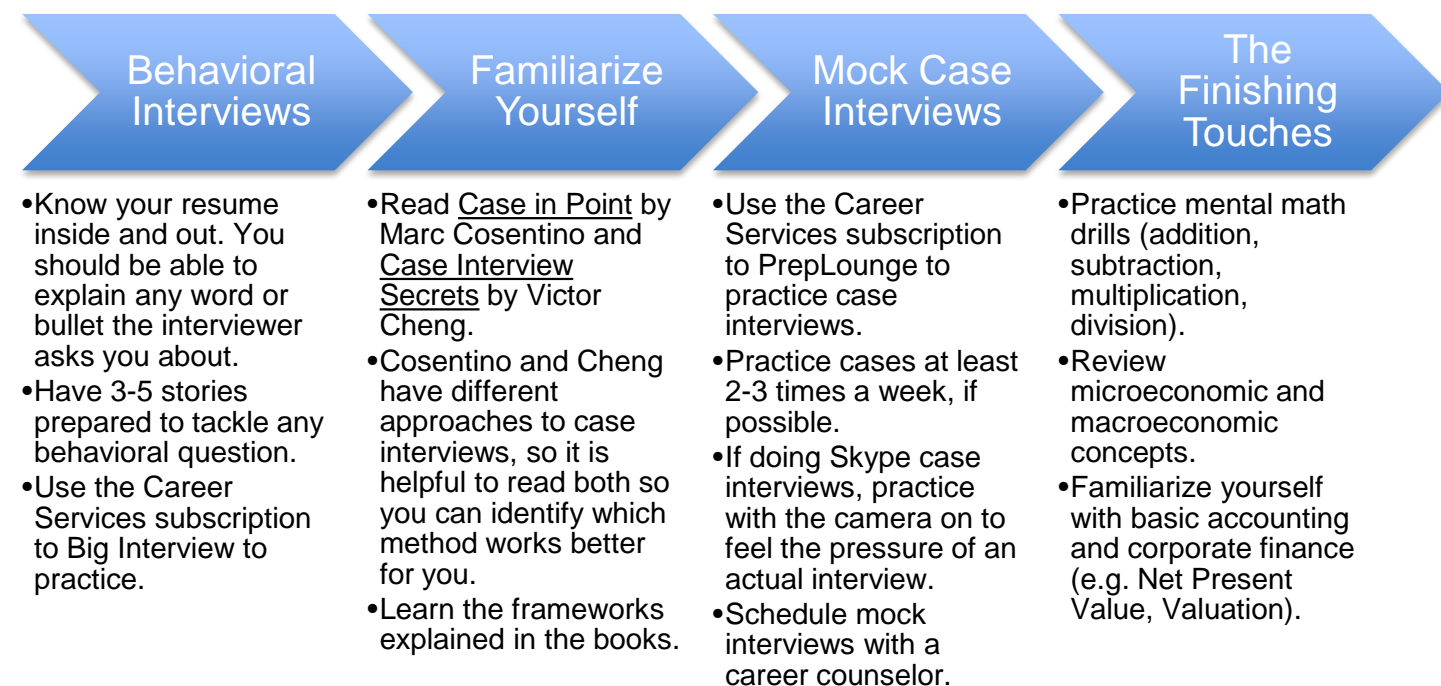
What are the different types of consulting?	What do consulting firms look for?	
<ul style="list-style-type: none"> ❖ Management ❖ Federal ❖ Human Capital ❖ Strategy ❖ Specialized (e.g. IT consulting) ❖ Economic 	Soft Skills	Hard Skills
	<ul style="list-style-type: none"> ✓ Communication ✓ Creativity ✓ Flexibility ✓ Listening Skills ✓ Working Under Pressure 	<ul style="list-style-type: none"> ✓ Quantitative Skills ✓ Analytical Skills ✓ Problem Solving ✓ Data Interpretation ✓ Logical & Structured Thinking

How can I prepare for consulting interviews?

There are two main components to consulting interviews: the behavioral and the case interview.

Behavioral Interview	Case Interview
<ul style="list-style-type: none"> ❖ Behavioral interviews are used to assess your skills, how you would react or behave in certain situations, and ultimately whether you would “fit in” with the company culture. ❖ Behavioral interviews are a chance for you to explain why you are interested in consulting and why you think you’re a good fit. ❖ Describe clearly how you became interested in consulting. Your resume explains what you’ve done in the past, but it does not explain <i>why</i> or <i>what</i> made you interested in consulting! 	<ul style="list-style-type: none"> ❖ A case interview is a type of interview in which the applicant is given a question, situation, problem or challenge and asked to resolve the situation. ❖ It is used to scrutinize skills that are especially important in management consulting (see above). ❖ Case interviews illustrate the types of issues consultants regularly solve. Think of a case interview as an opportunity for you to show that you can do the work!
<p><i>Sample behavioral questions:</i></p> <ul style="list-style-type: none"> ➤ What are your strengths and weaknesses? ➤ Tell me about a time when you... <ul style="list-style-type: none"> ○ Led a team? Failed? 	<p><i>Sample case interview questions:</i></p> <ul style="list-style-type: none"> ➤ Should Company A acquire Company B? ➤ SwatCompany has seen a 15% decline in profits. What do you think went wrong and how can we fix it?

Process for Preparing for Consulting Interviews



Who could I reach out to for mock interviews or career advice?

Here are some Swarthmore alumni who are eager to help students prepare for consulting interviews...

Type of Consulting	Alumni in Respective Consulting Field
Management	<ul style="list-style-type: none"> • Emily Anne Nolte '07, Manager, PwC; emily.anne.nolte@pwc.com • Dominic Hum '07, Head of Dallas Office (Securities Division Management & Strategy) at Goldman Sachs (former consultant at EY); Dominic.Hum@gs.com
Federal	<ul style="list-style-type: none"> • Aldo Frosinini '15, Consultant, Booz Allen; aldofrosinini@gmail.com • Christine Nay '02, Deloitte Consulting; christine.nay@gmail.com
Human Capital	<ul style="list-style-type: none"> • Marjan Chittae '05, Director of People Strategy, Professional Development and Program Management at G100 Companies. Former Consultant at PwC and Mercer; marjan.chittae@gmail.com
Strategy	<ul style="list-style-type: none"> • Michael May '11, Consultant, McKinsey; michaellmay@gmail.com • Chris McKitterick '09, Consultant, McKinsey; chris.mckitterick@gmail.com • Anne-Marie Frassica '09, Consultant, McKinsey; afrassil@gmail.com • Matt Bertuch '14, Managing Analyst, Treacy & Company; mbertuch@treacy.com
Economic and IT	<ul style="list-style-type: none"> • Preston Poon '14, Associate, Charles River Associates (econ); ppoon@crai.com • Vasya Dostoinov '01, Associate Director, Gartner Management Consulting (IT); vdostoin@yahoo.com

Additional Networking Tips!

- ❖ Schedule phone calls with alumni. Use LinkedIn and the [Swarthmore Alumni Directory](#) to identify Swatties in consulting.
- ❖ See the [Career Services networking site](#) for advice and resources.
- ❖ If possible, meet contacts in person for coffee.
- ❖ Ask alumni about their career experiences and feel comfortable to ask them for advice on how you can enter the industry.

Timeline by Class Year	Additional Tips
<p>First Year Students</p> <ul style="list-style-type: none"> • Explore options, but don't necessarily get set on a particular career path • Take a mix of qualitative and quantitative classes, including statistics • Summer internship not required but strongly recommended <ul style="list-style-type: none"> ◦ Does not have to be consulting or finance oriented 	<p>Tips for Underclassmen:</p> <p>Apply to Underclassmen Programs</p> <ul style="list-style-type: none"> • Great way to get firsthand exposure to a firm and the industry • Diversity and inclusion programs for students of underrepresented backgrounds • Programs are posted in SwatCareers and organization websites <p>It is never too early to start networking!</p> <ul style="list-style-type: none"> • Speak with alumni to understand their backgrounds and how they became interested in consulting. • Ask them what a typical day is like for them! This will help you gauge whether the job is a good fit for you.
<p>Sophomores</p> <ul style="list-style-type: none"> • Get an internship in the summer that offers opportunities to take ownership of own work, analyze and handle data, write, present, and meet people in all levels • Get involved in extracurricular activities, research opportunities 	<p>Tips for ALL Students:</p> <p>Recommended Classes</p> <ul style="list-style-type: none"> • Intermediate Microeconomics • Intermediate Macroeconomics • Financial Accounting • Financial Economics <p>Extracurricular Activities</p> <ul style="list-style-type: none"> • Expose yourself to opportunities to practice the skills and strengths that are necessary for consulting: leadership, communication, and client/people-facing skills • Pursue leadership roles in clubs and organizations. This will enable you to work on your communication and people-facing skills <p>Use your summer to start preparing ASAP!</p> <ul style="list-style-type: none"> • Research the various areas of consulting • Vault Career Intelligence is a good general resource; access Swarthmore's free subscription once you've logged into SwatCareers <p>Case Interview Preparation:</p> <ul style="list-style-type: none"> • Case in Point by Marc Cosentino • Case Interview Secrets by Victor Cheng
<p>Juniors</p> <ul style="list-style-type: none"> • Establish contacts at firms you are interested in • Practice case interviews • Start preparing the summer before junior year • Apply early; many deadlines are early fall semester 	
<p>Seniors</p> <ul style="list-style-type: none"> • Prepare for interviews based on the field you want to go into <p><i>If you completed a junior year consulting internship...</i></p> <ul style="list-style-type: none"> • Build upon networking and interview preparation from junior year <p><i>If you did NOT do a junior year consulting internship...</i></p> <ul style="list-style-type: none"> • Prepare for interviews as much as possible, as soon as possible • Establish connections at firms 	

What should my resume look like for consulting?

Work Experience

Ice Cream Server, O'Mally's Ice Cream Pub, Media, PA June 2014 – July 2014

- Served on average **~50 customers daily**
- Maintained inventory weekly, which led to cost savings of 20%
- **Increased** sales by 15% via implementation of new marketing plan

Tip #1: Quantify your achievements! Incorporate numbers whenever you can. It puts your hard work into perspective.

Leadership

Resident Assistant, Swarthmore College, Swarthmore, PA August 2015 – Present

- Serve as a residential academic mentor for a dorm with 80 students
- Improved hall-life satisfaction by 75% according to RA feedback survey
- **Dedicate 10 hours weekly** to facilitate student activities

Tip #2: Use positive verbs, such as *increase, dedicate, and improve*. It shows you have made an impact!

While your resume explains in detail what you achieved in your previous work experiences, it is also an opportunity to show that you can make a big impact to that company as well if you were to be hired!

Tip #3: Write descriptions that illustrate important skills. Some skills include time management, organization, and proactivity.

What should my cover letter look like for consulting?

A cover letter should typically have one opening paragraph, one or two body paragraphs, and a concluding paragraph. A sample cover letter is shown below:

Dear Ms. Martin:

Tip #4: If you do not know the recruiter's name, you can say "Dear *Company Name* Recruiting Team:"

In my conversations with Swarthmore alumna and McKinsey BA Susan Smith, I was excited to learn more about the opportunities at McKinsey and confirm my interest in the BA role. I am currently an Honors Major at Swarthmore College, concentrating in English Literature with a minor in Art History.

First paragraph: **introduce yourself** (education, major), **indicate what role you are applying for** (e.g. BA role), and **mention any connections you have at that company** (e.g. Susan Smith).

I am extremely interested in pursuing a career at McKinsey. I strongly value the defining principles of McKinsey's collegial atmosphere. Its dedication to working directly with their clients for effective change is singularly conducive to my personal and professional growth. I am certain that I would be an invaluable contributor to this initiative.

Second Paragraph: **Explain what you like about this company** and its work. **Do you think you would be a good fit? Why?**

My Swarthmore academic and extracurricular experiences have prepared me for the demands of a challenging environment. I participate in seminars in which I must rapidly gain an in-depth understanding of complex subject matter, analyze the information, and then defend my position to my colleagues. In addition to my rigorous workload, I have served as Captain of two Varsity sports. As a student-athlete at Swarthmore, I have become accustomed to working under pressure and multi-tasking, while honing my interpersonal and communication skills.

Body paragraph: Write about your experiences that **demonstrate your hard and soft skills** that are needed to be successful at the company. This student illustrates her intellectual rigor, time management, and leadership skills.

I am enthusiastic about bringing my energy and abilities to McKinsey. Thank you for your consideration, and I look forward to hearing from you.

End with a quick note indicating that you are excited for the role and that you are looking forward to hearing back from them.

Sincerely,

Alice Wharton

The interview process for consulting positions includes a wide range of interviewing questions – you are likely to encounter behavioral questions, resume based questions and often times case interview questions, especially at the larger management consulting firms. Below is information on case interviews as well as the behavioral and resume based interview for consulting positions.

Case Interview Fundamentals

What is a Case Interview?

An active problem-solving session, designed to discover how you think through problems and come to a conclusion. A case study attempts to assess:

- How you go about structuring a tough, ambiguous business problem
- How you think about which issues are important in the problem
- How you deal with and process data (numerical & otherwise)
- How you make conclusions and recommend actions required to solve the problem
- How you articulate your thoughts during an interactive problem solving discussion

Consulting skills set:

- **PROBLEM SOLVING:** help clients solve tough problems and implement solutions; practical sense of what works and doesn't in complex organizations <NOTE: problem solving skills are assessed through the case interview; the remaining skills are assessed through the behavioral, or experience interview>
- **ACHIEVING:** ability to multi-task; work with tight deadlines; show energy, determination and good judgment; demonstrate a passion for setting challenging goals and achieving them in a practical way
- **PERSONAL IMPACT:** interpersonal skills, sometimes exhibited in difficult situations; ability to influence people over whom you have no authority
- **LEADERSHIP:** fostering teamwork and driving positive change, abilities that are demonstrated through challenging team situations

How to prepare:

- Practice sample cases and review case materials online (Career Services has subscriptions to Vault.com, Case Questions Interactive, PrepLounge and ManagementConsulted as well as books like Case in Point in the Career Library)
- Discuss current business issues with friends, review articles in the financial press, think about what might be wrong and what you'd do to fix it
- Practice numerical agility by performing basic calculations in your head

Strategies:

- Write the initial question at the top of your page and begin by restating the problem
- Write down the statements you give the interviewer so you can refer to them when making your conclusion, e.g. "We learned A, B, and C; as a result, D"
- Show creativity – show knowledge from disciplines the average business major wouldn't know
- Describe your overall approach – what are the questions you need to know the answers to in order to answer the bigger question?
- Spend 80% of your time analyzing the case:
 - Gather and analyze facts; Agree on priority issues with the interviewer
 - Make estimations, e.g. "If prices go up ___% and volume goes down ___%, what is the impact on revenue (revenue = price x volume)"
- Conclude with recommendations and relate back to original question

Interview Questions and Answers – Behavioral and Resume Based

Below are examples of questions, with suggestions for how to approach your answers.

Critical Thinking Skills (Technical/Analytical)- Make rational and realistic decisions using business knowledge, experience, and a factual assessment of all the information. Ideally, demonstrates strong technical/analytical background. However, foremost, needs to demonstrate rational and logical thought processes.

Key Actions to come across within Candidate's Responses:

- Gathers information
- Interprets information
- Presents information logically

Q. Tell me a time when you had to convey complex technical information to people without a technical background. What was your approach?

A. Ideally, candidate should lead you through a logical, step-by-step communication approach. Perhaps, he/she practiced a technical presentation for a friend to gain outsider perspective. A further plus: if candidate follows along a thought pattern of laying out big-picture themes in the beginning and breaking out complex information into segments.

Q. What kinds of information have you been required to analyze? Describe one of your most difficult analyses. (This actually could be a good way to test above question in practice. If a candidate thoroughly describes some type of technical analysis on a topic the interviewer is not familiar with, and is an effective communicator, that's a very positive sign).

A. A good answer should be really thorough and really walk the interviewer through an analytical process, step-by-step. Perhaps ask follow-up questions to gain deeper understanding of precise technical analysis that was done (i.e., specific Excel questions, or math questions).

Q. Tell me about a time when you made ineffective decision because you had not gathered enough information. What assumptions did you make? What happened?

A. Ideally, an answer would involve some type of an analysis or paper that was done by the candidate, but the outcome of said analysis/paper was incorrect due to incomplete research at the beginning. Look for the candidate to elaborate on what he/she would have done differently.

Q. Tell me about a unique approach that you took to solve a problem. How did you come up with the approach? Did you consider other options?

A. This question is attempting to ascertain the interviewee's creativity, their "outside-the-box" thinking ability. An ideal response would walk you through what the problem was, why it needed a unique solution, what was the solution and why was it chosen, and what else could have been done.

Teamwork/Fit – Willingly cooperates and works with others toward solutions that generally benefit all involved

Key Actions to come across within Candidate's Responses:

- Questions should emphasize teamwork over fit
- Clarifies team roles and responsibilities
- Develops direction/structure
- Facilitates goal accomplishment
- Informs others on the team
- Establishes team expectations

Q. Tell me about a time when you had to work with a team to accomplish a goal (class project, internship project, extra-curricular activity project). What difficulties did the team have? What was your role and how did you specifically contribute to the team's success?

A. Candidate should effectively describe a situation and communicate some examples. (i.e., Candidate worked with a group of 10 people to organize a charity event; look for good, clear examples of teamwork; specific scenarios; conflicts; resolutions)

Q. Tell me about a situation in which you became frustrated or impatient when dealing with a peer/team member. What did you do? What happened?

A. Candidate should describe this type of situation. (it's happened to everyone, candidate shouldn't get away without answering, just because it's an uncomfortable situation). A good answer would involve a mature response to this type of situation.

Q. Can you give me an example of a group/team decision you were involved in recently? What did you do to help the group/team reach the decision?

A. An effective way to reach a group decision is to write out all decision points on a board/paper; discuss in sequence; vote on alternatives; etc.

Q. Talk about a project that you worked on from start to finish.

A. A complete answer would give insight into how the candidate would fit in with ____.

Q. We all make mistakes. Tell me about one of your biggest mistakes? How did you correct it? How did you communicate it to your team?

A. This question is posed as a self-review to see if the candidate recognizes that they have made mistakes in the past and is able to learn from them. Since candidates don't like to appear weak in interviews they may try to avoid question. A good answer will hit all three points: recognition of the ability to make a mistake, realization of correction to mistake, and ability to communicate mistake effectively to team and move on.

Initiative/Resourcefulness – Strives to improve own skills by identifying strengths and developmental needs. Once identified, demonstrates ability to seek formal and informal developmental opportunities.

Key Actions to come across within Candidate's Responses:

- Seeks learning activities
- Actively networks
- Applies knowledge or skill
- Identifies and targets learning needs

Q. Describe a situation in which you capitalized on an opportunity to learn a new skill?

A. A good example is an academic research project that turned into something more (i.e., a job, an extra-curricular activity). Basically we are looking for an explanation of some type of an unexpected situation that the candidate made into a positive, learning experience.

Q. Can you describe a work or school situation in which you took advantage of an opportunity that arose? What were the circumstances? What was the opportunity and how did you take advantage of it? What was the outcome?

A. Generally, looking for the candidate to describe a good example and specifically looking for some initiative, independent thought, self-drive and motivation in accomplishing a goal.

Q. Tell me about a job or course you've had that required high attention to small details. How satisfied/dissatisfied were you with that, and why?

A. All candidates will probably answer that they were satisfied but what we are looking for here is to get a sense of how comfortable they are dealing with minutia on a daily basis. One should probe further if the candidate states they "love dealing with small details on a daily basis."

Q. Learning new skills isn't always easy or fun. Tell me about the last time you volunteered to work on a project even though it seemed intimidating to you. What happened?

A. Basically trying to see if the candidate has previously demonstrated initiative in the face of the unknown.

Q. Tell me about a time when you were frustrated or upset because you were asked to make last minute changes to something you worked very hard to prepare. What was the situation? What kind of changes were requested and why? How did you react? What did you do?

A. This question can be answered using work or school experience and is meant to get an understanding of how the candidate would deal with a very common analyst situation.

Q. Tell me about a time when you solicited feedback on your performance from a teacher/peer/supervisor. What did you do? What happened?

A. Candidate should describe a situation and provide a follow-up (i.e., teacher suggested that candidate should work on writing skills and candidate put in more effort and got a better grade on the next paper).

Planning and Organizing – Establishes systematic courses of action for self and/or others to ensure accomplishment of a specific objective. Candidate should demonstrate ability to individually determine priorities and allocate time and resources effectively.

Key Actions to come across within Candidate's Responses:

- Prioritizes
- Determines tasks and resources
- Schedules
- Leverages resources
- Stays focused
- Plans for contingencies

Q. Tell me about a time when you faced conflicting priorities. How did you determine the top priority?

A. Candidate should describe a course of action. For instance, candidate would communicate effectively with team/support/supervisor to explain the predicament and negotiate a sequence for the priorities. Or, would call on other resources and delegate effectively.

Q. Give me a recent example of a time when your schedule was disrupted by unforeseen circumstances. What did you do? What would have done differently?

A. Look for logic and effective communication to all affected parties in the candidate's answer.

Q. Give me an example of a project for which you had to identify and sequence all the key actions, some of which may have been overlapping. How did you do this?

A. Ideally, candidate would relay a thorough example of a school project (maybe a team project) or an internship project, where perhaps candidate made a timeline. If candidates talks about building in cushion time with timing for unexpected delays, that's a plus.

Q. What procedures do you use to keep track of items that need your attention?

A. Look for logical and thought-out procedures. The idea is not to question the procedures but to see what they have come up with over the years.

Q. Deadlines can't always be met. Tell me about a time when you missed a deadline on a project. What were the causes?

A. Looking for an honest and candid answer from the candidate. Also the questions attempts to ascertain if the candidate has learned from the experience.

Interest – Establishes and effectively expounds upon desire to grow both within this industry and within the company.

Key Actions to come across within Candidate's Responses:

- Indication they have an understanding of what we do besides what is on the website
- Understanding of some current events within industry
- Expression of skills necessary to work in a consulting environment
- Desire to learn about XYZ consulting firm's career path

Q. Can you think of anything at this point that differentiates XYZ consulting firm from the other companies you are interviewing with?

A. This is a completely open-ended question. Interviewer should be prepared for a variety of answers. The idea is to distinguish which candidates have actually taken the time to get to know XYZ consulting firm.

Q. Why does consulting in general appeal to you as a profession? Why do you believe you are adequately suited to the task and what skills do you plan to bring to the table?

A. Candidate should describe why he/she is interested in consulting. If the candidate is being vague please urge them as much as possible to give specific reasons why they chose to interview with a consulting firm (even if the reason is \$\$ or travel). Candidate should also then attempt to distinguish themselves from other candidates by explaining point-by-point what they have to offer to XYZ consulting firm – urge them to use an anecdote to explain in more depth one of their skills.

Q. Please explain what you know about our branch of consulting.

A. Depending on what order this interview comes in the line-up the responses may vary. Based on the response the interviewer should be able to judge how much genuine interest there is in our field. That is not to say that we wouldn't hire someone that can't articulate why they want to be a consultant in our field specifically; but we do want to hire someone that has an inquisitive mind about what we do.

Q. What is the one thing I could say to you right now that would seal-the-deal in terms of your desire to work for XYZ consulting firm?

A. This is a fun question to gauge what the candidate is looking for out of a job and to see if we actually can provide that. Note a hefty salary and many vacation days is not an acceptable response – laugh it off and tell them to try again.

Other general questions to gain a better understanding about the candidate's personality:

- Q. What previous job was the most satisfying/frustrating and why?
- Q. What aspects of working in general are satisfying and which are dissatisfying?
- Q. What is the most interesting thing you've done in the past 3 years?
- Q. What courses did you do the best/worst in and why?
- Q. Describe a project in which you went beyond what was expected of you?
- Q. Discuss something about yourself that I cannot learn from your resume?

The following is an excerpt from "Preparing for Consulting Interviews" by Marc Consentino

Case Questions

It is important to remember that the interviewers often don't know the answers to case questions. They are more interested in the way your mind works and how logically you approach the problem. When an interviewer asks you a case question, you are encouraged to ask your own questions. This accomplishes several objectives. First, it allows you to obtain more information that will make answering the case question much easier. Second, even if you don't receive additional information, you have shown the interviewer that you are not shy about asking questions under difficult circumstances. As a consultant you are going to be asking a lot of questions in very difficult situations. Third, it helps turn the question into a conversation. The best interviews are conversations, not Q&A sessions.

Traditionally, there are three types of "case" questions: "Guess the Number," "Brain Teasers," and "Business Problems." The most common are "Guess the Number" and the "Business Problem."

Guess the Number

Case Question One: "You and I are sitting in an empty room with no telephone, reference books, or computers. Can you tell me how many disposable diapers were sold in the U.S. last year?"

In answering this question, all you have to work with are assumptions. If you are unsure about an assumption or unsure about what is being requested from you, do not hesitate to ask questions of the interviewer.

The following is one possible answer:

- I am going to assume that the population of the U.S. is 250 million people. I am going to further assume that the average life expectancy in the U.S. is 75 years. For simplicity's sake, I am also going to assume that there is an equal number of people in each age group. So 250 million people divided by 75 different age groups equals 3.3 million people in each age group.
- Children wear diapers from age zero to age three, so that's three years. Three point three million children times three years equals 9.9 million, so let's say ten million children. Out of those ten million children, I am going to assume that 80 percent of them wear disposable diapers. That's eight million children.
- I also think that children go through about five diapers a day. Newborns maybe more than five, three-year-olds maybe less, so we will assume five diapers a day. Eight million kids times five diapers a day equals 40 million diapers a day.
- So 40 million diapers a day times 365 days a year is your answer.

Another possible answer is:

- I am going to assume that the population of the U.S. is 240 million people. I am going to further assume that the average life expectancy in the U.S. is 80 years. These 80 years represent four generations. So 240 million people divided by four generations equals 60 million people per generation. Each generation represents 20 years, so 60 million people

divided by 20 years equals three million people per year. Children wear diapers from ages zero to three, so that is nine million children.

- Out of those nine million children, I will assume that one- third wear cloth diapers, so six million wear disposable. Children wear about five disposable diapers a day. Six million children wearing five diapers a day equals 30 million diapers a day.
- So 30 million diapers a day times 365 days a year is your answer.

It is perfectly acceptable to use pen and paper during this question. While you are in the process of solving this problem, you are also trying to remember the numbers you've just stated. Many students write down the numbers, while others diagram the problem. The point is that there is nothing wrong with writing things down.

Business Problem

The "business problem" case question often involves market analysis or new product development. There are several questions you can ask and steps you can take to insure that you have covered most of the main points.

Step One. Back translate-that is, repeat what you have just heard. You do this for several reasons: First, you get to hear the case all over again. Second, you show the interviewer that you were listening. And third, you do not end up answering the wrong question, which happens more often than you think and is grounds for dismissal.

Step Two. Ask, identify, and confirm the following: What are the company's short-term and long-term objectives-what is it trying to accomplish? Although the company's objectives may seem obvious, do not assume them. There are often hidden agendas in objectives. It is always a good policy and good business to ask. You can be sure that consultants always ask their clients.

Step Three. Analyze the market. Determine market size, identify and benchmark competition. Conduct industry analysis. Again, ask questions if you do not know who the competitors are, what their products are, and what their market share is.

Step Four. Identify and prioritize strategic issues.

Step Five. Analyze issues, set goals and objectives, then reality test these goals.

Step Six. Identify and analyze all options to reach goals and address issues.

Step Seven. Make decisions.

Case Question Two: "Our client is a small defense contractor who manufactures nose cones for the Patriot Missile, so plant production is running at 50 percent.

The client plans to diversify into the consumer electronic industry. One of its engineers has developed a new product that hooks into the common DVD player. This product allows the consumer to freeze-frame the display, hit a print button, like the print button on your computer, and print out a 4" x 6" color photograph.

The company holds the patent, and currently there are no other products like this on the market. They have called us in to help identify some of the problems that they will be facing in entering the market with this product, and how best to handle them. Our consulting firm believes that our client has about three years before a company like Sony, Sharp, or Toshiba gets around the patent and starts to compete with them.

Let's brainstorm and come up with some problems and ideas."

Step One. Back translate what you have just heard.

- **Student:** Let me make sure I have this right. We have a client who is in the defense industry. It's a small firm that manufactures nose cones for the Patriot Missile. Demand for the missile is down, and, therefore, the firm plans to diversify into the consumer electronics industry.
- The company has developed a new product that allows the consumer to freeze-frame a DVD display and print a picture from the screen. The company has the patent, but is concerned that a big consumer electronics company, like Sony, is going to be able to compete within three years.
- The company has hired us to help identify some of the problems that they will face competing in the consumer electronics market.

This is a market analysis question, so there are several steps you want to cover. Again, ask some key questions.

Step Two. Ask, identify, and confirm.

- **Student:** What are the long-term objectives and goals set for this product and the company?
Interviewer: First, to make money. The company has a manufacturing plant in Massachusetts that is only running at 50 percent capacity. They might have to shut it down and combine it with their operations in Texas. They'd like to save some jobs and increase their bottom line.
- **Student:** Who is their competition? Is there a similar product out on the market?
Interviewer: No, this is a completely new technology.
- **Student:** Is it important that the company become a household name?
Interviewer: No. They are just looking to become more profitable.

Step Three. Analyze the market. Next, try to identify the makeup and size of the market. Who would buy this product? What would they use it for? Is this a luxury product, or does everyone need one of these machines? It is okay to think out loud, because you are brainstorming. You need to consider the following factors:

- Who would buy this product? Consumers with DVD players, since you need one to work this product.
- How many people have DVD players? The population of the U.S. is 250 million. The average household size is 2.5 which translates into 100 million households. Assume (all you have to work with are assumptions) that 90 percent of the households own at least one television, which means 90 million televisions, and out of those households, 60 percent own DVD players, which equals approximately 54 million machines. This estimate takes into account the DVD players used by businesses and schools, as well as those homes that have more than one DVD player and television.

Determine the segment of the market. Would everyone who owns a DVD player want this product? If not, then what segment of the market would? Could they afford it?

- There may be a small population that would want pictures of their favorite film, television, or sports stars; however, the real market lies with those consumers who own camcorders, especially middle class families with young children.
- This is a luxury item, as is a camcorder, so the demographics will be similar. How many camcorders are there in the U.S.? How could we determine what kind of appeal this product would have?
- It has already been assumed that there are 100 million households in the U.S. with 54 million DVD players. We could estimate that 20 percent of all DVD player owners have camcorders.

What about other markets? How is the general public going to respond to this product? Remember, the DVD player and the personal computer went through the same process. One approach is to hold a focus group. A focus group is a small group of people, usually between 10 and 25 in number, who are representative of, in this case, the general public. We need to determine the appeal of this product across various demographics. Who would have predicted ten years ago that 80 percent of American households would own a DVD player? (Eighty percent is the actual number. Our

assumption was wrong, but it didn't matter because we were interested in the process, not the actual number.)

- If there were ten people in each focus group and three out of ten stated that "they had to have it," then the assumption could be made that 30 percent of the DVD player market would make a purchase during the first two years. We assume the first two years because it would take time to build product awareness as well as distribution channels. If another three said that they like it and would eventually buy it, then you could make the assumption that probably another 20 percent would purchase it over the next three to five years. So assume that within five years 50 percent of the people who currently own a DVD player would purchase the company's print production component.

Price would also be a topic of conversation during the focus group.

- **Interviewer:** Well, let's talk about price for a second. There are two pricing methods that I would like to examine. The first is called cost-based pricing and the second is price-based costing. With the first, you add up all the costs, add a profit, and that's what you set as the price. In the second, you go out into the marketplace and figure out what you think consumers are willing to pay for this product. Then you set this price by reducing your costs to ensure that there is enough of a profit margin.
Student: Knowing what the consumer is willing to pay would help us determine a price for the product that is market-driven. This means price-based costing, not cost-based pricing. Too many firms figure out their costs and then add a profit margin on top. It is much better to determine the price by estimating what the market will bear. If this number allows for a sufficient profit, then we can proceed. Once I have determined whether or not it is going to be profitable, I would compare the estimated profits against various investment options. Would it be a wiser investment to just stick the money in the bank or pay some outstanding debt?
- **Interviewer:** Okay, we've talked about the market and we have discussed pricing. What other problems will this company face?

Step Four. Identify and prioritize strategize issues.

- **Student:** We would have to sit down and figure out how to set up distribution channels. Remember, the company has spent its time and energy on marketing to the government, not the consumer. It doesn't have a trained sales force. It might be a good idea to go to the large electronic stores first to see if they are willing to place an advanced order. If we got enough advance orders, we would know that this product is likely to be accepted. We would then go to distributors with orders in hand confirming the stores' interest. This would make it easier to convince the distributors to take the product. In addition we would need to help the company set up a PR campaign and develop a marketing plan. And we would need to establish booths at the national and regional electronic trade shows.
Interviewer: Okay, good. We have discussed marketing, market analysis, pricing, and distribution. What other problems do you anticipate?
- **Student:** Name recognition, since the company has none, and even if they did, it would probably be negative because of their base industry. Also you told me that they are moving their nose cone operations to Texas, which means that the Massachusetts plant needs to be retooled for new production and the workers have to be retrained.
Interviewer: Good. Anything else?

Steps Five and Six. Analyze issues/identify options.

- **Student:** You mentioned that it is not important that the company become a household name, that they just want to manufacture. This makes sense because that is where their expertise is. Perhaps they should consider a strategic alliance. Could they develop a joint venture with another company which has established distribution channels, a trained sales force, consumer name recognition, and an established marketing department? This would cut their risks, lower their capital investment, and maintain a good return on investment (ROI).

Not to mention that the engineers of the other company could help them in the retooling of the plan so they could make a better product.

Interviewer: Okay, good. What else?

- **Student:** Our client could license the product to other manufacturers which would give them an immediate influx of cash and a steady stream of income through royalties. It would also help them share the costs of educating the public about this product. But it would still allow them the opportunity to win a sizable market share.

Step Seven. Make a decision.

- Student: Once all the options are laid out, I would then make a decision on the most attractive opportunity. In this case it would be a strategic alliance with a major industry player.

Another way to solve the business problem is with the "4C" method. **The 4 "C's" stand for company, cost, competition, and customer.** Even if you don't know that much about the subject, this methodology makes you touch on all the key areas.

Case Question Three: "Why can't General Motors compete?"
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This is a pretty broad question and even if you know nothing about GM, you can still give a good answer by using the 4C method.

- Student: Well, in order to answer this, I think it is important to look at some major issues. The first issue is the company itself. GM is a large, bureaucratic corporation with many levels of management. Decisions and changes are hard to make and implement. Thus GM has rested on its laurels while other firms have come out with new designs. During the late seventies and throughout the eighties all GM cars looked alike. The second problem GM had was that their prices increased but their quality didn't improve. People weren't getting the value they expected. Some people blame the unions for the high costs, but it is probably a combination of labor costs and health care costs. Third, GM remained stagnant as the competition hit it from all sides. Ford came out with the aerodynamic Taurus. The Japanese imports seemed to many to be better built and they got better gas mileage. Finally, GM didn't seem to listen to, nor value its customers. GM seemed to think it could rely on the loyalty of customers whose families had purchased GM products time and again. They were wrong and now they are paying for it.

There was nothing earth shattering about this answer, yet it addressed the major aspects of the case and it opened the door for a conversation on the auto industry or large corporations that have had a difficult time competing against smaller, more decisive companies.

A Final Note

Case questions can seem overwhelming at first, but if you understand what the interviewer is looking for, and if you have practiced case questions either in a mock interview or with friends, you will soon discover that they are challenging, not overwhelming, and that they can be fun!