consulting

interview &
casing guide

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what is consulting?

An Overview

Consulting is a broad sector of business that involves giving advice on various topics depending on the client and their industry.

Consultants are strong problem solvers that evaluate the data of a business and its market in order to propose alternative courses of action and strategies to maximize the efficiency, profitability, and reach of a company's product(s) and/or service(s). Consultants are like doctors for businesses: they assess a client's symptoms and problems and diagnose the issue to eventually give a prescription/recommendation to the business.

There are different types of consulting companies that vary in service offerings and level of engagement with the client. Each consulting firm collaborates with companies in various fields, including but not limited to pharmaceuticals, technology, environmental sustainability, and nutrition.

Management Consulting

Management consultants focus on organizational concerns, ranging from internal structures to external strategies. Management consulting encompasses strategy, human resources, and operations. Responsibilities of working as a management consultant could include:
- Engaging with C-suite level executives (e.g. CEO, CFO, CTO) to increase employee engagement
- Solving internal issues a company faces
- Recommending performance-improving mechanisms

Strategy Consulting

Strategy consultants assist with the long-term visions of a company and look at companies on a macro-scale to assess a company's overall profitability and competitiveness. Strategy consultants cultivate ways for companies to reach their long-term goals in a cost-effective, timely manner. Responsibilities of working as a strategy consultant could include:
- Researching and analyzing market trends
- Investigating the different sectors of the company and cost-saving mechanisms
- Identify challenges and opportunities for the company's growth

Information Technology Consulting

IT consultants provide advice on how to best use technology to improve a client's business. They also focus on helping clients with the development and application of IT within the organization. Responsibilities of working as an IT consultant could include:
- Designing unique software for the company's needs
- Testing the efficiency of current devices and technology programs within the business
- Ensuring there are no security breaches and sensitive information is kept confidential

Financial Consulting

Financial consultants analyze a client's finances in order to suggest plans on how to better manage the business' investments, assets, and income. They can also provide advice on insurance and other saving strategies. Responsibilities of working as a financial consultant could include:
- Providing advice on tax issues
- Analyzing and managing the everyday expenses of the business
- Helping with the future financial planning of the company

HR Consulting

Human resource consultants handle issues regarding a company's employees. They work in the employee transition phases of a company, researching and implementing the best communication and management strategies to ensure efficient transitions and onboarding. Responsibilities of working as a financial consultant could include:
- Working to cultivate new terms of employment
- Providing advice on talent management

Interviewee-Led

What is it?

This is the most common type of case interview, and it means that the pace, flow, and content of the interview are led by the candidate. The interview will provide an initial case prompt, but beyond that, the analyst is expected to analyze and come to a conclusion individually. Candidates can ask clarifying questions, but the expectation is that the candidate will drive the entire casing process.

Purpose

This type of interview format is used to assess the critical thinking and problem-solving skills of the candidate. This format requires adaptation, independence, clear lines of thinking, and creativity.

How to Succeed

1. Understand the problem comprehensively and critically
2. Have a clear framework (reference frameworks section, pages 8-10 and 11-14)
3. Thoroughly analyze all solutions, influential/risk factor
4. Keep track of all data (always bring a writing utensil and paper)

Interviewer-Led

What is it?

In this type of interview, the interviewer will lead the candidate through a predetermined path and series of questions. Candidates will be given specific questions to answer and will be expected to dive deeper into the given topic. Compared to interviewee-led, this is a lot more interactive.

Purpose

This type of interview format is a way to standardize and rate candidates. Although there is less room for candidates to demonstrate their own creative problem-solving skills, it is a way for firms to see if candidates approach problems in the ways the firm desires.

How to Succeed

1. Refrain from being passive and continue to ask relevant questions
2. Keep calm when interviewers ask difficult questions, as they also test a candidate's abilities to handle pressure
3. Ensure the question asked by the interviewer was answered and avoid tangents

Group What is it?
This type of interview is typically performed in teams of 3-6. Groups are presented with a case and must work collaboratively to analyze an issue and provide a recommendation through a presentation and Q&A (some group interviews only have the Q&A after the deliberation). Deliberation can range anywhere from 30-45 minutes, presentations typically last 10-15 minutes, and Q&A is also around 10-15 minutes; these times vary depending on the interviewer.

Purpose
The main purpose of this type of interview is to not only evaluate a candidate's individual skills but to also see how a candidate performs in a group setting. Teamwork is critical because consulting analysts typically work in project teams when they work for a client.

How to Succeed
1. Think before speaking, especially because time is of the essence
2. Involve everyone in the team and don't cut people off
3. Be cognizant of time and work efficiently (don't spend too much time reading the prompt)
4. Ask clarifying questions
5. Anticipate gaps in the final recommendations to be prepared for the Q&A

basic steps to solve cases

1. Understand the Case Background/Problem

- Take notes while the interviewer is speaking
- Focus on understanding the (1) context, (2) company, (3) objective of the case

2. Ask Clarifying Questions

- Make sure to ask questions that aid in understanding the situation/problem
- Avoid asking questions that are too specific or not relevant
- Try to stay between asking 1-3 questions

3. Summarize Information

- Summarize all major points presented in the case to ensure the objective of the problem is clearly understood
- Consolidate case information concisely in one's own words to allow for easy synthesis

4. Develop a Framework
- Framework: a tool that helps candidates structure and break down complex problems into simpler, smaller components/ideas

- Reference page 8 to learn how to create a framework and page 11 for common types of frameworks

5. Analyze Quantitative and Qualitative Questions
- **Quantitative**: estimate market size, perform analyses related to profitability, interpret various charts and graphs*

  - When performing calculations for quantitative questions, be sure to walk the interviewer through the calculations so they can follow your train of thought
  - *Disclaimer: charts and graphs are either given by the interviewer or the candidate must ask for this type of data (not present in all cases)

- **Qualitative**: brainstorm potential ideas and answer questions relating to each bucket (a category of analysis you want to focus on in the case; see page 9) in the framework developed or chosen from Step 4

  - Ensure the answers are connected back to the overall case objective
  - How do answers to these questions impact the potential recommendations?

6. Deliver the Recommendation
- Recap the approach taken
- Clearly state the recommendation with 2-3 supporting reasons
- Propose next steps and address other considerations/risks

strategies to create a framework

Do it from Scratch

This framework strategy can be used for any type of case, and although is the most time-consuming, gives the most tailored and unique structure for the given case.

To create a framework from scratch, create 3-4 statements that must be true in order for the recommendation to be given in 100% confidence. Those 3-4 areas will become the buckets of the framework. Once the buckets have been established, brainstorm 1-3 questions for each bucket/subsection.

Example: You are asked to consult Coca-Cola on whether they should enter the beer market.

These 3-4 statements must be true:
- The beer market is attractive
- Competitors in the market are weak
- Coca-Cola has the capability to produce quality beer
- Coca-Cola will be highly profitable when entering the market

Framework Example

Beer market attractiveness	Competitive landscape	Our client's capabilities	Profitability
Is this an attractive market?	**Is there heavy competition?**	**Do we have the capabilities to enter?**	**Will entering be profitable?**
• What is the market size?	• How many competitors are there?	• Are there significant capability gaps?	• What are expected revenues and costs?
• What is the market growth rate?	• How much share do they have?	• Are there significant synergies we can leverage?	• How long will it take to break even?
• What are average profit margins?	• Competitive advantages?		

Memorize Business Buckets

Pick 3-4 buckets that are most relevant to the case and detail 1-3 questions related to that bucket.

1. Market Attractiveness
- What is the projected market growth?
- What is the market size?*
- What are the average profit margins in this market?

2. Competitive Landscape
- How many competitors are in the market?
- What share of the market do other companies hold in the market?
- What gives other companies a competitive edge?

3. Company's Abilities/Attractiveness
- What are the limitations of the company?
- What can the company leverage to succeed in the market?

4. Customer Needs/Preferences
- How have customer needs or purchasing habits changed?
- What current trends affect people's preferences?
- How do consumers view the company?

5. Profitability/Financials
- What has possibly been driving declines in revenues?
- What has possibly been driving up costs?
- What market trends have been affecting profitability?
- What are expected revenues/costs?
- How long will it take to break even?

6. Strategic Alternatives
- What are other markets the company should enter?
- What other partnerships are profitable for the company (outsource)?

7. Risks/Mitigations
- What are the current risks?
- How can the company mitigate certain risks?

8. Create your Own
- Based on the uniqueness of the case, create your own bucket and related questions

* = Reference page 10 for market sizing practice

market sizing

These are estimation questions typically given in round-robin and technical interviews, which ask the candidate to determine the size of a particular market for a certain product in a specific geographical area. These questions will typically be about sales of product/service in X country/city/state in Y amount of years.

How to Approach These Questions

1. Ask Clarifying Questions
- Make sure that what is being asked is fully understood
- Clarify how the market is being defined and understand what type of calculations should be included/excluded in your calculations
  - Are we including __ ?
  - Are we determining the market size globally, nationally, etc?

2. Develop a Framework
- Top down: start with large number and refine/ break it down
  - For amount of floss sold by Colgate in the U.S...
  - a) start with U.S population
  - b) estimate percentage of population that uses floss
  - c) estimate percentage of population uses Colgate specifically in comparison to other companies
  - d) estimate how much floss average person uses in a year
  - e) estimate cost for floss
  - f) do calculations with relevants figures to determine market size

- **Bottom up:** start with small number and then build up
- For amount of floss sold by Colgate in the U.S....
    - a) start with individual and determine how much floss each individual uses
    - b) estimate cost for floss
    - c) calculate annual spending on floss of an individual
    - d) estimate number of people that use floss in the U.S
    - e) determine how many of those people use Colgate
    - f) perform calculations with relevant figures to determine market size

3. Make Assumptions and Calculations using Rounded Numbers
- After determining what type of framework to use, make sure to choose easy numbers and estimates because accurancy isn't of the essence, it is about how you critically think/solve the question
- Being too concered about precision can be tedious anhd take up too much time
    - Ex: 300 billion x 50% is better than 300 billion x 45%

4. Sense Check your Answer
- Once you have your answer, make sure to sense check it
- Although having an accurate answer dosn't matter as much, determine whether or not there might be a major math mistake
    - Ex: calculating that there are 300 million people use Colgate floss when there are only 330 million people in the U.S (also considering competitors, people who can't afford floss, and people that choose not to floss)

5. Determine the Implications of the Answer

Sample Market Sizing Questions

Easier:
- How many t-shirts are purchased in New York City in a given year?
- Provide an estimate for the number of dentists currently working in the UK
- How many bottles of wine are sold in the US every year?
- Estimate the size of the European shoe market
- Estimate the market size for televisions in Poland
- How big is the golf club market in New York?

Harder:
- Calculate the market size for weddings in the UK
- How many petrol stations are there in the UK?
- What's the market size for residential light bulbs in the US?
- What is the total number of automobile tires sold in the US every year?
- What is the size of the sandwich market in India?

common frameworks

Profitability

There are 2 steps to solving profitability cases: quantitatively and qualitatively.
- **Quantitatively:** know how to use all of these basic profit formulas
  - Profit = Revenue - Cost
  - Revenue = Quantity * Price
  - Cost = Total Variable Costs + Total Fixed Costs
  - Total Variable Costs = Quantity * Variable Costs
  - Profit = (Price - Variable Costs) * Quantity - Total Fixed Costs)
- **Qualitatively:** create buckets of framework to understand what factors are driving a decline or increase in profitability that was identified in the quantitative step
  1. Drivers of Profit
     Has there been a decline in revenue?
     Has there been an increase in cost(s)?

  2. Customer Needs and Preferences
     Have customer needs changed?
     Have customer purchasing habits changed?
     Do customers view our company differently?

  3. Competitors
     Have new competitors entered the market?
     Have existing competitors recently made strategic changes?

  4. Market Trends
     Are there new technologies/regulations impacting the market?

Market Entry

This question assesses whether or not a business should enter a market. These 4 buckets should be assessed:
1. Market Attractiveness
- What is the projected market growth?
- What is the market size?
- What are average profit margins in this market?

2. Competitive Landscape
- How many competitors are in the market?
- What share of the market do other companies hold in the market?
- What gives other companies a competitive edge?

3. Company's Abilities/Attractiveness
- What are the limitations of the company?
- What can the company leverage to succeed in the market?

4. Profitability
- What are expected revenues/costs?
- How long will it take to break even?

There are 2 common business situations in which M&As occur:
1.   Companies are looking to acquire another company to access a new market, new customers, or grow its revenues/profits
2.   Companies are acquiring other companies as an investment with their goal being to grow the business using their expertise, and then selling the acquired company after a couple years for a return on their investment

These 4 Buckets should be Assessed:
1.   Market Attractiveness
- What is the projected market growth?
- What is the market size?
- What are average profit margins in this market?

2.   Company Attractiveness
- How much market share does the company have (% or $ value)?
- How profitable is the company at this moment in time?
- Does this company have any competitive advantages?

3.   Financial Considerations
- Is the acquisition price reasonable?
- What is the expected return on the acquisition

4.   Synergies*
- Are there potential revenue synergies?
  - Having access to new customer segments, new markets, new distribution channels
  - Having access to cost-selling opportunities and up-selling opportunities
- Are there Potential Cost Synergies?
  - Eliminating cost redundencies
  - Increasing buyer power with suppliers, manufacturers, distributors, and/or retailers

*Synergies must be included in M&A frameworks

Pricing

This framework is used to determine the pricing of a product or service. The 3 different ways to price a product/service will become the buckets for the framework:
1.   **Pricing Based on Cost:** set price based on the total cost to produce and deliver the product/service
- How much does it cost to produce and deliver the product/service?
- What is the desired profit margin?

2.   **Pricing Based on Competition:** set price based on competitors are charging for products similar to yours?
- How much do competitors price their product/service at?
- How does our product/service compare to the competitors?

3. **Pricing Based on Value Added:** set price based on quantifying the added benefits that the product/service provides the customer
- What benefit does the product provide the customer?
- How is added value calculated/quantified?

The answer to the pricing case should involve a mix of all 3 pricing strategies.

New Product

This framework helps a company decide whether or not to launch a product or service and should assess these 4 buckets:
1. **Market Attractiveness**
- What is the projected market growth?
- What is the market size?
- What are average profit margins in this market?

2. **Product**
- Are customer needs being met?
- Is the product superior to competitor products?
    - If so, how? If not, why?

3. **Company Capability**
- Does the company have the design and product expertise?
- Does the company have the right distribution channels?

4. **Profitability**
- What are expected revenues/costs?

Strengths, Weaknesses, Opportunities, and Threats (SWOT)

This framework is used to assess a company's strategic position.

Strengths: What does the company do well? What qualities separate them from competitors?

Weaknesses: What does the company do poorly? What are the things that competitors do better?

Opportunities: Where are the company's opportunities for growth or improvemnet?

Threats: Who are the most threatening competitors? What are the major risks to the company's businesses?

The 4 P's This framework is used to develop a marketing strategy for a product.
1. Product
- Fully understand the benefits and points of product variations
- Select the product that best fits the customer's needs based on the customer segment the company is focusing on

2. Place
- Decide where the product is being sold
- Consider different customer segments have different purchasing habits, so some distribution channels are more effective than others
  - Should the product be sold online, in-store, or both?

3. Promotion
- How will information on the product be spread?
- Consider than different customer segments have different media consumption habits, so some promotional strategies might be more effective than others
- Examples of promotional strategies and techniques:
  - Social media
  - Email
  - Video/TV
  - Physical billboards/posters

4. Price
- Determine the price of a product
- Pricing is important because it determines profits and communicates value of the product/service
- Refer to pricing framework for a more specified breakdown on how pricing works