Case Interview - Frameworks

For more free and detailed materials on Management Consulting Preparation, visit www.MConsultingPrep.com

© 2014 MConsultingPrep, Inc.

COMPLETE FRAMEWORKS

1. Profitability Framework

Best for profit-related cases

Given that profit is defined as Revenue – Costs, we have a profitability framework as follows:

Revenue

- Price per unit
- No. of units sold

Costs

- Fixed Cost
- Variable Cost

Note: There can be various ways to break revenue and costs into smaller pieces:

- Revenue can be broken down based on demographic, location, or product line, etc.
- Costs can be split into components such as overhead, salary, rental, etc.

2.3C & P

Best for cases like new business, new product, new market entry, growth strategy, and company assessment

Customers:

- o How are your customers segmented?
- o What are your target customers?
- O What are the customers' needs and wants?

Company

- What are your company's capabilities and expertise?
- What is the company's brand and culture?
- o How is its financial situation?

Competition

- What is the market share and growth potential of each competitor?
- o How have the competitors performed?

Product

- What is the nature of your products or services?
- o Do they meet the needs and wants of the customers?
- o What are the complementary goods and the substitutes?

<u>Note:</u> The questions under each section only deal with some basic aspects of the framework. In actual case interviews, there can be many other things involved depending on the context given and the case objective.

3.4P

Best for marketing cases

Product:

- What do your customers need and want from your product or service?
- O What features does it have to meet these needs and wants?
- o How is it differentiated versus the competitors?

Place:

- Where do the customers look for your product or service?
- o How can you access the right distribution channels?
- o How do your competitors distribute their products?

Promotion:

- Where and when you can get across your marketing messages to your target market?
- o How do your competitors do their promotions?

Price:

- What is the value of the product or service to the customers?
- o Are there established price points in this area?
- Are the customers price-sensitive?
- o How is your price compared to your competitors'?

<u>Note:</u> The questions under each section only deal with some basic aspects of the framework. In actual case interviews, there can be many other things involved depending on the context given and the case objective.

4. M&A McKinsey

Best for Merge & Acquisition cases

Stand-alone value of the targeting company:

- **Financial factors:** profitability, growth, cash flow, etc.
- Non-financial factors: capabilities and expertise, brand name, etc.

Synergy of the two companies:

How are the two companies combined better than sum of each (in terms of customers, product, distribution, etc.)?

Other factors:

- Feasibility
- Culture
- Legal issues
- Etc.

5. McKinsey 7-S Model

Best for cases of company improvement, strategy implementation, alignment for companies during changes (restructuring, new systems, organizational merger, etc.)

Hard Ss:

• Structure:

- o How is your company/team divided?
- o How do the different departments coordinate activities?
- o How do the team members organize and align themselves?

• Strategy:

- o How does your team intend to achieve the objectives?
- o How does your team deal with market changes?

• Systems:

- What are the main systems that run the organization?
- Where are the controls and how are they monitored and evaluated?
- What internal rules and processes does the team use to keep on track?

Soft Ss:

• Style:

- How participative is the management/leadership style?
- o How effective is that leadership?
- o Do employees/team members tend to be competitive or cooperative?

• Staffing:

- What positions or specializations are represented within the team?
- O What positions need to be filled?
- Are there gaps in required competencies?

• Skills:

- What are the strongest skills represented within your company/team?
- o Do the current employees/team members have the ability to do the job?
- o Are there any skills gaps?
- o How are skills monitored and assessed?

Shared Values:

- What is the corporate/team culture?
- What are the fundamental values that the company/team was built on?
- o How strong are the values?

6. Porter's Five Forces

Best for cases of new market entry, business strategy development, industry analysis

Threat of New Entrants:

Is it easy or difficult to enter the market?

- o What are time and cost of entry?
- O What are the barriers to enter the market?
- o Does your company have any advantages (cost advantage, economics of scale, etc.)?
- o Does it have protection for its key technologies?

Threat of Substitute Products or Services:

Do your customers find substitutes easily?

- o How about the substitutes' performance?
- What is the perceived level of product differentiation?
- O What is the cost of change?

Bargaining Power of Suppliers:

How easy is it for the suppliers to drive up prices?

- o How many suppliers are there?
- What is the size of each supplier?
- o How about the differentiation of inputs?
- o Does your company have ability to substitute the suppliers?

Bargaining Power of Buyers:

How easy is it for the buyers to drive prices down?

- o How many customers are there?
- What is the size of each purchase?
- o How is the customers' price sensitivity?
- o Do they have ability to substitute?

Rivalry Competition:

How intense is the competition in your market?

- o How have the competitors performed?
- o Does your company have any competitive advantages?
- o Etc.

7. STP

Best for market research cases

Segmenting:

- o What are your customers' segments?
- o What are important characteristics of each market segment?

Targeting:

- What is the potential of each segment?
- Which segment(s) should your company focus on?

Positioning:

• Which marketing mix should be used for the selected segment(s)?

8. SWOT

Best for cases of new business, new product, new trends and changes, strategic planning

Strengths:

What are the characteristics that give your organization an advantage over others?

Weaknesses:

What are the characteristics that place your organization at a disadvantage relative to others?

Opportunities:

What are the opportunities or favorable trends in the market?

Threats:

What are the elements in the environment that could cause trouble for the business or project?

9. Value Chain

Best for cases of product analysis, cost analysis, competitive advantage, management strategy

Inbound Logistics:

These are all the processes related to receiving, storing, and distributing inputs internally

Operations:

These are the transformation activities that change inputs into finished products and services

Outbound Logistics:

These activities deliver your finished product or service to your customer

Marketing & Sales:

These are the processes you use to persuade clients to purchase from you instead of your competitors

Service:

These are the activities related to maintaining the value of your product or service to your customers, once it has been purchased

<u>Note:</u> The above framework is just a typical value chain for general cases. For each actual case, the value chain can vary a lot depending on each specific industry. For example, value chain of the cement industry would be: Limestone – Clinker – Cement – Concrete – Construction.

10. Supply & Demand

Best for cases of market research, market entry, price setting

Supply:

- What is the quantity of a product or service desired by buyers?
- o Is supply increasing, decreasing, or unchanged?
- o How do you segment suppliers?

Demand:

- What is the quantity of a product or service that people are willing to buy?
- o Is demand increasing, decreasing, or unchanged?
- o How do you segment buyers?

MINI FRAMEWORKS

1. Internal & External

Best for starting a case for instant structure

- Internal factors: company, product, etc.
- External factors: industry, competition, etc.

2. Qualitative & Quantitative

Best for starting a case for instant structure and for structuring reasons and evaluations

- Quantitative factors: factors that are quantified in numbers such as unit sales, number of stores, etc.
- Qualitative factors: intangibles factors such as brand name, environmental factors, etc.

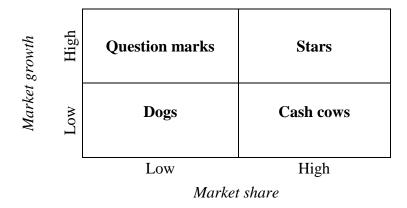
3. Cost & Benefit

Best for decision making process

- Costs: what you have to spend on
- **Benefits:** what you can achieve

4. BCG 2x2

Best for identifying product development opportunities



PLEASE GO ON TO THE NEXT PAGE

Cash cows:

A company has high market share in a slow-growing industry

Dogs:

A company has low market share in a mature, slow-growing industry

Question marks:

A business has low market share and operates in a high market growth

Stars:

A business has high market share in a fast-growing industry

* * *

We hope this dictionary is helpful in your preparation for consulting interviews. If you have not done so, please visit our website for more contents on other aspects of Case Interview.

http://www.mconsultingprep.com/case-interview