

# OLIVER WYMAN

October 2008

**How to “crack the case”**  
LSE careers service

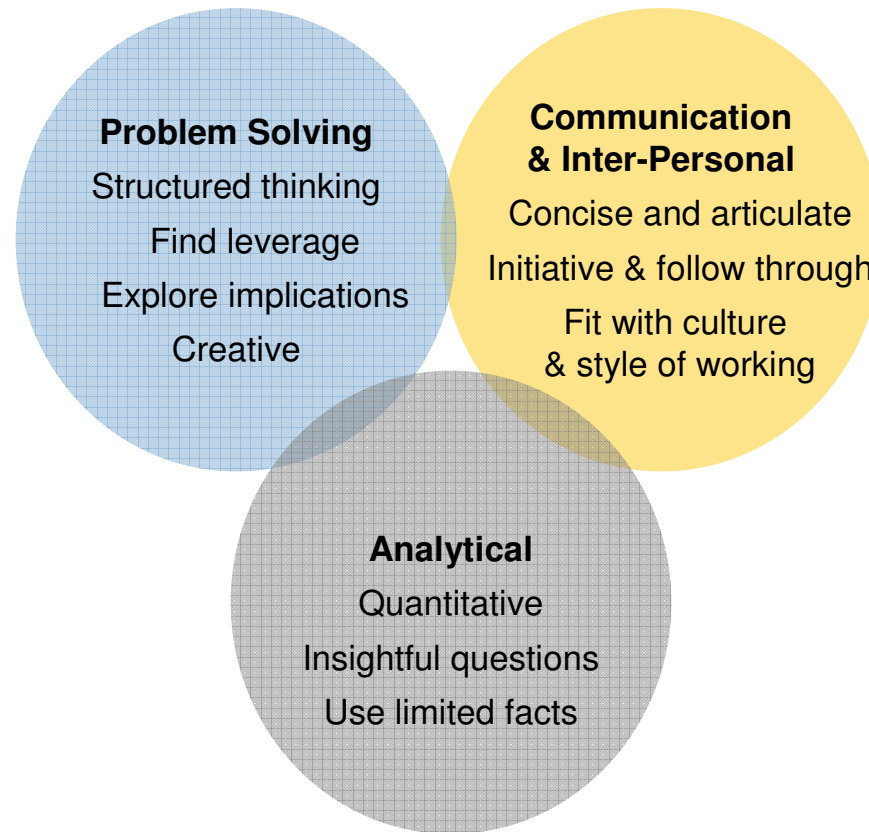


## Introduction

- Today we are going to discuss case study interviews for management consultancy
  - A key element in the recruitment processes of all consulting firms
- The session will include
  - A general overview of the skills being tested and types of case studies you could encounter
  - Advice and tips on how to approach different parts of case studies
  - Break-out sessions to practice the skills required
- Please ask questions
- If you have any specific questions about consulting or Oliver Wyman, please feel free to come and talk to any of us at the end of the session
  - Or go to [www.oliverwyman.com/careers](http://www.oliverwyman.com/careers)

## What are all firms looking for?

During interviews, we are not looking solely for people who can get the right answers. We're looking for people with a balanced set of skills relevant to the job



► **Case interviews are one of the tools companies use to identify and assess these skills**

## Types of case studies

Case studies are open ended questions, designed not to see if you can get the right answer, but how you try to get there. There are four main types

| Type   | Example  |
|--|--|
| <b>Business strategy</b>   | <ul style="list-style-type: none"><li>▪ “A large newspaper is facing declining market share and margins. How can it regain share and improve its profitability?”</li><li>▪ “How can an airline/retail store/mobile phone network/oil company improve profitability?”</li></ul> |
| <b>Market sizing/<br/>estimation</b>   | <ul style="list-style-type: none"><li>▪ “How many petrol stations are there in the UK?”</li><li>▪ “How many aircraft are in the air at any time?”</li><li>▪ “How many people surf the web in a single weekday?”</li></ul>  |
| <b>Abstract puzzle/<br/>brain teasers</b>  | <ul style="list-style-type: none"><li>▪ “Why is a manhole cover round?”</li><li>▪ “What is the probability of 2 dogs having the same number of hairs?”</li></ul>   |
| <b>Miscellaneous</b> <ul style="list-style-type: none"><li>– CV based</li><li>– “Random”</li></ul> | <ul style="list-style-type: none"><li>▪ “I see you worked at <i>company x</i>, what mistakes were they making and how would you run it differently?”</li><li>▪ “What would you do if you were the Archbishop of Canterbury?”</li></ul>   |

## How should I approach the case study?

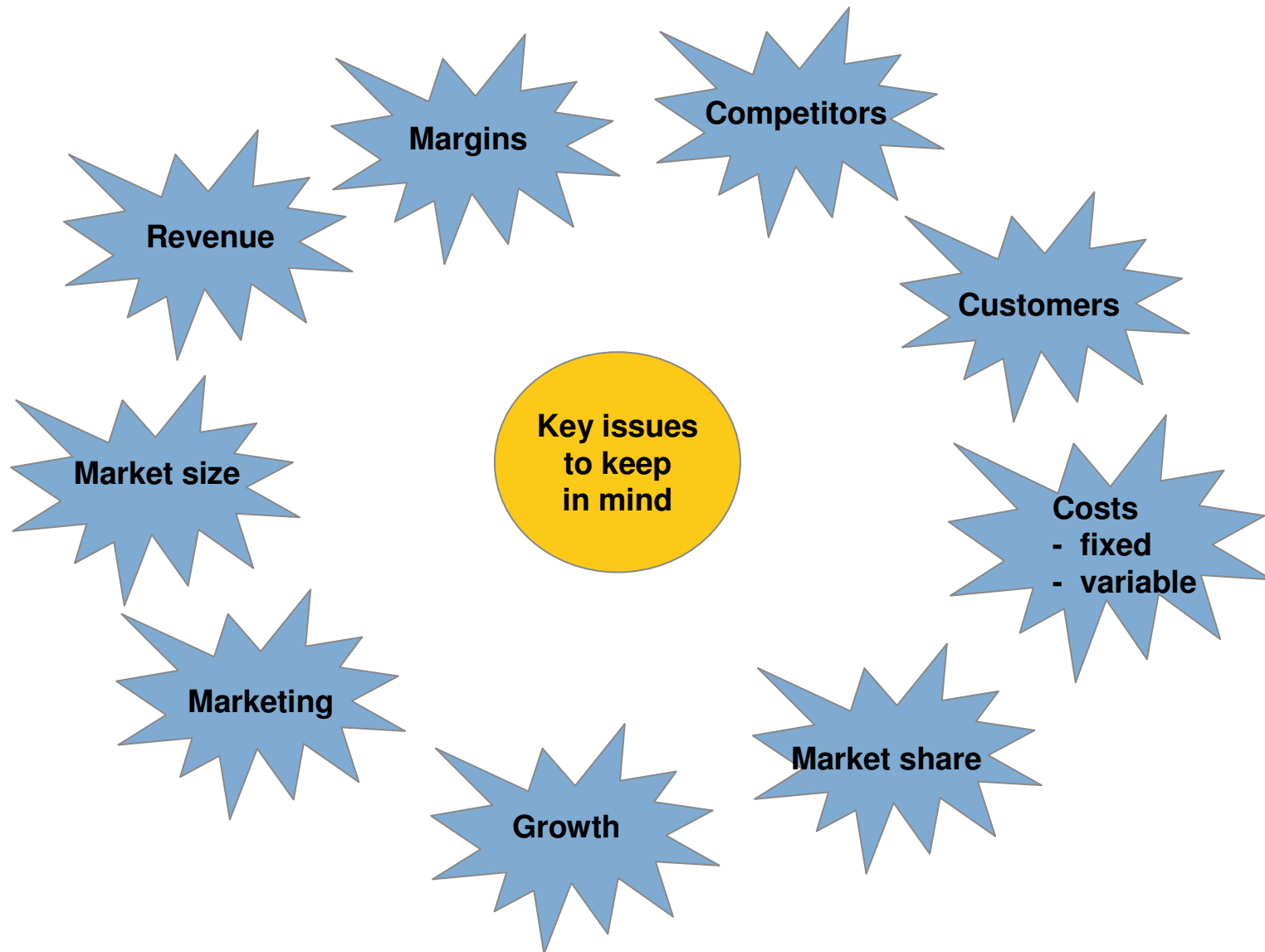
The problem solving process can be broken down into four distinct steps



- |   |  |  |   |
|---|--|--|---|
| <ul style="list-style-type: none"><li>▪ Frame the problem</li><li>▪ Be clear about what you are trying to solve</li><li>▪ Ask questions</li></ul> | <ul style="list-style-type: none"><li>▪ Structure the problem (logically)</li><li>▪ Develop hypotheses</li><li>▪ Use them!</li></ul> | <ul style="list-style-type: none"><li>▪ Develop the problem</li><li>▪ Push beyond “obvious” answers</li><li>▪ Use common sense</li><li>▪ Don’t jump in with a number</li></ul> | <ul style="list-style-type: none"><li>▪ Try to reach a conclusion</li></ul> |
|---|--|--|---|

## How to “crack the case study interview”: Key issues to keep in mind

The key questions will usually fall under the following categories



## The Big Shop - The client



### ▪ The Big Shop

- A large national retailer
  - Revenue 2007: £3.0bn
  - Operating profit 2007: £180m
- Provides a range of products, which customers can purchase in its stores or online
- The main product categories are
  - Fashion (it has its own brands)
  - Home
  - Garden

### ▪ Situation

- The Big Shop has lost market share to competitors over the last few years
  - Its competitors have been stealing market share with better products and/or wider distribution of products
- The Big Shop has tried to market aggressively to increase its share. However, this has failed to happen
  - Cash profits and sales growth have started to stagnate

► **You have been asked to help them understand how they can increase their total cash profit**

## How to “crack the case study interview”: Clarify the question



### Goal

- Understand the question

### Tips

- Listen carefully
- Paraphrase to confirm
  - The required outcome
  - The information given
- Clarify information and terms
- Ask questions if you need further information

### Common mistakes

- Misunderstanding the question
- Answering the wrong question
- Missing key information



## How to “crack the case study interview”: Structure your thinking



### Goal

- Agree key issues and your approach to the problem

### Tips

- Structure your approach, only use a standard framework if appropriate
- Develop and use hypotheses
- Identify key issues, those of greatest leverage
- Communicate your structure and thought processes – lay out on paper
- Keep it simple

### Common mistakes

- Force-fitting a familiar business framework to a case question, whether or not it is relevant
- Proceeding in a haphazard fashion
- Using jargon without understanding what it means

## The Big Shop case study: Clarify and structure

Break-out session  
Use Handout 1

- Please now break out into groups
- Review the information you have been provided about The Big Shop and its problems
- On the paper provided, clarify and structure the problem
  - What are the key questions that you need to answer?
  - What further information would you need to answer these questions?
- **Do not attempt to answer any of these questions yet!**

► **We will pull-up in 15-20 minutes and get a couple of groups to present their ideas**

## The Big Shop case study: Clarify and structure

### Key questions to address

Review

#### Product area

- Which product areas does our client do well / poorly in?
- Which product areas offer the highest potential for future revenue growth?
- What does this tell us about which product areas to prioritise?

#### Competitors

- How do our competitors perform relative to us?
- What does this tell us about
  - Which product areas to prioritise?
  - How to grow revenue in a given product area?

#### Costs

- What can we say about the relative costs of each competitor?
- What can we say about the relative margins of each product area?

- ▶ ▪ **The overall question breaks down into three distinct areas for discussion**
  - **In combination they are likely to provide an insight into The Big Shop's declining profitability and market share**
  - **What other information would be useful?**

## How to “crack the case study interview”: Analyse the problem



### Goal

- Gather/analyse facts to help answer the question

### Tips

- Use your structure
- Agree priority issues and ask questions to gather facts
- Use your common sense and make estimations
- Try to push your thinking beyond the “obvious” answer
- Be responsive to the interviewer’s hints – we’re trying to help!

### Common mistakes

- Barraging the interviewer with questions without explaining why you need the information
- Not “drilling down” deep enough into each point
- Getting bogged down in detail (e.g.. an estimation)

## How to “crack the case study interview”: Make your conclusions



### Goal

- Develop recommendations

### Tips

- Synthesize your answers...
- ...not only at the end, but periodically
- Discuss trade-offs
- Relate findings back to the question

### Common mistakes

- Not being able to draw a sensible conclusion or point of view based on the information provided
- Attempting to “crack the case” rather than clearly demonstrating a logical thought process
- Just guessing an answer!

## The Big Shop case study: Analyse and conclude

Break-out session  
Use Handout 2

- Please break-out into your groups again
- We will provide an additional slide with a suggestion of some of the key questions that need to be addressed
- We will also provide an additional slide with information on competitors
- Using the previous slide for guidance if appropriate, try to answer the questions
  - What are The Big Shop's problems?
  - What should The Big Shop do to address these issues and increase profits?
- Make sure you allow yourself time to synthesise your findings and make recommendations

► **We will pull-up in 25 minutes and get a couple of groups to present their findings**

## The Big Shop case study: What can we conclude?

Focus needs to be on driving sales

Review

### Driving sales is key

- No differentiation in costs vs. competitors
- However, we generally have weaker sales growth than our key competitors in each product area



### Potential approach

- Focus on sales
  - Work out which product areas to target for growth
- De-prioritise costs
  - But use the costs data to work out profit margins for each product group

## The Big Shop case study: What can we conclude?

Garden and Fashion product areas should be our focus

Review

### Prioritising product areas

- Big differences in
  - Current market share
  - Current growth
  - Predicted market growth
  - Market size
  - Competitive environment
  - Profitability
- Understanding how to combine these factors to drive a prioritisation of product areas is key



| Product area | Current market size | Potential                        | Profit margin | Level of competition        |
|--------------|---------------------|----------------------------------|---------------|-----------------------------|
| Fashion      | £3.2bn              | Medium (low share, high growth)  | 25%           | Medium (small players only) |
| Home         | £2.5bn              | Low (high share, low growth)     | 10%           | Low                         |
| Garden       | £5.0bn              | High (low share, high growth)    | 10%           | Medium                      |
| Electrical   | £1.8bn              | Medium (high share, high growth) | 5%            | High                        |



- We should focus on Garden and Fashion to drive sales growth
- Do enough to maintain high share in Electrical



## The Big Shop case study: What can we conclude?

We need to switch marketing spend away from home and consider a new distribution channel for fashion

### Switching marketing spend

- We are currently spending a lot on the Home product area
- However, this is our lowest priority for driving growth
  - And our competitors don't spend much on it either
- We should switch spend into
  - Garden (primary)
  - Electrical (secondary)



### Growing the fashion business

- Key advantage for competitors is location
  - Fashion only shops
  - City centre location
- If we are serious about fashion (which we should be given margins and our strong brand) we need to think about opening city centre shops focused on fashion

## How to “crack the case study interview”

### Debunking some myths...

- 1 You cannot prepare for a case study...
  - Yes, you can and should practice doing a small number to understand the process
- 2 You will do better if you know 100 “frameworks” and everything about business...
  - No, we are testing intelligence and problem solving ability – our cases rarely fit frameworks and only require basic general business knowledge
- 3 Interviewers are trying to trip you up...
  - No, it is very rare for there to be trick questions (Oliver Wyman never asks them)
- 4 It is all about getting the perfect answer...
  - No, this is important but as important is finding someone who fits and is “client ready”
- 5 The best way to stand out is to put on a show...
  - No, be enthusiastic and have a strong desire to do the job and get involved with the firm but be yourself. Avoid coming across as arrogant or too timid
- 6 If I’m really lucky I’ll get a case I’ve seen before
  - Sorry, it’ll either become clear quickly or (worse) will be different in a way you don’t realise. Tell your interviewer if you’ve seen something similar and they’ll give you a different test



## How to “crack the case study interview”

### Final tips...

- Structure... structure... structure !
- Approach each interview as a conversation, not a test
- Take a deep breath before you say anything
- Write down the question, underlining key points
- Be willing to ask questions throughout the interview
- Make assumptions and round numbers for easy calculation
- Don't say you understand something unless you do
- Relax and enjoy the process

## What's the application process?

### Apply online

- [www.oliverwyman.gtios.com](http://www.oliverwyman.gtios.com)
- Closing date 21 December 2008
- Apply by 17 November 2008 for interview pre-Christmas

### Assessment tests

- 21 November 2008 for pre-Christmas (London)
- 9 or 12 January 2009 (London)

### First round interviews

- 28 November 2008 for pre-Christmas (London)
- 16 January 2009 (London)

### Final round interviews

- 5 December 2008 for pre-Christmas (London)
- 23 January 2009 (London)

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### Summer analyst applications

- Closing date 11 February 2009
- Tests 16 February 2009
- Interviews in February 2009 (London)



# HANDOUTS

### The Big Shop

#### Description

- A large national retailer
  - Revenue 2007: £3.0bn
  - Operating profit 2007: £180m
- Provides a range of products, which customers can purchase in its stores or online

#### Product area evaluation

- The main product categories are:
  - Fashion (has its own brands): £0.8bn
  - Home (market leader): £1.0bn
  - Garden (does not prioritise for marketing): £0.5bn
  - Electrical (strong brand): £0.7bn

#### Marketing spend

- High spend on home
- Does not prioritise Garden & Electrical for marketing

#### Main locations

- Has shops split 50:50 edge of town and city centre

#### Situation

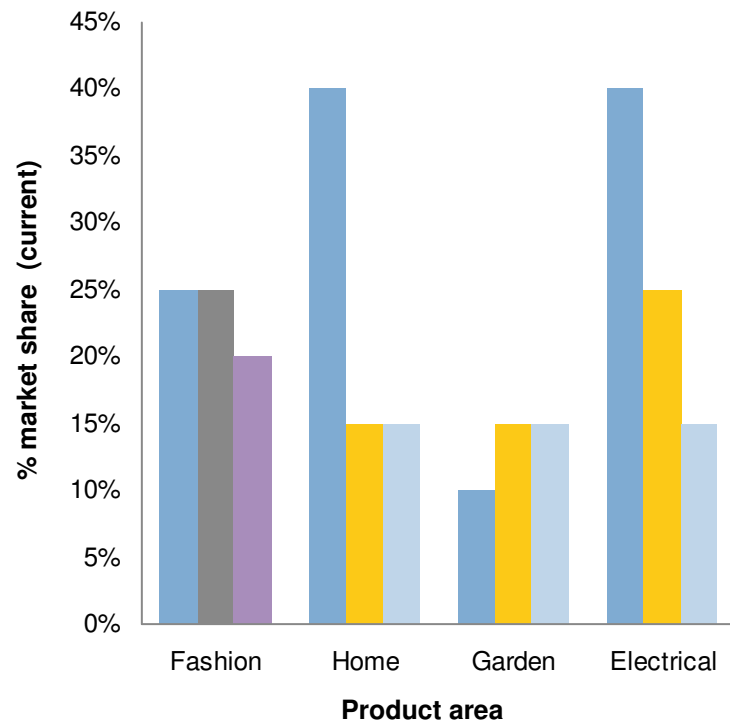
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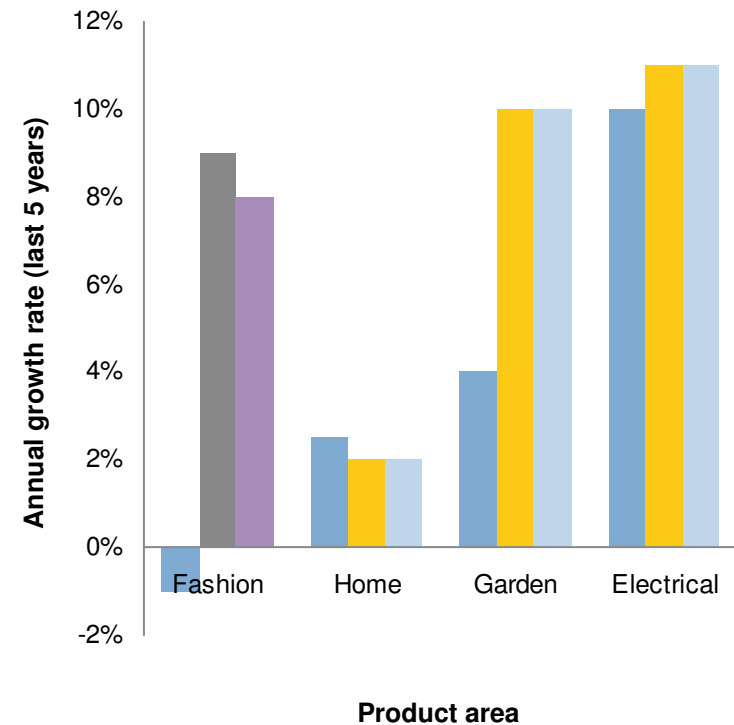
# The Big Shop: Share and growth by product area vs. competitors

Handout 1b

### Market share by product area



### Big Shop and competitor growth by product area



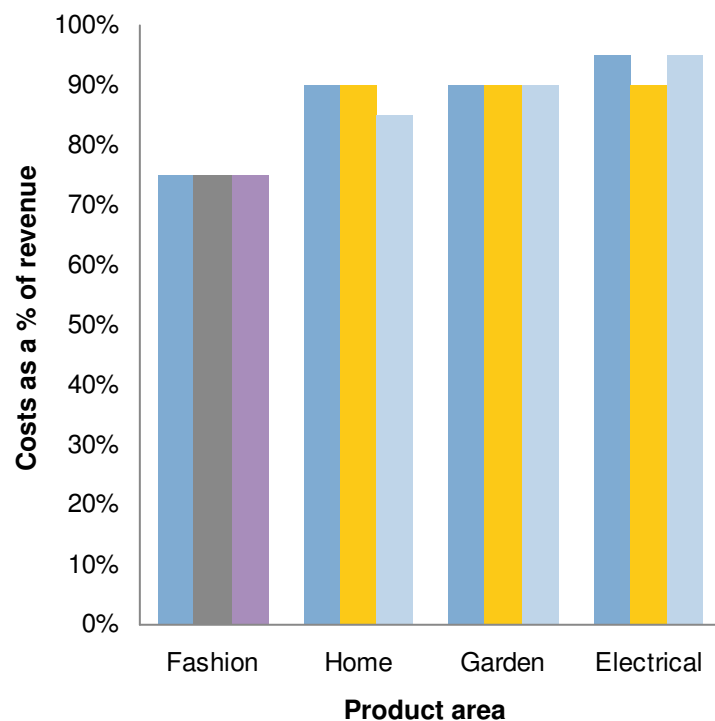
#### Key



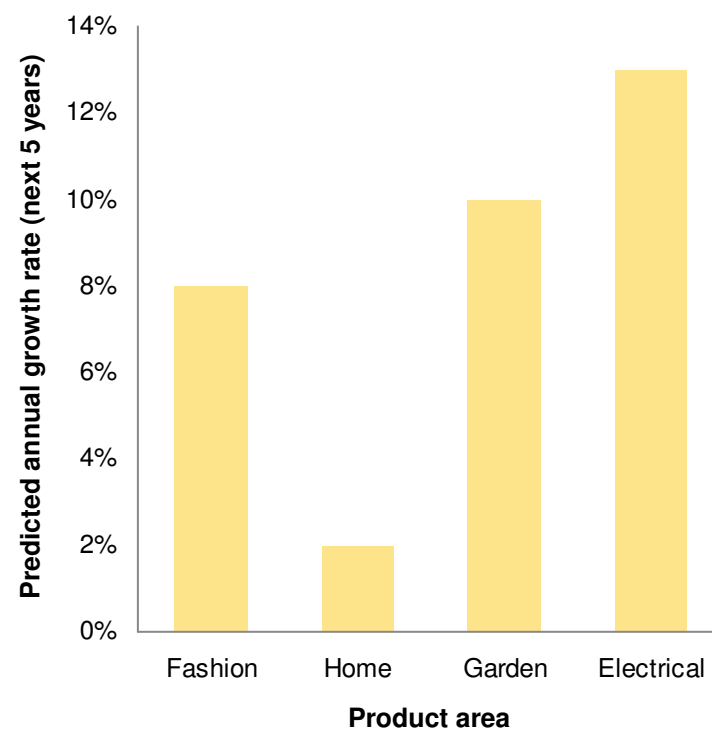
## The Big Shop: Costs & market growth

Handout 1c

Variable costs as a % of revenue by product area



Total market growth by product area



### Key





## The Big Shop: Analyse and conclude

### Key questions

Handout 2a

**What is the key to increasing profits for our client?**

Consider

- Driving sales growth
- Decreasing costs

**Which product areas should we focus on to increase profits?**

Consider

- Size of each market
- Potential (combination of share and growth)
- Profitability by product area
- Competitive environment

**What can we do to drive sales growth in our chosen product areas?**

Consider

- Rebalancing our marketing spend
- Learning from our competitors
- Other suggestions

# The Big Shop: Competitors

Handout 2b

| Competitor A   |   |
|--|---|
| <b>Description</b> <ul style="list-style-type: none"> <li>Large multi product area retailer</li> <li>Sell products through stores and online</li> </ul>      | <b>Product area evaluation</b> <ul style="list-style-type: none"> <li>Strong at Electrical</li> <li>Ok at Garden</li> <li>Weak in home</li> </ul> |
| <b>Marketing spend</b> <ul style="list-style-type: none"> <li>High spend on Electrical</li> <li>Medium spend on Garden</li> <li>Low spend on home</li> </ul> | <b>Main locations</b> <ul style="list-style-type: none"> <li>Integrated shops</li> <li>Half Edge of Town, half City Centre</li> </ul>             |

| Competitor B   |   |
|--|---|
| <b>Description</b> <ul style="list-style-type: none"> <li>Large multi product area retailer</li> <li>Sell products through stores and online</li> </ul>        | <b>Product area evaluation</b> <ul style="list-style-type: none"> <li>Strong at Electrical</li> <li>Weak at Garden</li> <li>Ok in home</li> </ul> |
| <b>Marketing spend</b> <ul style="list-style-type: none"> <li>Low spend on Electrical</li> <li>Medium spend on Garden</li> <li>Medium spend on home</li> </ul> | <b>Main locations</b> <ul style="list-style-type: none"> <li>Integrated shops</li> <li>Half Edge of Town, half City Centre</li> </ul>             |

| Competitor C   |   |
|--|---|
| <b>Description</b> <ul style="list-style-type: none"> <li>Single product (fashion) retailer</li> <li>Sell products through stores, online and through other large department stores</li> </ul> | <b>Product area evaluation</b> <ul style="list-style-type: none"> <li>Strong at Fashion</li> </ul>            |
| <b>Marketing spend</b> <ul style="list-style-type: none"> <li>Low overall</li> <li>Only on fashion</li> </ul>  | <b>Main locations</b> <ul style="list-style-type: none"> <li>Fashion only shops in the City Centre</li> </ul> |

| Competitor D   |   |
|--|---|
| <b>Description</b> <ul style="list-style-type: none"> <li>Single product (fashion) retailer</li> <li>Sell products through stores, online and through other large department stores</li> </ul> | <b>Product area evaluation</b> <ul style="list-style-type: none"> <li>Strong at Fashion</li> </ul>            |
| <b>Marketing spend</b> <ul style="list-style-type: none"> <li>Low overall</li> <li>Only on fashion</li> </ul>  | <b>Main locations</b> <ul style="list-style-type: none"> <li>Fashion only shops in the City Centre</li> </ul> |

# OLIVER WYMAN



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