

# How to Give a Great Case Interview



## Qualitative

**Tip 1** A good case will test both qualitative and quantitative skills. Ask questions that push the candidate in both areas. If you are more comfortable with qualitative questions, try adding an equation or calculation after you get to know the case. Remember, you don't have to do the math. You already have the answer key!



## Quantitative

**1**  
**Warm-up**  
*Warmth & Client Ready*

**Tip 2** Look for strong communication skills. Could this candidate present to a wide variety of audiences? Ask a tough question or two about their experience. Does the candidate get to the point or ramble? Answering questions directly is highly correlated to moving through cases quickly.

**2**  
**Start**  
*Logic & Breadth*

**Tip 3** Now it's time to test for strong structuring skills. Present the case succinctly and listen for a concise recap of the situation and key question. Typically, the candidate will take a minute and put together a plan to solve the case. As the candidate presents their plan, listen for a logical approach (e.g.: 1st block, 2nd block, 3rd block). Ask specific questions about omissions or anything unclear. Don't rush through this step. It is critical to a successful case.

**3**  
**Data Dump**  
Chart/Table Estimate  
Equations Solve for X  
*Depth & Numbers*

**Tip 4** Did the candidate "jump in" the data pool or did you have to push? As you transition from the qualitative to the quantitative, were they ready to look at data, discuss numbers and do computations? Each case should have a quantitative element, e.g.: a calculation or a simple handout. Gauge their comfort with numbers and degree of accuracy. Prepare a handout that shows the suggested answers and calculations. Give it to the candidate at the end of your practice session.

**4**  
**Insight**

**Tip 5** Before leaving the data pool, the candidate needs to share some insights related to the numbers. For example, they may identify the main point of a slide, calculate a break-even or find the gross profit percentage. The candidate should explain how the data proves or disproves something about the case. More complex cases may have multiple insights, but you should plan to have at least one. If they have trouble finding a relevant insight, prompt with an open-ended question like, "What does the data say to you?"

**5**  
**So what?**  
*Integration & Creativity*

**Tip 6** To solve the case the candidate needs to integrate his insights from the data pool in Steps 3 & 4 with their structure from Step 2. Good candidates will comment on what the analysis has revealed thus far. Has their original structure covered all the relevant elements of the case? If not, are there new areas to explore? At this point, if the candidate cannot connect their analysis back to the original case question, prompt them with "What are the implications of these findings?" or "What other areas would you like to explore?"

**6**  
**End**  
*Recommendation with Data*

**Tip 7** A candidate ends a case well by bringing together their initial plan with an analysis of the facts and delivering a succinct recommendation. Listen for a good understanding of each element of the case, and an ability to prioritize a solution (e.g.: short and long term). Their final answer should be based on data revealed during the case and not on the candidate's personal everyday experience. At the very end, test for creativity by asking, "If you had more time, what else would you do?"



# Casual Cafe

## Case Skills: Case specific words, root causes, profit

### S Start with Specifics

Say the following to start the case:

- **Casual Café is a local campus café that serves everything from breakfast muffins to light sandwiches and soups. Over the last 3 months the profits have been down and the owners are not sure what's going on. What would you do?"**
- **Ask, "Do you have a favorite café or hangout spot on campus?"** Let the candidate chat about what she likes. You may ask, "Why do you like it so much?" or "What makes it successful?" Your goal is to help the candidate think case specifically (e.g. queue speed,

fresh food, menu variety, order size, food waste, part-time labor and coffee).

- **"Casual Café is known as a great place to hang out with plenty of tables, couches and a bar. It's a convenient place to meet friends and catch a meal. There always seems to be a steady crowd."**
- Say, **"The managers need your help in three ways: 1) think through all the causes of what is driving profit down, 2) find the root cause and 3) come up with some solutions. They are in a panic so work quickly."**
- Plan to review the candidate's plan in the next section (Manage the Structure) and later in the case give information about the new Wi-Fi roll-out.

Be ready if asked:

- **Competitors** – there are several cafes on the street. Two blocks away, a new Cronut & Coffee Café opened up about 3 months ago.
- **Pricing** – Casual Café offers competitively priced meals.
- **Awareness** – Everyone knows Casual Café. It's been around for 8 years. It's located on a street with several established eateries and fast food places.
- **Seasonality / Hours** – Casual Café has not changed it's hours.
- **Construction** – Campus Facilities has been managing a new sewer line on the street. Students have to walk on boards and under scaffolding. No end in sight.
- **Rev/Costs** – Annual Revenue, \$1.5M; Costs, 85%, Profit drop = 30%.

### M Manage the Structure

Manage the discussion around a structure

- This case is a simple drill down on the drivers of profit. Most candidates will face several profit cases, so the key is to be thorough and case specific. Your goal is to a) test the candidate's ability to explain his plan, b) look for overlapping thoughts, and c) check that he is searching for relevant data. Business judgment and common sense are key here. Also, watch out for candidates that want to turn the discussion into 20 questions rather than presenting a plan.

Look for "case specific" thinking, breadth and depth.

- Remember that the candidate typically "asks for a minute" to collect his thoughts and structure a plan. He should present his approach. Creating a structure and presenting it is the most important part of any case interview. You could ask **"What else would you like to include in your structure?"**

#### Block

#### Break

#### Ask

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li><input type="checkbox"/> Have prices been steady over the 3 month period?</li> <li><input type="checkbox"/> Are there any new food or drink options with lower pricing that may be capturing sales, thus lowering profit?</li> <li><input type="checkbox"/> Analyzing a typical "total purchase", have we seen this total amount go down per customer?</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> Can volume be broken down by product type and do we see any variation in unit sales?</li> <li><input type="checkbox"/> Are we seeing the same average number of customers coming into the store (especially since there is construction nearby).</li> <li><input type="checkbox"/> Are customers going elsewhere?</li> <li><input type="checkbox"/> Is the order size (volume per order) relatively the same size?</li> </ul> |
|--|---|

### PROFIT TREE

Revenue minus Costs



- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li><input type="checkbox"/> Changes in rent?</li> <li><input type="checkbox"/> Changes in maintenance or service contract fees?</li> <li><input type="checkbox"/> Any new city taxes or other regulatory fees?</li> <li><input type="checkbox"/> New investments in equipment like refrigerators, stoves or mixers?</li> <li><input type="checkbox"/> Upgrades in furniture, bathrooms, electrical or Wi-Fi?</li> <li><input type="checkbox"/> Utilities: water, electric, gas</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> What is the break-down between the spend on packaged food to resell vs. fresh food for making meals?</li> <li><input type="checkbox"/> Has the amount of waste / spoiled food gone up per day?</li> <li><input type="checkbox"/> What are the paper and plastic costs per meal and has that changed?</li> <li><input type="checkbox"/> What other daily costs are there, like cleaning, and have they changed?</li> <li><input type="checkbox"/> What about employee wages?</li> </ul> |
|---|--|



# Casual Cafe

## Case Skills: Case specific words, root causes, profit

### A Ask for Numbers

Ask about data and numbers. You must test a specific analytical skill. Transition to the “Data Pool.”

1. “That was a thorough structure. Can you calculate for me the monthly profit loss? Revenue is even throughout the year. I need exact numbers.” (Give data on the first page when asked.)
  - **Calculations:** \$1.5M annual revenue / 12 = \$.125M or \$125k per month. 15% profit x \$125k = .01875k per month or \$18,750. 30% drop x \$18.75k = \$5,625 mo.
2. “Please look at management’s thoughts (give handout). As you review this, please do the following for each hunch:
  - **Discuss:** Tell me how that hunch could drive profit down What would have to be true? How serious is this problem?
  - **Data Dive:** Lay out the specific pieces of data you would want to know to prove or disprove the hunch.”
3. Offer the below Interviewer Data at the appropriate time. Look for the candidate to engage in discussion and support her ideas. Be ready if asked:

#### □ Hunch A – Construction

- **Potential Impact:** number of customers would be down and volume of purchases would be down.
- **Data to Prove:** headcount. Since there is no concern that construction makes students less likely to buy, you would just check to see if they are coming to the café.
- **Interviewer Data:** “Some of the other restaurants have been tracking student traffic on the street and it has only reduced by 5% over the last 3 months.”
- **Verdict:** not likely a problem.

#### □ Hunch B – Cronut & Coffee Cafe

- **Potential Impact:** number of customers would be down and volume of purchases would be down.
- **Data to Prove:** simple headcount or order size purchased at Casual. Customers may no longer be buying their desserts at Casual and saving their money for cronuts.
- **Interviewer Data:** “Casual customer surveys show very little overlap with Cronut. Customers want a place to sit and hang out. Cronut & Coffee is walk up only.”
- **Verdict:** not likely a problem.

#### □ Hunch C – Wi-Fi & Power Outlet Upgrade

- **Potential Impact:** number of customers could be up as they come for Wi-Fi. But sitting customers monopolize tables, leaving no room for new ones. Sitting customers may sip coffee and not buy additional items.
- **Data to Prove:** number of customers and average purchase size per customer. Electricity bill.
- **Interviewer Data:** “Students have been saying there’s no place to sit. Some customers stay longer to use the Wi-Fi and free electricity, but do not buy additional products. Other customers have been buying smaller food items as they need to take it to go. Business people have even been showing up and sitting for 1–2 hours. Electric bill is up 20%.”
- **Verdict:** serious problem!

#### □ Hunch D – Boring Menu

- **Interviewer Data:** “Management now knows that this is not the problem after they did a customer survey.”

### R Request a Recommendation

Push the candidate for a recommendation

- The candidate should have discovered that the Wi-Fi upgrade is causing a lot of problems. Say, “**You found the root cause, now what? Take the Wi-Fi away?**” Listen for categories of answers.
- These are sample answers only. Push for a firm recommendation.
- **Technology:** Limit free usage to 30 minutes, then charge for usage like airports or link Wi-Fi to purchasing with time limit coupons. For instance, a \$5 food purchase gives 30 minutes.
- **Human Behavior:** Put up signs with time limits or encourage good manners like “Make room for new customers.”; Cap some outlets.
- **Structure:** Create more stand-up café tables to discourage Wi-Fi usage and to create a place to eat for those with limited time.

### T Track & Practice

- Help the candidate track strong and weak areas. Reading through data and finding root causes is a basic skill. Recommend other data handouts and practice reading the main insights out loud. The candidate should also practice quick calculations to boost speed.



# Casual Cafe

**Case Skills:** Case specific words, root causes, profit

## Hunch A – Construction

- It's a mess!
- Students have to walk over boards and under scaffolding. Many seem annoyed when they enter.
- Other restaurants on the street are complaining about it.
- The noise is unbearable.
- There's no end in sight. When will it be done?

## Hunch B – Cronut & Coffee Cafe

- They are new and have buzz.
- They are aggressively pricing and offering deals all the time.
- They have copied some of our most popular breakfast desserts like our cinnamon buns ("Cinnabonut").
- Their coffee is the same price but not as good as our organic!

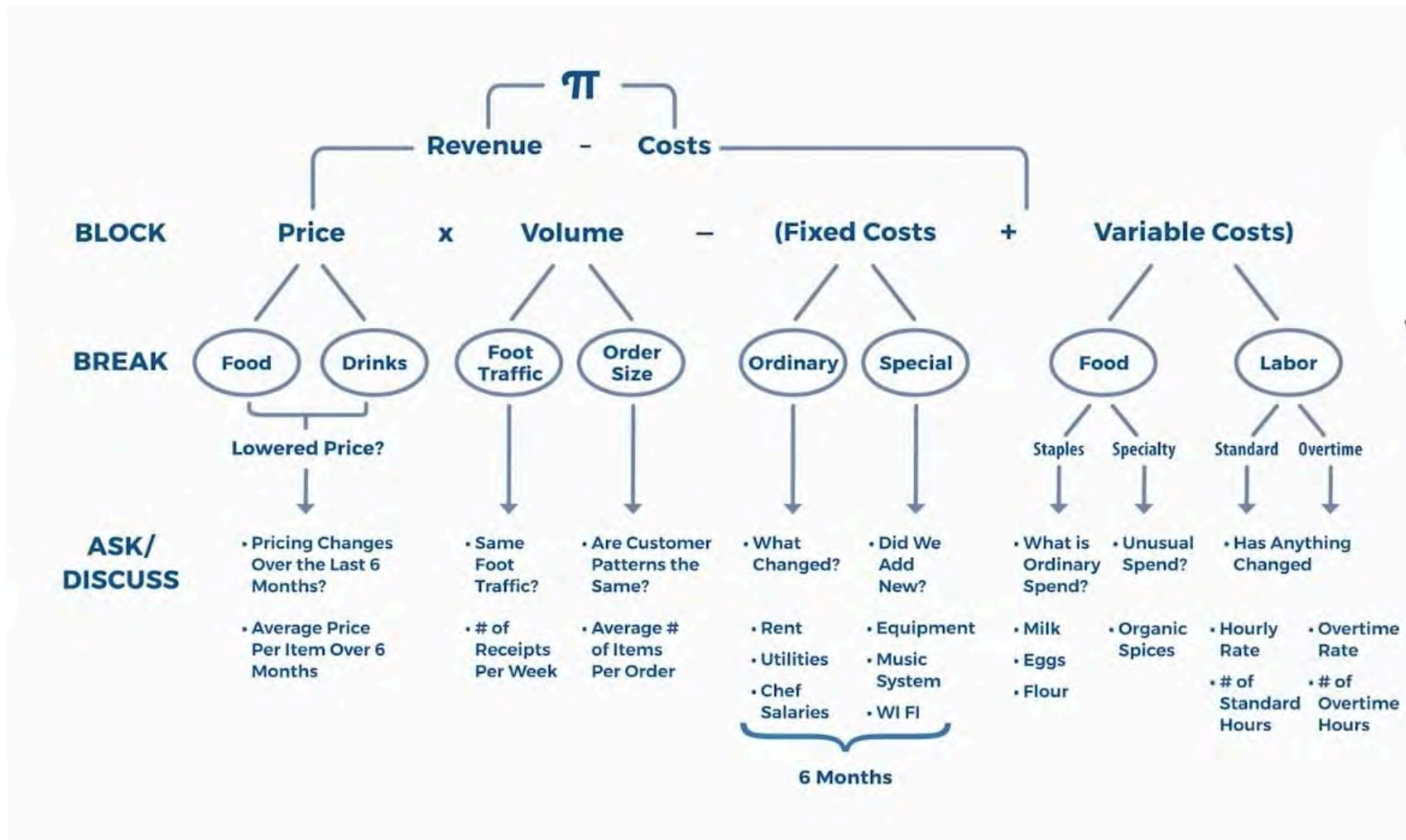
## Hunch C – Wi-Fi & Power Outlet Upgrade

- Everyone wanted free and fast Wi-Fi and we got it done!
- We also added more outlets for everyone's devices.
- This change seems to be working as everyone is hanging out and the tables are full. The Wi-Fi is fast.
- Customers are really happy and we are seeing more business people.

## Hunch D – Boring Menu

- Students keep asking for new items like vegetarian specials, protein shakes and organic salads.
- We have added a few items but honestly it's too time consuming to figure out suppliers and pricing.
- We're afraid that we don't see some of the same faces anymore.

# Casual Cafe - Profit Tree



## Case Prompt

Junkyard Arcade & Bowling has been in place for 10 years. As a local college hangout it attracts students looking for a variety of fun.

- Laser Tag – two teams face off with laser guns in the dark
- Arcade Games – vintage pinball, air hockey, and foosball
- Bar & Snacks – beer, soda, and light food
- Bowling – 10 lanes with no scoring technology (players hand-score)

Junkyard now wants to upgrade its facilities but maintain its vintage charm. All of their original equipment, from the bowling pin machines to the arcade games, was bought used – hence the “Junkyard” name. They think with a strategic investment they can achieve a better overall return.

## Case Facts

Junkyard wants to invest \$300k into the business and has 3 options:

1. Modernize the arcade games and laser tag area with new equipment
2. Add a full kitchen and larger dining area to offer a complete menu
3. Add a bowling automated scoring system with new, hi-tech screens

**What specific investments would you make with the \$300k in each zone, and how would you measure the return?**

# Junkyard Arcade

## Sample Case Structure

	Test Return on Investment Laser Tag and Arcade	Test ROI for Kitchen	Test ROI for Bowling	"Cherry Pick" Investments in Each Area
<b>Block</b>				
<b>Break</b>				
<b>Ask</b>				
	<p><b>REVENUE</b></p> <ul style="list-style-type: none"> <li>Price per use, bulk game cards &amp; party packages</li> <li>Volume by area &amp; game</li> </ul> <p><b>COSTS</b></p> <ul style="list-style-type: none"> <li>Fixed: games, carpet, walls, electrical, card readers/ registers</li> <li>Variable: guns, vests, cleaning</li> </ul>	<p><b>REVENUE</b></p> <ul style="list-style-type: none"> <li>Prices per items and combo meals</li> <li>Volume per customer and per time period; group offers for leagues</li> </ul> <p><b>COSTS</b></p> <ul style="list-style-type: none"> <li>Fixed: stove &amp; equipment, electrical/plumbing</li> <li>Variable: raw food, labor, more staff, paper disposables</li> </ul>	<p><b>REVENUE</b></p> <ul style="list-style-type: none"> <li>Price: individual customer vs. large groups</li> <li>Volume: individual parties &amp; leagues</li> </ul> <p><b>COSTS</b></p> <ul style="list-style-type: none"> <li>Fixed: ball returns, digital scoring, screens</li> <li>Variable: updated shoes, balls and cleaning</li> </ul>	<p><b>REVENUE</b></p> <ul style="list-style-type: none"> <li>Which investments create the best increases in prices &amp; volume?</li> <li>What do customers really care about (e.g. specific video games)?</li> <li>Can we add features that drive volume?</li> </ul> <p><b>COSTS</b></p> <ul style="list-style-type: none"> <li>Fixed: games, stoves, scoring system (avoid construction)</li> <li>Variable: guns, food, balls &amp; shoes</li> <li>Where can we invest but not incur unnecessary expenses? For instance, buy new bowling balls but don't upgrade the electrical system.</li> </ul>
	<p><b>REVENUE</b></p> <ul style="list-style-type: none"> <li>How much can we raise prices for new games or features?</li> <li>How much will volume increase and how do we manage peaks?</li> </ul> <p><b>COSTS</b></p> <ul style="list-style-type: none"> <li>What is the balance between infrastructure upgrades (e.g. carpet) vs. revenue generators (e.g. new game machines?)</li> </ul>	<p><b>REVENUE</b></p> <ul style="list-style-type: none"> <li>How can we entice customers to spend more?</li> <li>Will higher quality food and more "meals" result in greater spend?</li> </ul> <p><b>COSTS</b></p> <ul style="list-style-type: none"> <li>Where can we invest wisely but not overspend?</li> <li>What equipment is necessary to take the menu to the next level?</li> </ul>	<p><b>REVENUE</b></p> <ul style="list-style-type: none"> <li>How can we lock in more consistent revenue (e.g. bowling leagues)?</li> <li>Where can we upcharge or link with food offerings?</li> </ul> <p><b>COSTS</b></p> <ul style="list-style-type: none"> <li>What additional variable costs will be incurred with the new upgrades?</li> <li>With digital scoring will variable costs go down?</li> </ul>	

### Case Challenges

1. What's your hunch about each zone? Which one will give the best payback?
2. Now, let's look at some data. (Give the candidate the handout on the next page.)

# Junkyard Arcade

**Assume all \$300k is invested in each zone.**

Customer volume, spend, and profit by entertainment



**Do the math:  
How many months would it take to re-coup a \$300K investment in each zone?**

## Case Data (same data as in chart)

PRE AND POST INVESTMENT - DEMAND ESTIMATES			
3 Investment Zones >>>	Arcade & Laser Tag	Kitchen	Bowling
Historical Customers per Month	1200	1000	3000
Historical Spend per Customer	12	7	15
Historical Profit Margin by Zone	70%	80%	90%
Additional Customers per Month	300	1000	500
New Spend per Every Customer	15	15	20
New Profit Margin by Activity	80%	90%	90%
	Give Data Above Line Only ^		
Historical Revenue per Month	\$ 14,400	\$ 7,000	\$ 45,000
Historical Profit per Month	\$ 10,080	\$ 5,600	\$ 40,500
New Revenue per Month	\$ 22,500	\$ 30,000	\$ 70,000
New Net Profit per Month	\$ 18,000	\$ 27,000	\$ 63,000
Incremental Profit from Investment	\$ 7,920	\$ 21,400	\$ 22,500
Cash Investment to Pay Off	\$ 300,000	\$ 300,000	\$ 300,000
Approximate Months to Pay Off	<b>38</b>	<b>14</b>	<b>13</b>

## Data Questions

“Now that you have looked at the chart, which option should you not pursue?” Then follow up with, “Please calculate which option, Restaurant or Bowling, is better.”

### (Beginners)

“How would you sum up what you have learned so far and give a recommendation to the Junkyard team.”

**(Intermediate / Advanced)** “I’m confused. I’m not sure we are making any progress toward an answer. Please sum up where we are right now.”

Assume that both options, Restaurant and Bowling, are equally profitable. Which one would you choose and why?

Some team members think spreading the \$300k across all three zones would be best. How would you do that using the data we have. Use dollar amounts.

## Sample Recommendations

### Simple Answer:

“Since Junkyard wants the best ROI, they should invest in Bowling and get a payback in 13 months.”

### Better Answer:

“Both the Kitchen and Bowling investments offer a payback in just over 1 year.

It would make sense to first invest in Bowling and increase overall traffic, then consider investing in the Kitchen later, as we hope to attract a more upscale customer who would want ibetter food.”

### Even Better:

“Payback on an investment in both the Kitchen and Bowling are almost the same, but if we can only put our \$300K towards one, I’d recommend upgrade Bowling because it is projected to drive the highest uptick in profits, +\$22.5k/month, and is an investment in our core business.

If the additional bowling customers also stay to eat or play arcade games, we might even see higher profit upside and quicker than the 13-month payback on the \$300k investment vs. what we currently calculated.

As next steps:

1. I’d like to explore if there’s an option to spread the \$300k investment across both Kitchen and Bowling vs investing exclusively in one zone. By renovating a portion of the lanes, we protect the vintage image in case that’s a draw (hand scoring). Some of the \$300k could be spent on a smaller restaurant upgrade like adding a pizza oven or more bar taps. It’s possible that a hybrid solution like this could improve our ROI.
2. We need to understand how long the renovations are expected to take and factor into our calculations lost revenues from lanes (or the whole building) being closed during renovations.”

# HonestTees

## Case Prompt

HonestTees is a start-up, high-end, t-shirt company. Their mission is "full disclosure." They just launched and have a lot of questions about their strategy and the overall market. They are combatting the cheaply made, "throw away" clothing trend among consumers and retailers.

They think customers want to know where products are sourced, how they are made, and whether the product causes harm along any step of the value chain. HonestTees believes customers will pay a little more for assurance that they are buying a "good" product.

Management also believes that customers are willing to pay more, up to \$30 USD for an organic, cotton t-shirt, if they know all the facts about how it was made. HonestTees management thinks that by selling directly from their website they will hit the margin they need to be profitable.

## HonestTees needs help in two ways:

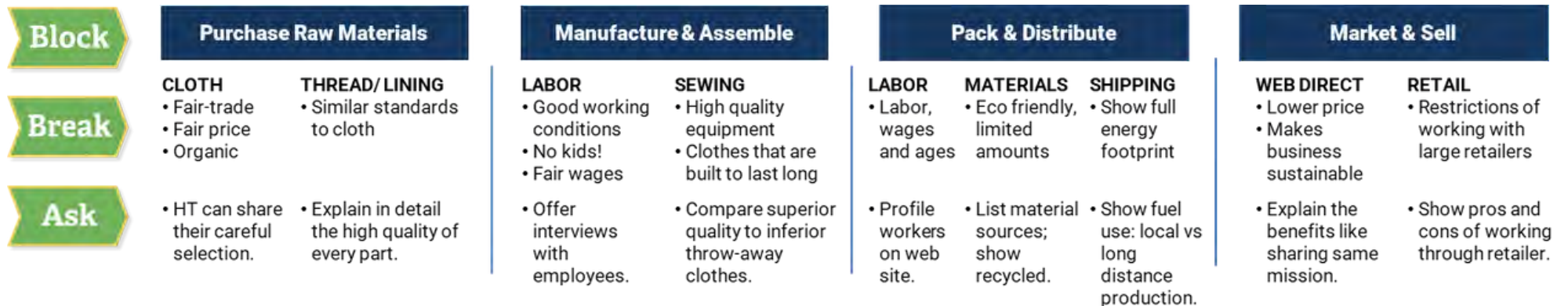
- **Value Chain Exposure** – The HonestTee team wants to show their integrity in each step of the value chain. For each step they need you to identify the step, outline what customers will want and explain how HT communicates their vision. How can your thoughts support their strategy?
- **Proof of Concept** – HT wants to know if there is sufficient demand to be profitable. They need advice on production levels and marketing.

# HonesTees

## Case Structure

1. Can you explain the supply chain elements?
2. What are the overlapping thoughts of the problem?
3. What is the relevant data for this discussion?

## Proper Example of Structure



# Honestees

## Case Data

## Data Questions

12 Month Projections			
	Level A	Level B	Level C
Green Moms shirts sold	3000	2500	2000
Eco Students shirts sold	2000	1500	500
Price per Shirt	28	32	37
Full Production Cost per Shirt	18	20	22
Loan Required (Equip. / Mkt.)	\$43,000	\$40,000	\$38,000
	<b>Give Data Above Line Only ^</b>		
Profit per Shirt	10	12	15
Total Shirts Sold	5000	4000	2500
Total Revenue	\$50,000	\$48,000	\$37,500
Total Profit (Tot. Rev - Loan)	\$7,000	\$8,000	-\$500

## Case Insights

### Good

“This seems to show production and marketing levels.”

“Let me do some quick estimates.”

I’m noticing how price sensitive customers are.”

“Calculations show Levels A & B to be almost the same.”

### Could Use Improvement

“Could I have a moment to do the math.”

“Level B is the best, we should do it.”

# HonesTees

## Recommendation

Push the candidate for a recommendation

Now that the candidate has talked through costs of production and considered the 3 potential projection levels, you need to test his ability to integrate all the data and give a firm recommendation.

Prompt the final recommendation: "Now that we have looked at the value chain and the different levels of production and marketing, What would you recommend?"

**Off-Track Answer:** "Level A or B is about the same so I'd go with Level A because the price is lower. We can get more customers that way."

Average Answer: "Level B is better by \$1000, but that could easily be made up if we could get Level A's loan to be smaller. Our investment in Equipment and Marketing may be too great. By keeping the price lower, we may attract more customers over time. But we may be giving away profit for no reason."

**Great Answer:** "Level B's \$1000 advantage makes it the best option with 3 additional reasons: 1 – we need fewer customers but are still sustainable; 2 – by keeping price high we don't give away profit as we attract new customers and 3 – the higher price reminds people they are buying quality."