

In this case, we'll be talking about a company that manufactures and installs retail store signs. It is essentially a profitability type case, and this first example case you will hear is one that I would *not* pass on to a next round or extend an offer to. On a letter grade scale, I probably would give this a C letter grade for not really being sufficient enough to meet the standards that I'd be looking for. And in this example, you're going to hear a couple of problems and common mistakes, and so I will point them out.

There are about six of them, so hopefully you get a feel for what issues and problems you are about to hear, and can notice them more readily when you do hear them. The first is that: while the candidate did do an initial set up, in terms of a problem-solving structure and framework, they really didn't show the interviewer what that framework was. So it's one thing to be structured in your thinking, it is entirely a different one to be structured in your thinking and share it with the interviewer, which is very important.

The second mistake is: this person jumped around a lot. They have the problem of what I would call: they get this "pet idea," this idea that they think must be true and they just will not give it up. And they keep jumping around from idea to idea to idea, rather than taking a systematic problem-solving approach: going step by step, leading one conclusion, a conclusion driven by the data; which leads to a new hypothesis; which is validated with data; which determines the next conclusion; and so on and so forth. As opposed to, "Oh, what about this? Oh, what about that? Oh, what about this?" – and really just jumping around in a way that's very, very hard to follow as an interviewer.

Third: when there was some structure set up, the candidate did not use what I call a "process of elimination," which is when you have four areas of analysis and you don't know which of the four is really the right one, what you want to do is you start analyzing one of them. When you realize it's no longer the right one, you need to basically eliminate that as a possibility. So this candidate went down certain problem-solving approaches or paths in the issue tree, and did not really eliminate them. So by the end of the case, there were lots of open issues, lots of potential answers, and no preliminary conclusions whatsoever. So that was a problem.

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The fourth one is that: because they were so enamored with their pet idea that they were hoping to be true, now in some cases, they actually solve the problem that really didn't exist. They kept pushing this idea of wanting it to be true, and ignoring the data that was being presented intentionally on my part to make sure that that was not the right approach. And they just would not listen to the data, and instead were really wedded to this pet idea they had in their head that they had fallen in love with. So that was a mistake as well. This case starts off as a profitability framework type case, but actually evolves from that, and this particular candidate did not actually evolve beyond that framework.

And the last one is: when you find unusual information or information that is unexpected, things that sort of stick out as unusual, the right move is to follow up on that, and try to figure out why that's happening.

And so you'll notice in a couple of cases in this particular example that the candidate stumbled upon new information, clearly recognized it was unusual – you can tell by their voice inflection, they say things like “oh,” or “wow,” or “huh,” or “wow, that’s interesting,” *those all are signs that you’ve discovered something important, and the right move in those situations is to explore that particular issue further to better understand it.* In this particular case, the candidate basically glossed over them.

So a couple of key ideas to keep in mind of what you want to do that I think will be illustrated through this case, mostly by doing the wrong thing, is process of elimination. So you'll notice one of the big things in all the case examples that are done poorly is there is not sufficient process of elimination. So that's very important – early in the case, the first half, you want to figure out what the solution is *not*, which allows you to narrow your focus and spend the last half of the case figuring out how to solve the actual case.

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Whenever you eliminate one branch of your analysis, you want to synthesize and summarize what you've discovered, and make sure that's very clear to the interviewer. And again, *when you find something unusual, you don't want to just keep on barreling through the case framework, you actually want to consider deviating from the framework, once you've discovered something unusual or something insightful or something unexpected, that is a very common pattern.* When you find something unusual, you need to figure out the whole picture, and sometimes that involves deviating from the framework.

And a lot of case interview candidates that are not that seasoned, they will be so tied to the framework that they're afraid to let go of the framework and follow where the data is leading them to. And that is a mistake that you will see demonstrated in this particular example.

So, let's go ahead and get started on this particular case. It is an example of a relatively poor performance in the grand scheme of things, and hopefully you will notice some of these mistakes that I pointed out. And of course, I will point them out in more detail as we continue. With that, let's go ahead and get started.

Interviewer: So this company is a local business, owned by a friend of a friend. They are in the business of manufacturing signs. They go up on new retail stores. And this company, you know, they've really suffered financially, and their sales have fallen from, let's say \$30,000 a month to \$20,000 a month. And your friend is also, this other person, this business owner is a friend of yours — a friend of your friend. So with that, they say, “Well, I hear you're brilliant at this. Help, what should I do, because I'm really struggling a lot.”

Candidate: Well, I'll be more than willing to help. But before that, I would like to go through some basic information about the business and the industry we're talking about. So when we talk about local business, is it in a small town, or a metro like —

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Interviewer: It's in a metro area.

Candidate: Like the San Francisco metro —

Interviewer: I would call it San Francisco, Dallas, New Jersey; you know, parts of New Jersey.

Candidate: Okay.

Interviewer: You know, major city area.

Candidate: Okay, in one of the major cities. And what kind of signs do they make? Is it the traditional ones, just paintings one, or the electronic ones or —

Interviewer: They do two. They have what they call “illuminated display signs,” so signs that go on top of buildings, which is their general and most popular one, certainly traditionally. And they also will make banners that are sort of more temporary; they're faster to produce. And they're generally for people who have sort of, you know, very urgent needs, and temporary ones.

Candidate: Okay. So clearly, we already said that the revenue has gone down basically?

Interviewer: Yes, the revenue has gone from let's say \$30,000 a month to \$20,000 a month.

Candidate: \$20,000, so it's almost 30 percent drop in their revenue?

Interviewer: Yes, correct.

Candidate: Okay. So I would like to see the factors on the revenue side, so when you're talking about the revenues, number of units and the price per banner on an average. So is there any information on their historic prices, compared to last year – whether the prices have gone down or up?

Interviewer: Let's say the pricing schedule has remained the same.

Candidate: Okay. So prices have remained the same. And what about the number of units?

Interviewer: The number of units sold has, let's say, has actually gone up.

Candidate: Gone up.

Interviewer: Yep.

See, here what you notice is the candidate is essentially starting off on the revenue side of the profitability framework, and that's probably a reasonable place to start. The mistake this person made was they did not tell the interviewer that they were going to look at the revenue side of things, in terms of looking at prices multiplied by volume.

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So whenever you plan on a particular analysis, it is very useful to state what you intend to do, before you actually start doing it. And you will probably hear me repeat this over and over and over again, and I only take the effort to repeat it over and over and over again because people make the same mistake over and over and over again. So you will hear me emphasize this repeatedly, mostly because it is extremely important, and few people actually do it. So big mistake, *you need to state what you intend to do before you actually do it.*

Candidate: Okay. That's interesting, because when we're saying prices are the same and the number of units gone up, I would like to see the comparison of the sales, number of units sold for illuminated banners to like high-end banners we can go— and the other one is a basic banner?

Interviewer: Sure, okay. So the mix.

Candidate: Yes, mix, mix of the products.

Interviewer: Okay. So in the past, the business used to sell that, we'll call it 30 of the illuminated signs – the glass with lighting and the electrical – per month. And they used to not sell any of the plastic banners.

Candidate: Okay. So can you repeat that information again?

Interviewer: Sure, of course. So unit sales – 30 units were sold historically, in the past, for the high-end signs. And they used to not sell any of the low-end signs.

Candidate: Oh, sorry. I took that as a positive; you said 30 as number of units sold.

Interviewer: Number of units, correct. Number of units.

Candidate: And what about this year?

Interviewer: This year, they are now selling about five units of the high-end signs per month. And they're selling about 30 units per month of the low-end signs.

Candidate: Okay. And what is the price comparison between the two products?

Interviewer: Sure, the price comparison is that the high-end signs, we'll just say, they're \$1,000 apiece. And the low-end ones are about – we'll call it \$500 apiece, just for argument's sake.

Candidate: So yes, I clearly see the situation here where this friend of friend was running this business, has introduced a new product category from their offerings. And although number of units have gone up, we can clearly see that unit which were their kind of cash cow has gone down drastically. It has come down one-sixth.

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Interviewer: Yep.

Candidate: Although the new category we can say is kind of successful, although we cannot ensure that, because it's a low-end product, kind of a high-volume product, so cannot compare directly to the historic volume of Product One.

Interviewer: Okay.

Candidate: But although we can say it has shown good profit – good sales, not profit, but good sales – but the overall effect has been not so good, because with five units, the Product One – the high-end product, has generated just \$5,000, while it used to generate \$30,000, which is a huge decrease.

Interviewer: Yes, absolutely.

Candidate: So keeping this in mind, and now since we talked about the products, I would like to see the demand side, I mean customer side – what customer need, and how this industry is operating.

So here the candidate basically seems like is switching from a revenue analysis portion of the profitability framework, and is now switching into looking at customers and the industry, presumably some aspect of the business situation framework or something comparable. But it's unclear *why* they're doing this, what's the big picture they're trying to address? Why do they need to switch gears? And what have they learned so far that is prompting them to switch gears? *So whenever you do a transition – this transition was extremely abrupt – and it's useful to synthesize what you've known so far, and indicate what you believe to be true or what else you need to figure out to move the analysis to the next phase.* In this particular case, the candidate didn't do either, so it's a little confusing as to where they are going with this thing. It's something that's important to keep in mind.

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Interviewer: Okay.

Candidate: So is there any particular reason this friend has introduced this second product line this year?

Interviewer: Yes, why, what would you like to know in particular?

Candidate: Was there any instances when he was selling just one product line?

Interviewer: Yep.

Candidate: We can say that he was more focused with just one product line. But was there any instance where he was getting more inquiries or more customer orders or —

Interviewer: Yes, so in terms of the market demand (and we'll call it before the recession, if you would), there was a lot more interest in the high-end signs. And now that we're in the recession, there is a lot more interest in the low-end signs.

Candidate: I would just like to see, is there any information on immediate competitors, how they're doing, and what is their situation for these two products?

So here the candidate is actually jumping around. We start off talking about customers; we evolved into products, now the candidate wants to switch to talk about competitors. And the problem with this is: if this indeed is the business situation framework, the candidate didn't finish the customer analysis or the product analysis, and is now jumping to competitors, which means that he's got to remember to come back to product analysis and come back to customer analysis, in the midst of doing competitor analysis.

So if that was hard to follow – that's not by accident, it *is* kind of hard to follow. So when you do the business situation framework or any kind of framework or an issue tree, if there are three or four areas you want to look at, it is useful to take one area and go as far as you can on that until there is nothing more to be done, or go as far as it takes to discover something interesting, that would then legitimately prompt you for a data-driven reason to switch to another area.

So in this particular case, the candidate is jumping around, and it's not really obvious, at least not to me, *why* they're jumping around. And I think that makes it very difficult to follow, and frankly makes the problem-solving approach for the candidate much more complicated, because now they have to remember to come back to two or three areas that they never really finished. And in my experience, most candidates tend to forget. If they don't finish the analysis now and eliminate a branch of the illogic, and a branch of the analysis, they tend to forget to come back and at some point, they tend to get lost and stuck.

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Interviewer: Yes, I would say that the competitors have traditionally been vendors of the high-end signs. And they have experienced a similar reduction in unit sales of high-end signs. And the competitors are not in the low-end signs generally; they don't sell them typically.

Candidate: They don't sell low-end?

Interviewer: Correct.

Candidate: Okay. And just so, you know, add a little bit more details in that, how much was the reduction for this competitors?

Interviewer: In terms of unit sales?

Candidate: Yeah.

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Interviewer: Very similar, in terms of percentage. In terms of percentage – almost identical.

Candidate: Okay. So I can clearly see that is an industry-wide phenomenon.

Interviewer: Sure.

Candidate: Because of the recession, and maybe in terms of customer point of view, the high cost on their side – customers switching to the lower-end side of the products. And keeping this in mind, I would like to see what customers really are looking for.

All right, now the candidate is switching back to customers from competitors, and so now wants to look back at customer-related issues. So again, this is again very confusing because we're jumping around a lot, and it's very hard for an interviewer to follow, particularly if there is not a clear reason why you want to switch back.

Interviewer: Okay.

Candidate: So what are the key attributes of these signs they look for? Is it like color combination or the delivery time or something like that?

Interviewer: Okay. So for which signs?

Candidate: Both of the signs.

Interviewer: Both, okay. So let's start with the high-end signs. High-end signs are typically purchased by companies that are opening up a new business or a new location for a business. These are signs that have an electrical system that illuminate it at night – the signs that you would see above a Starbucks, a grocery store, any of those kinds of things. And these companies, they look for certainly a competitive price, but the ability to print a custom design and install it safely; have the insurance to make sure it's done properly; have the ability to maintain that sign should it – like a light bulb – fail, and it needs to be replaced.

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Candidate: I know we are still talking about the customer specifications. I would just like to ask one question quickly. Do we do any service part of these signs right now?

Here the candidate is switching and jumping around yet again, this time jumping back to product and again, very hard to follow. Now it's okay to jump around if there is a legitimate reason to jump around. If you have discovered some new information and you realize that you are looking in the wrong area, that is an appropriate time to make a transition to a different part of your analysis.

If you've discovered some new information and you have a revised hypothesis that you would like to test, and to test the new hypothesis, you need to look in new areas of analysis that you hadn't looked in before, that is a legitimate and very reasonable way to change where you focus. But just jumping around with no real obvious reason is a problem, because it's very hard to follow. It comes across just not very favorably, and really is something to be avoided when you do a case interview.

Interviewer: I'd say yes, but let's assume that it's a very small percentage of the overall business.

Candidate: And what about the other one – the lower-end product?

Interviewer: What about them?

Candidate: I mean, what kind of customers do we have in lower-end product?

Interviewer: Right now, the customers who are buying the low-end signs are generally companies that are going out of business, and are looking to promote typically a going-out-of-business, everything's-on-sale type promotion or sale.

Candidate: Okay. So sales-type of promotion?

Interviewer: Yes. Particularly, they're tied to going out of business.

Candidate: So, just so I have little details on this one. I'm seeing it is kind of a pattern.

Interviewer: Okay, what's the pattern?

Candidate: I just wanted to confirm: you said that the high-end signs were bought by the companies which were opening a business and kind of big customers, and then lower-end were bought by those right now who are going out of business?

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Interviewer: Correct.

Candidate: I see a little bit overlap here. There can be big businesses, which were going out like some of the car dealers?

Interviewer: Yes.

Candidate: So is there any pattern related – we have seen that the same customer who used to buy high-end banners are buying now lower-end?

Interviewer: Sure. So a lot of the customers that are now buying the low-end banners were the ones who bought the high-end banners – high-end signs – maybe in prior years.

So the pattern really is: you go into business, you buy the high-end; you go out of business, you buy the low-end.

Candidate: Anything more related to this customer segments in terms of how they like to buy, like the channels or anything related to that information?

Interviewer: In terms of channels, not really. Most of these signs are sold either by phone or in person. And the method of sale is, I would say, fairly similar across the competitors.

Candidate: Okay, all right. So I clearly see here, the industry-wide phenomenon that in recent time when there is this recession has occurred. Companies are not willing to pay the same price, which they used to. And it clearly shows that the willingness to pay has gone down.

So here the candidate has actually made an interim conclusion that a customer's willingness to pay for signs has gone down. And I would argue it's actually an imprecise conclusion, and in fact might even be the wrong conclusion. What I mentioned earlier is that new customers, when they go into business for themselves, they're buying the new expensive signs because they want a nice sign that goes above their business. And companies that are going out of business into bankruptcy or shutting down their companies, they're buying these temporary banners to indicate they are going out of business and are trying to sell off their inventory before they close their doors.

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So the conclusion is not that customers aren't willing to pay for signs; the conclusion should have been that there are a lot more companies going out of business, so their needs have changed and they're buying a more, a lower-priced product that is more appropriate for their needs, something that is more appropriate for a business going out of business. Because obviously if you were going out of business, you wouldn't want to put up a new expensive sign in front of your store saying that you are going out of business, or put up a new sign with your brand and logo on it, if you're going out of business. It's not what the customer wants at that particular time.

So I felt that this candidate actually came to the wrong conclusion, and for reasons I wasn't able to figure out, seemed to ignore the data that I was providing through the case, related to what the customer is doing and why they were doing it. So this, I think, was certainly a mistake that should have been avoided.

Interviewer: Okay.

Candidate: From the customer side. And, I'm just trying to synthesize everything that we just saw, to make sure that there's not anything other than this one. I just want to know, any new addition of customers for this lower-end products?

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Interviewer: The main buyers are those people who are going out of business, and trying to sell something before they do.

Candidate: Since the numbers are pretty close, I would assume that these are the same customers, most of them are same customers, and we better focus on them to see what's happening with them. And why they're not buying. I mean clearly the reason they're not buying is the recession or the expenses on their part. I would ask my friend's friend to see how they can either generate more volume from the lower-end customer segment. The second approach would be to see what we can do in the high-end customer side.

Interviewer: Okay. Which one would you like to tackle first?

Candidate: Let's say high-end customer?

Interviewer: Okay, sure.

And so here, the candidate has basically isolated his problem into really trying to fix and turn around sales by looking at one of these two customer segments – the customers that buy the low-end signs versus the high-end signs. So that, I think is a good split, in terms of how to tackle the rest of the case.

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But, what the candidate did *not* do was indicate what analysis they were going to do for each of these segments. So they could have done a business situation framework for each particular market segment; they could have done a revenue analysis framework, like revenue is equal to price times volume – that would have been appropriate. Either of those would have worked or even a third option that was a logical one would be fine. So the fact that the candidate did *not* indicate what the approach would be leaves it very open-ended, and it sort of feels like it's very exploratory, rather than being sort of really rigorous analytically in trying to figure out what's going on.

So when you have a case where you come to some sort of interim conclusion, it is very useful to think about what data you need to continue your analysis, and to indicate what you likely will need before you actually ask for that data.

Candidate: Which is like more profitable side. The first approach would be, you know, we talked a little bit about service side?

Interviewer: Yes.

Candidate: And I see there is a lot of potential on that side. Since these are high-end kind of light sign boards and these require a lot of customization, installation, there is definitely security of the person working as well as insurance issues, I would like to see my friend to give kind of an integrated approach to the service, rather than just providing a sign board.

Interviewer: Okay.

Candidate: I would like to see them giving a bundle package, maybe at the same price of earlier, or a little bit addition to that, just to make sure that the customer understands that it's just not the banner but the entire packages coming from this customer.

So here the candidate is actually making a conclusion of what the client ought to do, and the problem with this conclusion is that it's not really based on the data, it's really just what I call a "pet idea." The candidate thinks that the client ought to create some kind of service bundle and that this would be a good idea to improve sales, but it's not based on an analysis of the customers, it's not based on price levels, it's not based on what customers are looking for, it's really just an idea.

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And so you will notice that as an interviewer, I sort of challenge that in my next comment, because *in consulting and in case interviewing, you don't want to present a conclusion unless you can back it up*. And so this particular candidate made a very big mistake in presenting a conclusion without really having any data to support the conclusion.

Now it doesn't matter if the candidate is right or not. It matters if you can *prove* you are right or not. That's the important thing, and that distinguishes a consultant versus a client. You know, a client doesn't have to prove, at least not to the level that a consultant does, that they're right. They have more liberties in going with gut instinct and intuition, but as a consultant, you have to objectively, and using data, support your point of view, and can't just have an opinion, which is what this candidate basically did.

Now let me rephrase what the candidate said in a way that would be appropriate. So the candidate originally said, "I would like to see them give a bundled package," okay, which feels like a conclusion. The candidate could have said, "I would like to examine ways to get the existing customers— to generate more revenues from the existing customers. I think there are two ways to do that: one is to sell them more signs – or three ways – one is to sell them more of the same signs; second is to sell them bigger, more expensive signs; and the third is to sell them related services around the signs, to provide a larger total sale. I'd like to analyze each of these three areas, starting first with looking at the potential for a bundled solution."

Now that hypothesis – although that's incorrect, that hypothesis is very much a testable one, and that actually would have been a reasonable approach, I think, which is to try to get more business out of the existing clients. So had the candidate taken a more structured approach, then I would not have been so hard on him, in terms of my assessment of his performance, and that would have been a better way to approach the situation.

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So rather than having a "pet idea" and just running with it, it's better to be systematic in looking at the range of options, in terms of what you want to analyze, before you start on a specific one.

Interviewer: Okay. And then what data do you have that would lead you to believe that that's the right recommendation to make?

Candidate: I would like to see my friend talking to their customer, and see what's the problem with their high-end banners.

Interviewer: Okay.

Candidate: If they are facing the maintenance charge, maintenance issues as well as their service issues.

Interviewer: So you would like to do a customer interview?

Candidate: Yeah.

Interviewer: Okay.

Candidate: So I mean the knowledge we will get from the customer interview will be very, very vital.

Interviewer: Okay. So let's say that's a great idea, and this person actually has already done that, has called up their customers and asked them about opportunities for more service. It turns out the signs are built incredibly well.

Candidate: Okay.

Interviewer: So the company did a great job of selling them. They require very little maintenance. And when there's a light bulb outage, which is the most common need for maintenance, other than like vandalism, that they are very happy with the existing service. This company gets all the business on the light bulb replacements. But, it's a very small percentage of the business – we'll call it less than five percent.

Candidate: Okay. So, I mean from this information, we see that there's not much we can do on the higher-end side.

So the candidate here has come to the conclusion that there is not much the company can do to generate more revenues from the high-end clients, and that is actually the *right* conclusion, but it's for the wrong reasons. So the candidate is arguing because they can't up-sell and cross-sell additional services to these high-end clients, therefore there is no opportunity to grow those revenues.

I think that the *main* point is that these customers are buying signs when they start new businesses, and the fact is that there are just fewer businesses that are being started, substantially fewer businesses that are being started.

That is the main point, and that information was available and presented in the case, but the candidate basically kind of missed that key piece of information and didn't really draw that conclusion, that perhaps selling signs to stores that are opening for the first time is not a good idea, when there are no new stores opening. And that would be the conclusion that I would have liked to have seen in this particular case.

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So in this particular case, it was the right conclusion for the wrong reasons, and therefore I did not give the candidate full credit, or any credit, for that particular conclusion in this particular example so far.

Interviewer: Okay.

Candidate: So let's talk about the lower-end customer side. In case of lower-end banners, is there anything else than just the recession that is making them buy these products?

Interviewer: Is there anything else? Anything other than what?

Candidate: Than something like the higher-end banner they bought earlier, they found that it's not effective or not necessary; let's switch to lower-end banners, we can get same customer effectiveness, maybe or —

Interviewer: So the high-end banners generally have the company name on them. The low-end banners have a specific event on them, like a sale.

Candidate: All right. So I would like to see in the lower-end, what additional value we can add to the lower-end, and if we can get any price premium on that.

Interviewer: Okay.

So now the candidate is switching gears and trying to find ways to drive revenues from the low end, from the buyers of the low-end product. And his hypothesis is: "maybe we can get a pricing premium on that." The problem with this line of thought is: there's two ways to increase sales mathematically from a particular customer: you can increase the price, which is what this candidate is suggesting as one potential hypothesis; the other is you can increase volume – you can just sell more units.

And a better set-up to this particular branch of analysis would be, "I would like to look at driving revenues and increasing revenues from the buyers of the low-end product. And mathematically, there are two components to revenues: there is the price we charge or the client charges; and the number of volume, number of units that we sell. I would like to analyze each of those, to see if there are opportunities to increase them. I would like to start first by looking at pricing, to see if there is an opportunity to increase prices charged on the low-end signs."

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That would have been a better set-up for this particular point in the case, rather than just saying, “I think I want to go see if we can increase prices,” because it doesn’t explain the full range of the analysis that you could look at. And if you just answer the question on pricing, it’s possible that it could have been a volume opportunity that you just completely missed. And so that, in this case, was not a good transition made by this particular candidate.

Candidate: Since most of the customers are doing the same thing, I would like to see what else we can do, something like as you said, the most of the banners have company name on the higher-end banners.

Interviewer: Yes.

Candidate: If we can provide the similar type, similar look and feel kind of banner in the lower-end as well, which can add premium price to that – the banners, but same time, it can add value to the customer side.

Interviewer: Okay. Now, is that a conclusion or is that a hypothesis you have?

Candidate: I think that is a hypothesis.

Interviewer: Okay.

Candidate: And to check that, I would like my friend to talk to the customers and see their reactions.

Interviewer: Okay. So he says, “Great idea, why don't you talk to the customers directly.” What do you ask the customers?

Candidate: Okay. So you stick to the same example of car dealer, where we are having the sales events, I would like to see the kind of— a survey where we can talk to say 25 to 30 customers, and ask their reactions on the banners they see.

If I find the pattern where the banner attached to the banner shown on the display, did the customer relate to the company directly, or they just look at as another sales event. If customer doesn't relate to the say car dealer, I would go back to the car dealer and say, “You know what, we talked to the customer, and the sample survey shows that it is much more beneficial to have company name, a better banner, although in the lower product category, but with more sophistication on them.”

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Interviewer: Okay. So I'm not sure if I'm following, so let me try to understand. You want to interview this company's customers?

Candidate: Yes.

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Interviewer: Okay. And what specific questions do you want to ask the customer?

Candidate: The specific questions would be if they recognize the banner, if they recognize who has put the banners specifically, say you know, we have seen a lot of car dealers which are just side by side. And if you just say the ten percent sales event, and mostly these are on kind of not exactly highway, but city ways where people just pass by.

Interviewer: Okay.

Candidate: And if they really relate to those banners, if they really understand whose sales event is going on.

Interviewer: So the question is: does the customer believe that his customers see the sign?

Candidate: See the sign as well as they can, and do they really connect to the brand or product they are selling. I'm just trying in the similar lines where you know, when the product is launched or a company wants to try how effective is their advertisement.

Interviewer: Yeah.

Candidate: They do this —

Interviewer: Do they measure that the sign works?

Candidate: Measure, yeah.

Interviewer: Okay. Yes, they believe the sign works.

Candidate: The existing one or the improved one?

Interviewer: They believe that the high-end signs clearly convey the company is located here, and the low-end signs clearly convey there is a sale going on, and they believe that both work, in terms of their goals.

Candidate: Okay. So clearly I see that – as we just said, that since both of them work, I would go back a little bit, saying that you know, in current situation, it is not possible to generate much revenue from the high-end sign, because of the customer's willingness to pay, as well as their being neutral to the service end of offering from our company.

00:34:05

Interviewer: I'm not sure I follow. What's the specific question you're asking?

Candidate: I'm just going back a bit on our previous discussion, where we talked about how customer is satisfied with the service from this company.

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Interviewer: They are very satisfied with the service the company provides in maintaining existing signs, yes.

Candidate: So my first kind of hypothesis, we can say that if you add value and service to the plan, then we may get additional banners on the high end side, doesn't – I mean it doesn't hold true, right?

What you might have noticed is over the past two or three minutes, that the last two or three minutes were extremely confusing. And there were lots of questions around terminology, there were lots of interruptions, of me interrupting the candidate, and vice versa, and just generally, the language is extremely unclear and imprecise. And I think what was really going on was the candidate was somewhat confused, and was trying to do some guesses, and was doing it in such a way that was very hard to follow. And I find that if one's language is confusing, it generally reflects that the person's thinking is unclear. And similarly, I find people who have very clear thoughts, or are in a position where their thinking is very clear rather, that they end up having very clear communication. So I think the two tend to be tied together.

And in this particular case, I find that this person was a little bit confused, the thinking was a little disjointed. And the ultimate reason why was: he had just a "pet idea," an idea that he really wanted to be true, and was trying to force it into the case, and was having difficulty reconciling the fact that: what he wanted to be true versus the data – they were not matching. So the data was telling him his idea wasn't going to work, and he was having difficulty dealing with that, and so he sort of spun his wheels a lot.

00:35:58

And I debated on whether to edit that out, the last two or three minutes, or leave that in. And I left it in for a very specific reason. In the next couple of examples you'll hear, particularly the one at the end, of a case that was done extremely well, I want you to pay attention to how clear the communication is and how easy it is to follow when a case is being done extremely well. The language is clear, the logic and thought process is extremely clear, and it's very easy to follow and in fact even diagram out.

So for this case, if you were to try to draw out an issue tree for how this person was trying to approach this problem, it's actually very hard to, I'm not sure that you can. And so that's something important to keep in mind, and there's a very deliberate reason why I wanted you to hear that, because you definitely want to avoid doing that in your own cases.

Interviewer: Yes, the main reason that people buy the high-end banners is because they're starting a new business.

Candidate: Right.

Interviewer: And there are not a lot of new businesses starting in this particular area.

Candidate: Okay. So one of the definite strategy for more growth would be to try in other areas and see which are the adjacent cities where the company can see the new business starting up.

So here the candidate has a new hypothesis around: perhaps, if there are not a lot of new businesses starting in this particular area, perhaps we ought to look at other geographies to see if there are new businesses starting in those areas. Now, that by itself is a reasonable hypothesis. What's missing in the way this person conveyed it was: if you look at the range of ways to grow this business, moving to a new geography to go after new business is certainly one option, but there is also the option of trying to sell more of the low-end signs, which wasn't really included in the overall approach.

And that would be something that you would want to do, say something like, you know, "There are two ways to grow this business: we can sell more of the low-end signs or we can sell more of the high-end signs. And as I mentioned earlier, we could sell more of the high-end signs to our existing marketplace, or we can find a *new* marketplace. Based on the data presented, it sounds like it is not an option to sell more to the clients in our current marketplace because there aren't a lot of them. I would like now to switch gears and look at: perhaps there are more customers in other geographies that have new businesses that would require the high-end signs. I would like to look at that next, and then if that does not prove worthwhile, I would like to circle back to looking at the low-end signs." That's a road map of where you intend to go, and that was what was missing from how the candidate indicated this idea.

00:38:28

Now, here's why it's important, I can't tell as the interviewer if the candidate actually has this road map in his or her head and is just going through one piece of it, or perhaps the candidate doesn't have the road map in their head, they have this one idea, and they've completely ignored the rest. Now as the interviewer, I can't tell which one is the case, and so I tend to assume more conservatively that this candidate only has the one idea, and doesn't really have the big picture in mind. And as an interviewer, I'm looking for candidates that can maintain the big picture in mind, see the big picture, because that's what clients have a difficult time with. So we need consultants who can see the big picture, while at the same time diving into specific details to examine particular options.

So the phrasing I think could have been a lot better, and again it's unclear whether the person didn't see the big picture at all, or had the big picture in mind but didn't convey that. So to get full credit for that, *you do want to articulate the big picture, even as you make transitions into very specific pieces of the analysis.*

Interviewer: Okay. And what data specifically are you looking for to determine whether this geographical expansion is a good idea?

Candidate: When we talk about the geographical location, I would like to see the historical patterns, the average number of businesses over the years, and what is the growth

in this area is. And also I would like to see specific number of how many businesses has started. Now, if I'm right, we already discussed this, but these businesses, this buyer of the high-end businesses, they belong to certain business category. Let's talk about that a little bit.

00:40:03

Interviewer: Okay.

Candidate: Let's say there are three types of businesses we are talking about. A really high businesses, like say Intel or Microsoft. Then there's small to medium enterprises, and there are really small moms and pops stores. And I assume the kind of revenue we're getting, the customer belongs most to the small and medium enterprises, am I right?

Interviewer: So you want to know what are the major segments of customers?

Candidate: Right.

Interviewer: Okay. I would say, you know, you are right, there are large companies, and there are small local businesses.

Candidate: Small and medium.

Interviewer: The large companies – Blockbuster, Safeway, these chains – they buy their signs from a national provider. They do not buy from local businesses. And the primary customers for this company, your friend's company, are local small businesses.

Candidate: Okay. So definitely from the data point of view, I would like to see how many similar businesses have started in this new geographic location.

Notice how much time it took for the candidate to get to the point. It was a waste, I think, an inefficient use of probably two or three minutes to really ask the question of, “Hey, are there any new customers or new companies being started in the regions near where this company resides?” which is a very simple, very straightforward question. Instead, the candidate sort of has this roundabout way of asking, which again causes confusion. It sucks up a lot of time, and ultimately, when you use up a lot of time and don’t get a lot of information out of it, it leaves very little time to do more analysis towards the end. It makes it very hard to solve the case on time.

Interviewer: So let's say you get that data, and the data shows that in the surrounding, the three closest geographical areas that there have been, let's assume for argument's sake, no new businesses that have started.

Candidate: Okay. So going to the new location isn't a good idea because since the customers which we look for aren't going about starting their new businesses. How about

their sales events? I'm trying to gauge the market's potential for lower-end banner in the adjacent locations.

00:42:08

Interviewer: Areas? Okay. So what would you like to know?

Candidate: Are they having similar patterns of product shift from big banners or high-end banners to lower-end banners?

Interviewer: Let's say that – that's an interesting question. And let's assume that that data is not available. That we don't know, he doesn't know. Because he doesn't live there.

Candidate: Okay. So I would definitely try to see if these kind of events are going on.

Interviewer: Which events in particular?

Candidate: Especially the sales type events, where the majority of the new products are being sold, to see if we can tap that market in the adjacent area.

Interviewer: And how would you figure that out?

Candidate: Basically, it's definitely tough to gauge that one.

Interviewer: Okay.

Candidate: But I would see, since I know that not a lot of businesses have been started in this area, I would start with the hypothesis that there is a definite shift in the other area, the other geographical locations from higher-end to lower-end.

Interviewer: And how would you test that idea? It's a great hypothesis, he agrees, and thinks it ought to be— how would you factually verify whether that's actually likely to be true or not?

Candidate: Well let's see, if possible, I would try to talk with similar businesses in other cities, and what's their experience in the recent past. And is it possible to get something like that?

Interviewer: Let's say it is, but there's not enough time to do that, and you only have one day to figure out whether it is viable to sell these, the low-end signs, in these other geographical areas. What would you do to figure out whether that's a good idea or not?

Candidate: Well, is it possible to approach these customers in the geographical location? I mean is it possible to contact —

Interviewer: You can do anything you want. What do you want to do?

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Candidate: Okay. One idea is try to reach say ten, fifteen customers in these areas, and ask them how they think about this new product we are offering. It's a lower-end banner, and we are from adjacent areas and would like to see if there is any potential for our business together.

00:44:08

Interviewer: Okay. So let's say you happen to— so you want to spend your one day calling ten customers, and asking them if they would buy low-end signs?

Candidate: Yes, this is one idea.

Interviewer: One idea. So let's say you call ten customers, and most don't seem interested, and perhaps one or two seems interested.

Candidate: Okay, then maybe I wouldn't go for that idea, because one day is not, I wouldn't say sufficient to gauge these geographical locations. So shall we talk about the existing location again?

Interviewer: Sure, we can do that, yes.

Candidate: Okay. I would suggest to this friend that – is there any possible for any new product within these two to bridge the gap, that would provide the same features, but at lower cost than the higher-end, but definitely a better product than the lower-end?

Interviewer: So is there an opportunity for a mid-level product?

Candidate: Right.

Interviewer: Somewhere in the middle. Interesting, and let's say the client says he's looked at that and there's not.

Candidate: Okay.

Interviewer: And the reason is: companies that are in business, they want to look really good when they start a new business. The companies that are going out of business, they just want to go out of business cheaply. They don't need to go out in style.

Candidate: Well, this is kind of an alarming situation then for my friend's friend. But since no new business is starting, no new business is starting in the surrounding areas as well as limited potential for growth in the lower-end products, I would suggest my friend, if it's possible, for him to join hands with one of the big players, where he can get more customers or interaction with bigger customers.

Interviewer: Okay. So let's say that historically, the big companies – they do not work with small local businesses, they all work centrally.

Candidate: Yes. I'm saying join hands with the bigger player in the banner industry. And see if there is any chance of a joint venture, or like a franchising-based business, where he can serve the bigger customers.

00:46:12

Now the candidate is suggesting potentially a partnership, joint venture, or merger with a large company to give access to the market segment of multi-national companies, Fortune 500 companies. Now the problem with this is that it's not really driven by the data. There is no data that's been revealed so far indicating that the most attractive market segments are the Fortune 500 companies, so therefore it doesn't make sense, at least based on the data, to go after that marketplace. And a merger or partnership really makes sense only *after* you've decided that particular market segment is attractive, and that has not been established so far.

So this candidate – what's basically happening is the candidate is sort of lost, and is really just guessing. There's no framework that they are working from, there's no hypothesis that they're working off of, and they're really just sort of trying one idea after the next after the next after the next. Now, one of the things I do – it's kind of devious – as an interviewer, is: when I know that a candidate is doing that, just guessing, what I'll often do just to see if they can adapt to it, is basically tell them all their guesses are wrong, particularly if that is how the case was originally designed, and to see if they will come back to a more systematic approach. And generally they usually don't, and it becomes very obvious that they're unaccustomed to the systematic approach.

So in this particular case, there is just guessing and there's no systematic approach, and what I'll do now is rather than continue, I'm going to go ahead and just jump to the feedback section of this case, so you can hear what feedback I gave to this particular candidate. I think you get the idea that he's jumping around an awful lot, and it's very confusing to follow. So with that, we'll go ahead and switch gears and jump to the feedback portion.

Interviewer: So let me interrupt and then let's do a debrief. In the middle, you started, I think, getting confused. You were jumping around a lot.

00:48:04

Candidate: Yeah.

Interviewer: I think you lost track of where you were, you jumped from here to there and there and then, did you finish over here, or is it open-ended? And then you just sort of got kind of confused with lots of information.

Candidate: Right.

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Interviewer: And I think the mistake you made was you got an idea in your head, like, “What about if we bundled? What if we did this? What if we did that?”

Candidate: I just kind of caught into it and never came out.

Interviewer: And never got out. And you need to be very careful about that. And when you get an idea with your hypotheses, you really want the hypotheses to be generated off of something in the data.

So I really want to emphasize this particular comment. The hypothesis that you derive needs to be generated off of something derived from the data that you were given. Any kind of interim conclusion you make, or a synthesis you’d make, in the middle of a case, needs to be derived off the data provided in the case – it’s extremely important. And what happens when you do that is: your problem solving becomes very logical and linear. Step data A leads to step B, which leads to step C, which leads to step D – it’s just very sequential, one after the next after the next after the next. And that’s very important in consulting, because it makes it easier for a client to follow your work.

Now a client who is maybe a CEO of a company, you know, they can jump around all they want, and maybe it’s a little hard for others to follow, but it doesn’t matter because they can still be effective in the marketplace. But as a consultant, you have to make sure that your clients can follow, and so the sequential nature of the problem-solving approach is extremely important. And that was, I think, the big mistake this candidate made was the ideas generated, the solutions proposed, the recommendations made, were not at all tied to the data provided in the case. A complete ‘disconnect,’ which was a big problem.

Interviewer: And then you started getting ideas in your head, right?

Candidate: Right.

Interviewer: That weren't driven by the data. You just had this “pet idea,” you just wanted to see if it would work, and you were trying to force it, and I knew you were trying to force it, and I was denying you at every turn. So quite deliberately, just to see how you'd react, okay?

Candidate: Right.

Interviewer: Because I used to do the same thing. And then you got your “pet idea” – you totally forgot your structure.

One suggestion here is to always write out your structure. Pay attention to the module or the little tutorial I gave on issue trees. But you want to draw out your framework or draw out your issue tree, and very importantly, you want to show it to the interviewer. Show your structure to the interviewer, so they can see how you’re intending to approach this problem-solving approach.

That will make your thinking, and force your thinking, to be a lot clearer, and it will help you stay back on track in the event you get lost in the middle. You too can come back to your own structure, and look at what you're supposed to do next.