In this particular example, we have a candidate that is a soon to be graduate of a Top 10 business school and will soon have an MBA. So that's the background in this particular case. Let's go ahead and see how this person has performed. This is the "best practice" example so the performance is quite good, so pay attention to it very carefully to see why it's good.

Interviewer: Let's get started. First of all, your client is a company called Ralph Kline, and they design, manufacture and sell (through their own retail stores) high-end men's fashion clothing. All the company's current sales are sold through the company-owned stores, of which there are 30 today. The client's primary objective is to grow retail sales. Retail sales being defined as the total amount the consumers spend on their products, which is different from what they may bring in as a client.

Candidate: Can you repeat that last point?

Interviewer: They are trying to grow retail sales, and that is defined as what consumers pay for their products at retail.

Candidate: I see.

Interviewer: As a part of this effort to grow retail sales, the client is considering expanding their approach to distribution by partnering with department stores. In particular, there has been one high-end clothing/department store that has reached out to them. It is a company called Fashion World, and they are interested in reselling your client's clothing through their 90 locations.

So at first glance, what will be interesting to know is: from your point of view, what would be the most important factors to consider in determining if this particular potential partnership would be a good idea for Ralph Kline?

**00:01:51**

Candidate: Okay. I guess before we get started, let me recap and make sure I'm getting the objective correctly. As you mentioned, the client right now designs and manufactures men's clothing sold in about 30 outlets right now. There is a high-end chain of outlets called Fashion World, which has 90 locations, and it has reached out to our client to try and carry our product. That is the overall theme.

The big question is: what are the big things we want to look at, given the objective of growing retail sales? Is that right?

Interviewer: That's correct.

Candidate: Okay, do you mind if I take a minute to jot down some ideas?

Interviewer: Not at all.

*(Pause for thinking about the case – 1 minute, 33 seconds)*

**00:04:07**

Candidate: Okay, I think there are three broad areas that I would want to look at to try and figure out if it makes sense. The first one is the overall ability of Fashion World to sell Ralph Kline items, and there are a couple of things I believe will determine whether Fashion World will be able to do that. If I were to list them out, one would be very simply the location of Fashion World outlets. Where are they in relation to Ralph Kline? Second is the type of items and type of customers that Fashion World services – how do those fit or not fit, versus what Ralph Kline is currently servicing?

Another thing that would determine Fashion World's fit as someone to carry Ralph Kline items, I think, is what is Fashion World generally known for? As in, what is its image in the mind of the general public, compared to what Ralph Kline is.

So one component, as I mentioned, is the fit and Fashion World's ability to carry Ralph Kline items. The second thing I would look at is the economics of such a deal. You mentioned the big objective of this distribution expansion is to grow retail sales, and I would interpret that as Ralph Kline would be willing to accept any deal where they are at least not losing money on the deal, basically. And the big thing that I would want to look at, therefore, from an economic standpoint, is: what would the economics of a deal with Fashion World involve, in terms of the costs and benefits to us financially? I would also look at potential cannibalization in back of such a deal to our own sales. So that is all economics.

**00:05:57**

The third thing I would look at is risks associated with— any potential risks associated with such a deal. I think there are three big ones that come to my mind. One is the risk associated with implementation. Say, for example, Fashion World might not stock our items as effectively as they should, and that ends up hurting our brand image, would be one.

Another one I would see is management, and the impact to management and sales force time for Ralph Kline. How much time is management going to divert away from its current operations to focus on this expansion? I think the third thing would be some form of a dilution, where if I look at Ralph Kline right now with

its 30 outlets and Fashion World with 90 outlets, I get the rough sense that Fashion World is three times as large. Maybe that's not true, but you get the sense that Fashion World appears to be a much bigger operation than Ralph Kline, and you will need to make sure that Ralph Kline, moving forward, doesn't get diluted by this operation.

I want to give you my initial impressions on this candidate's opening. A couple of things to point out that I think are very significant. First is: the candidate spent almost two minutes collecting his thoughts in trying to structure this particular case. So when he said, "Do you mind if I take a few minutes to organize my thoughts?" He literally took like two minutes. I counted on the transcript. In the recordings, I've deliberately left the silence in the recordings. If you're reading the transcript, I would encourage you to go listen, in this particular interview especially, throughout the entire interview, and listen to *how long* two minutes of silence actually sounds like. It's quite a long time.

**00:07:47**

I would say from my standpoint as the interviewer, it was definitely long. Probably not too long… so he got pretty close to going too long. But from his standpoint it was probably forever, because under stress, ten seconds feels like an eternity. Ten seconds of silence in an interview with someone looking at you feels very unusual to most people. So this is a useful skill to practice, in terms of just how much time is actually going by without you referring to a watch, and getting used to that. So that's the first thing I noticed that wanted to point out, and this candidate, incidentally, did a very strong opening – probably one of the best ones I've seen in quite some time. And not coincidentally, he also took the most time to do it, in terms of preparing. I don't think that's a coincidence, and I wanted to point that out.

Second thing I noticed in the opening was: he identified the key factors that would be relevant in the analysis. He numbered them 1, 2, 3, that kind of thing – numbering all your points, which is a good habit, which I always emphasize. And then he identified the relevant issues within each of the three categories. So there were three things in Category 1, there were three sub-things, and he listed each factor, and then he explained why he wanted it, what it was going to tell him, and why it was relevant. So it's a very, very strong opening, in terms of structuring the problem.

So my first impression when I heard his opening was: really strong, and I had a pretty high confidence level or perception that he was going to basically do extremely well in the interview and pass. Believe it or not, I can usually tell in the first five minutes or so of an interview whether the candidate really knows their things. There are just certain telltale signs that if they are extremely well-prepared, have been properly trained, and have sort of the right raw skills, there are just certain things they do in the opening of the case that is very indicative of, and very correlated to, how they will do all the other parts of the case. So that was my first impression – this was a very strong opening.

So I would encourage you to go reread it, go back and listen to it again a couple of times, and try to notice the difference between this version, this particular candidate's performance versus some of the other ones. It's a very brief opening, maybe five minutes or so, and so it's really worth studying to figure out what that difference is.

**00:09:59**

Now there is one thing he didn't do, which I think I would give him feedback on later is: it would have been better had he opened his structure with a specific hypothesis. Now I can tell from my experience, as an interviewer and as a candidate, that he had a hypothesis in mind, because you don't have a good issue tree with a good problem-solving structure that is so specific and thoughtful unless you have a hypothesis in mind. So his mistake was: he didn't say the hypothesis out loud. Again, I consider it minor, in this particular context, because the structure was very good, and it *was* hypothesis-driven, but it was driven by a silent hypothesis. So I didn't deduct any points from him because the structure was good. I would deduct a lot of points if someone had a silent hypothesis which really meant *no* hypothesis, which is a little different, and had a structure that was all over the place and didn't prove anything. Then I would deduct for that. So it's a slight distinction that I wanted to point out. The main purpose of having a hypothesis is to have a good structure to test it, and that's why it's most useful to state it up front.

In this case, I think he had one but didn't say it out loud. But he was working off of one and I could tell, based on the nature of his structure. So again, this is very much worth re-listening to a couple of times to notice the subtle points. I think this particular candidate did quite well.

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**Interviewer:** Great, that sounds quite reasonable. Let's take your point around the economics of the deal, and cannibalization in particular, what specifically would you be looking for and why? How would that be important?

**Candidate:** As in, what I feel would be driving cannibalization, is that right?

**Interviewer:** Yes, and what specific data would you be looking for to measure that, and why would that be important to your overall assessment?

**Candidate:** I see. Very simply, I think there are a couple of things I would want to look at, to identify whether cannibalization becomes a problem. So four broad areas I would look at under cannibalization – one is location. I understand we talked about location earlier, and I feel location also drives cannibalization in this context, primarily because if you have two stores beside each other, and one of them starts carrying Ralph Kline – if both stores carry Ralph Kline, that obviously impacts the sales across both stores.

**00:12:05**

Interviewer:    Sure.

Candidate:    The second is similarity of offering between the two. I'm not— depending on how the deal is structured, if they are selling the exact same clothes, then that obviously has an impact on the sales of your current Ralph Kline outlets.

I would also look at relative price points. For example, if the deal is structured where Fashion World sells the clothes at a 20% premium versus what it is sold at Ralph Kline right now, that paints a very different picture than say if they are both selling at the same price points, or Fashion World was underselling, under cutting prices versus Ralph Kline.

The fourth thing I would look at is marketing, and in terms of how much effort does Fashion World put into pushing these items, and how are they positioning these items versus how Ralph Kline is positioning these items?

> Here the candidate had four key points he wanted to emphasize, he numbered all four points, and *said* he had four points. He said, "I have four points I want to cover – here is Point 1, Point 2, here is Point 3 and here is Point 4. That's the classic way to describe a list of information, and he does it quite well. The reason most candidates don't do it is because when asked the question, they don't know what the four points are going to be. They don't even know there is going to be four points. So it's very hard to say up front, "I have four points." So it's better to take a few extra seconds, think through everything you want to say, perhaps jot it down, see if you want to combine some points, get your final list together and then start speaking.
> The case interview is not some place where you want to speak "off the cuff" and just say whatever is entering your head in a stream of consciousness fashion. I do tell people to think out loud but thinking out loud logically is different than rambling out loud.
> **00:13:58**
> So if you have a rambling thought, which I often do, I ramble in my head silently, I figure out what I'm thinking, if I have a chance to organize it, I organize it. Then I start "thinking out loud." So the thinking out loud is, I think, for myself is the second time I'm thinking about something. The first time is usually much more disorganized, but I take a few moments to organize my thoughts. But then when I "think out loud," it's really presenting out loud, but in more of a conversational way. So I just want to point out how those habits are very important. Numbering your key points, stating how many points you're going to cover before you mention any one of them specifically. Those are all excellent habits that I really want to emphasize as being very, very useful and important.

Interviewer:    That seems to make sense. One point you mentioned – I think it was your third point – was comparing the price point that the products will be sold at through Fashion World versus Ralph Kline's own stores, and you mentioned one scenario where if Fashion World were to sell at a 20% premium, that has different implications than if the price were the same.

I'm curious, what would the potential implications be if the price were higher, lower or the same as the price point in the Ralph Kline stores?

> Here I'm testing the candidate's ability to link data that he's requesting back to the hypothesis and to a particular outcome. Again, this is something that you need to be prepared to do in your interviews as well.

Candidate:    The cannibalization impact would be different. The relative pricing I think creates an image in consumers' minds – a perception as to how to interpret it. Broadly, what I feel is that the cannibalization impact to Ralph Kline would be higher, the lower Fashion World's price point is.

**00:15:52**

For example, if Fashion World prices at 80% versus Ralph Kline – so if Fashion World sells its clothing at $80, and Ralph Kline sells at $100 – that creates a much larger cannibalization impact.  As opposed to if Fashion World were to sell at $120, and Ralph Kline were to sell at $100. That would be my hypothesis.

Interviewer:    Okay.

> So I really love this example – I think it's excellent. When you make a point and explain why you want a piece of data, and then you explain, "If the data was high, here is what I would think and conclude; if the data were low, here is what I would conclude," it's really clear to the interviewer that you know what you're doing, and that you thought about this. So here, it very clearly illustrates that this candidate fully grasps the role of the issue tree to test the hypothesis. And he's given certain scenarios under which the test would pass, and another set of scenarios where the test would fail to prove the hypothesis. So it's very, very clear – if you didn't catch it, I would encourage you to go back and look at it and study it very carefully.

Candidate:    I guess one quick way to validate that would be to double-check if consumers are perceiving clothing sold through Ralph Kline outlets as the same as clothing sold through Fashion World.

Interviewer: Okay, fair point. If I can direct your attention to Exhibit 1 (and only Exhibit 1), I would love to get your take on what conclusions you might draw, or what insights you might have, based on the things you see in that first exhibit.

Candidate: Okay. What am I seeing here? So Exhibit 1 is the one that says "total locations versus market penetration," is that right?

Interviewer: Yes, that's correct.

Candidate: Okay, so what I'm seeing is there are 140 high-priority cities. Ralph Kline has 30 retail stores within high-priority cities. Fashion World has 90 stores, of which 60 are in high-priority cities. The third thing, it also says there are 20 shared stores between Fashion World and Ralph Kline, as in Fashion World has 20 stores in the same cities as Ralph Kline.

**00:18:00**

Interviewer: Okay.

Candidate: So a couple of things I'm getting here. One is simply, right now Fashion World has 40 stores, and so by entering into this deal with Fashion World, Ralph Kline is able to gain presence in an additional 40 high-priority cities. And it is also able to gain presence in 30 cities, which are not as high-priority, so that's one thing I'm getting.

> I thought the candidate's statement here was very concise – very few words, a good summary with a clear point in mind – something to emulate.

Candidate: The second thing I'm getting is that even after entering this deal with Fashion World, Ralph Kline is only present in… how many cities… present in only 70 high-priority cities, which is about half of the total number of high-priority cities. I'm wondering whether that is necessarily sufficient to meet the overall targets of Ralph Kline.

> Here I've got to say I'm loving how this candidate is numbering his points. Again, it's a way of communicating – it's very clear, very organized, very structured and very easy to follow. If you say there's two points, three points, four points, and then you explain each one – Number 1, Number 2, Number 3 and Number 4, it's very hard for the interviewer to get lost. The interviewer notices that, and his or her conclusion is going to be: this particular candidate can present and communicate thoughts in a way that will not lose clients. So the clients can follow along. So it's an important skill and habit to develop and get used to doing.

Interviewer:  Okay.  Now one of the concerns the client has is around cannibalization. Given what you're seeing, do you think that's a concern?

**00:19:55**

Candidate:  Yes, I think it would be a concern. Right now, of the 30 retail stores Ralph Kline has, Fashion World has outlets which are directly competing with Ralph Kline in 20 of them. So I would say about 67% of Ralph Kline's current business is subject to some form of cannibalization risk.

Interviewer:  Okay so given that, under what circumstances would a deal make sense, based on the available data? And under what sort of conceptual circumstances would the deal not make sense?

Candidate:  Hmm, given that, if I were to quickly recap what we just said, the biggest concern right now for— the biggest objective right now is to grow overall retail sales, and the secondary objective is to protect the sales of Ralph Kline stores. Is that right?

Interviewer:  I would say, to be specific, the company's primary objective is to grow retail sales, period.

Candidate:  Okay. The deal would make sense if overall retail sales increase for Ralph Kline and one or both conditions need to be met. One is that Fashion World is able to drive sales of Ralph Kline clothing in the new cities, as in the cities where Ralph Kline is not present in right now. In the cities that Ralph Kline is present in, the combined sales of Fashion World and Ralph Kline need to be higher than what it used to be before.

> Again, another very logical point made by the candidate. He outlines that there are two conditions that need to be true in order for a particular situation to make sense. A couple of things that he did well: number one, he said there were two specific conditions, and he mentioned the number "two" and then listed each one, one at a time. At least the first one, and then I think jumped into the second one without numbering it. But it's very well executed, in terms of how he communicated his points.

**00:21:51**

Interviewer:  That makes a lot of sense. Now if I can direct your attention to Exhibits 1, 2 and 3 – why don't you take a look at that, as will I, and the question that we will address is: assuming Ralph Kline does decide to partner with Fashion World, what would the combined retail sales be, when you combine them across both organizations?

Candidate:  Okay. What would combined retail sales be for Ralph Kline and Fashion World?

Interviewer:   Yes.

Candidate:   Okay. If I were to quickly break it down, I would break down that number into three components. One is Ralph Kline's sales in current stores; and (b) is Ralph Kline's sales in the new stores; and, Number 3 is cannibalization.

> Here this candidate did an excellent job of using word statements in the formula. So writing out the formula in words first, before diving into the numbers – basically shows that he's going to calculate three numbers in order to find the total answer we're looking for. He explains what each of the numbers are, and then he will proceed to calculate it in a second. So it's very clear and easy to follow.
>
> Incidentally, I'll mention this is not the way I would have calculated it, by the way. It's mathematically correct, which was perfectly acceptable, but it was not the way I happened to have calculated it. But by stating the formula he intends to use up front, I could tell that he was going to approach it slightly differently than I did, and therefore I could give him full credit for it. So it's very useful to state what you're planning to do before you actually do it. Again, this is all under the umbrella of making sure clients can follow what you say – clients tend to get lost in complicated math. So it's very important that you show the math, step by step, and explain what you're going to do before you actually go do it. And this candidate did, I think, a very nice job of doing that. He was very consistent, a very strong communicator, and very much worth emulating.

**00:24:00**

Interviewer:   Okay.

Candidate:   Those are the three numbers that I would compare. First of all, let's start with Ralph Kline sales in current stores. Ralph Kline has 30 stores right now, and it says here that each store, looking at Exhibit 2, each store is able to generate $1.5 million. So that adds up to $45 million in sales.

Now let's look at Ralph Kline sales in new stores, which are the Fashion World stores. Fashion World right now has, just to clarify before we move on, Ralph Kline does enter a deal with Fashion World, it means that all Fashion World stores carry the Ralph Kline line then, is that right?

Interviewer:   Yes, so you can assume that if there is a deal, all the stores would carry the Ralph Kline product line.

Candidate:   Right now, Fashion World has 60 high-priority stores, and 30 non-high-priority stores. In high-priority stores, it is able to sell $500,000; in low-priority stores, it's

able to sell $100,000. So that means that in high-priority stores, Fashion World will generate $30 million in sales; in low-priority stores, Fashion World will generate $3 million in sales; so that's a total of $33 million.

So the combined entity right now is generating $78 million. Now looking at cannibalization, cannibalization is going to come from two places. One is: the current Ralph Kline stores are going to lose out on some sales; and Fashion World stores will not sell as high as the $500,000 we were originally forecasting.

Looking at Ralph Kline stores – of the 30 stores it has, it has a competitor, so to speak, in 20 of these. In 20 stores, Ralph Kline is going to lose 20% of $1.5 million per store, and so that is 20 stores times $1.5 million, times 20%, which is $6 million.

**00:26:08**

Then looking at Fashion World stores, similarly Fashion World has 20 stores where it has a competing Ralph Kline outlet. All these 20 stores are high-priority outlets, so we were planning for it to sell $500,000 worth of Ralph Kline items. So the number here is 20 times 0.5, times 40%, so the cannibalization number in this case is $4 million. So I think the two together – cannibalization is a total of $10 million, and adding that back to our original figure of $78 million in sales, the total combined entity is supposed to generate $68 million.

Interviewer:   Okay. Based on this analysis alone, what conclusion can you draw?

Candidate:   I think based on this conclusion alone, what I'm seeing is Ralph Kline stands to make more retail sales by entering this deal with Fashion World. As you can see, the combined entity should generate $68 million in sales, as opposed to what it was originally generating, which is $45 million – which is about a 50% increase in retail sales.

Overall, I think it makes sense for Ralph Kline to enter this deal.

Interviewer:   Now thinking more broadly about this client situation, so not just this analysis alone, does this recommendation feel reasonable to you? Does it feel overly aggressive or under aggressive? What other factors might you consider, if you wanted to be more precise in your conclusion?

Candidate:   Just looking at the way this number has been computed, the big variables, so to speak, are 1) the cannibalization assumptions…

Interviewer:   What about them?

**Candidate:** Very simply, what we've said is there is a 20% decline in retail sales per store if Fashion World were to start carrying Ralph Kline items in shared cities. I'm not very sure, and I would want to do better work in understanding whether that would be true or not.

**00:28:07**

I think the big-ticket items here, as we mentioned, is similarity of marketing, similarity of pricing and I would want to validate that. I think the other thing I would want to look at right now is: simply, Fashion World for the longest time…if you were sharing the same city, then that would mean that Fashion World – before this deal – was a competitor of the current Ralph Kline stores. Is that right?

**Interviewer:** Yes, you can say that, in the sense that they both sell men's clothing.

**Candidate:** So in that case, then there is an incentive for someone who is a Ralph Kline shopper to avoid shopping in Ralph Kline all together, and just go to Fashion World, because Fashion World offers both the Fashion World range and the Ralph Kline range.

So depending on what the ranging is, as well as I mentioned the marketing and the price points, this 20% number could be a lot higher for current Ralph Kline stores.

**Interviewer:** Okay, so you want to get some clarity around these assumptions, and make sure they do hold up in the real world. That makes sense. Other than that, what other factors might you want to consider in the big picture sense?

**Candidate:** The per-store retail sales of Fashion World, and as I'm seeing, it is $500,000 and $100,000 for high- and low-priority cities respectively. I would be keen on understanding why they are selling a lot less, as opposed to say Ralph Kline, as a function of the amount of floor space, for example, that they are contributing… or is it something else? I want to understand that.

**Interviewer:** Okay.

**Candidate:** So those are probably the two big ones that I would look at.

**Interviewer:** Great, so the per store retail sales and what's driving that, as well as the assumptions around the cannibalization.

**Candidate:** Yes.

Interviewer:   Okay. Now let's say you run into your client in the hallway and she only has a few minutes. She wants to know: given what you've looked at, what do you recommend and why? She is essentially looking for you to summarize what you've worked on, and more importantly what she should do about it. What would you say?

**00:30:05**

Candidate:   Sure. We recommend to go ahead with this investment, based on the fact that if the overall objective is to grow retail sales, what we're seeing is a projected 50% increase associated with total retail sales.

So not only does the number make sense, another reason we're seeing is an expansion in geographic footprint. We talked about 140 high priority cities – right now you're present in 30 of them. By entering into this deal with Fashion World, you will be present in 70 of them. So that also makes a lot of sense for Ralph Kline.

(Moving forward,) I think what we would like to do is look into the details of how this deal would be structured, to ensure that (a) Fashion World puts in the sufficient amount of effort into marketing and selling Ralph Kline items across the board, and (b) is making sure that Ralph Kline still maintains some level of differentiation versus what is being offered in Fashion World, to protect against cannibalization.

Interviewer:   Great. Let's do a debrief. I would say overall, you did an excellent job. By far, of all the candidates I've interviewed, I dare say you might actually be the best.

Candidate:   Wow!

Interviewer:   And I've interviewed a lot of people, at least for these interviews. Let me tell you what you did right, which was a lot. No glaring errors that I noticed, maybe one minor thing on the synthesis.

On the opening, nice job in paraphrasing to make sure you confirm an understanding of the situation. It is always a good habit. If you skip it, you might miss something, and so that was good. I think you did a nice job confirming the objective; in particular, defining terminology to make sure you did understand and truly grasp what the client's objective was.

**00:31:54**

I thought the opening structure was nice, so you had your three areas you wanted to look at. One thing you did well, which I would encourage you to do because

it's a great habit, is to number your points, which you did. So, "I have three points – point 1 is "X"; point 2 is "Y"; and point 3 is "Z," and you did a pretty good job of proactively justifying why you wanted to look at each of the factors. I think your first point was: you wanted to assess Fashion World's ability to sell Ralph Kline's products, looking at the number of locations and where they are, the items sold, type of customer and that kind of thing.

And you did a good job in terms of explaining why you wanted each one. Commonly, a lot of candidates will list the factors, but not explain the rationale behind each one. So it is a little hard for the interviewer to tell – did you just memorize the list from a framework, or is there some sort of hypothesis that is driving your conclusion? So by proactively doing it, I didn't have to ask the follow up questions because you volunteered it, and it became clear that you were not just recalling a framework, but you were actually thinking about the key issues, which is exactly what we're looking for.

Candidate:     Okay.

Interviewer:    I didn't make a note of this, but did you state a hypothesis at the very beginning, do you recall?

Candidate:     I did have one, I believe, somewhere at the start, as we were talking about cannibalization. I hypothesized about how a lower price generally leads to a higher degree of cannibalization.

Interviewer:    So one suggestion would be: the opening structure was good, and I don't recall exactly when you did it (so if you did, please disregard the comment because I didn't take a good note on it). But I would suggest, particularly if you have a hypothesis in your mind about the client's overall question, then it would be useful to state that hypothesis.

I think you had a hypothesis around the cannibalization specifically, but I don't recall if it tied back into the question the client was asking of whether they should do the deal or not.

Candidate:     No, I didn't tie it back to the deal.

**00:33:53**

Interviewer:    Okay. So I would definitely try to do that. So a rephrase would be, "I have a hypothesis that cannibalization will be minimal, smaller, or compared to the incremental sales gained by Fashion World. And assuming this is true; it would suggest this deal is worth pursuing." To rephrase, I would say, "My hypothesis is:

this deal is worth pursuing because the cannibalization is more moderate, compared to the incremental sales gained by the Fashion World partnership."

Candidate:     I see.

Interviewer:   Then as you go through the case, particularly in this format, which tends to be a little bit truncated, because I'm moving from section to section, it's a little abrupt. It is useful, as you discover some new insights, that you constantly link it back up to the original question the client was asking.

Candidate:     Okay.

Interviewer:   So I asked you: what does this mean for the client? You did a nice job in stating what it meant; it would be useful if you can do that more practically.

Candidate:     Okay. I actually felt the structure was not as MECE as I was hoping. I realized as I was speaking that there was a bit of an overlap. Did you feel that was a problem?

Interviewer:   I noticed it – I didn't consider it a problem. In theory, you want to be perfectly MECE, but in practice, it's hard to get it perfectly MECE. So I've always strived for getting pretty close.

I didn't see one that jumped out. I thought the structure was reasonable, so I would not have held a lack of MECE-ness against you.

So let's say they do profit = revenue – cost, and the jumping from pricing to variable costs in no particular order, and it's like it's just a logical sort of relationship, so you should lay it out that way. Here it is more like a conceptual relationship, so maybe I would say the nature of…maybe it would be something like the terms of the deal versus the execution of the deal, or the financial terms of the deal, the execution of the deal – you might have something like that, a slight rephrase. That tends to be a little better, but I didn't see it as a deal breaker or major issue that would be held significantly against you.

**00:36:00**

Candidate:     Okay. That sounds good. You know how the MBA program is – we've done a fair bit of practice. I was hoping to do well.

Interviewer:   And you have, and I'll tell you that not every MBA program necessarily is correlated with doing well in these cases. It is not just a function of the MBA; I think it is a function of your abilities, or how much you've practiced.

I should ask before I get into the other comments I have, class work aside, have you done any other work? I'm curious what preparation or lack thereof you've done, so I can get some calibration of the effort put in relative to the performance.

Candidate:     Sorry, we're talking about preparation for case interviews?

Interviewer:   Yes, how little or how much have you done? If you can just describe what you've done so far, it will help, I think, myself and others to get a sense of the calibration of where the performances come from.

Candidate:     (I think we've done a fair bit of preparation.)  As with most MBA programs, you do your case, you do case partnering – you give one case and solve one case, which means you do two cases a day, I think, roughly for about two months, so that's about 60 cases I've solved, plus 60 cases that I've given and watched people do.

Interviewer:   And every student does this there?

Candidate:     A very large majority – I would say easily 80% would do it, other than people who are say in investment banking, for example.

Interviewer:   Okay. And this is part of the course work, or this just culture and habit of the student population?

Candidate:     This is sort of culture and habit of the student population as people realize consulting recruitment is coming up. You kind of get pulled into mock interviews every so often.

Interviewer:   Okay fair enough. I would say based on those numbers, that's a fair amount of practice on both sides of the table. That would be consistent with, of the folks I've seen getting offers and lots of them, they are in that range and would be pretty consistent with that, and so that explains a lot.

I'll just tell you that I don't know what you were like before the practice, but you're pretty good now.

**00:37:55**

I'm going through my notes here – when you listed your conclusions around the first exhibit, you numbered them, which was great. I asked you: under what circumstances the deal made sense. You said under two conditions, so that structure was fairly clear.

When we did the math around the total combined retail sales, you broke down your math into three components, you solved each one independently and then added them together, and so it was very easy to follow. I personally did the math in a different way, but yours was correct, so it was useful for me to see how you laid it out so I could follow, since it was a little different than how I did it.

One minor thing – when I asked about the other factors, and this may just have been the function of how I set up the case, but certainly one of the factors that would be important sort of holistically, and not necessarily just around retail sales, would be the cost implications of the deal. So potentially the Ralph Kline stores will lose a little bit of sales, maybe those locations are no longer profitable, but maybe the company overall is profitable. I might have thrown you off there in terms of being overly fixated on the retail sales front.

Candidate:      No, I was under the impression that if Ralph Kline even made a $1 out of this entire deal then it made sense to Ralph Kline – at least that was my impression.

Interviewer:    Yes, that was fair, and this is the tricky part… and it may have tied into the comment you got from McKinsey around broader thinking. I don't know how true this is, but I'll put it out there and you let me know. I think towards the end, there seems to be this opportunity to relax some of the original assumptions.

For a case like this, to allow it to be done consistently, I think realistically as an interviewer, you have to make lots of simplifying assumptions, but then at the same time, you still want to see a candidate's range of how broadly they think.

So at some point in the case, I suspect – at least some of the time, I would love to get your opinion on this – they are going to open it up a little bit around, "Okay so more broadly, is this a good idea? Is your recommendation reasonable? If you're wrong, are you wrong too much, too little? If so, how come?" Sort of test the range of thinking, and then also to more broadly look at the range of factors you are considering more holistically.

**00:40:03**

I am curious in your interviews if you noticed that at all, and want to talk about that further if you did?

Candidate:      Sorry, I wasn't very clear. You talked about relaxing assumptions?

Interviewer:    Yes, so my case early on, the way I structured it was around growing retail sales. Sometimes what clients ask for is not what they need. So maybe there is a great way to drive retails sales, but maybe it's very unprofitable. We didn't talk in terms of the broader issues: what is the financial terms of the deal? What kind of

margins would they get on the wholesale side? If the margins are very thin on the new sales, and they are losing sales on the retail store side, are they still profitable or breakeven at least? Those are questions that could be examined in the broader sense, even though that was not explicitly what I asked in the beginning.

Candidate: Got it. Yes, I did actually encounter that with the McKinsey case where I was asked revenue. At some point, the interviewer threw in: why aren't you looking at costs? Which I think is very similar, I would say, with this case. So yes, I think there is some degree of that, this need to kind of read between the lines as to what exactly the client is expecting.

Interviewer: And I would say the rule of thumb is: you always need to answer the question they ask, but quite often, particularly in real life, the question they ask is the wrong question. I think one of the things that is useful, particularly on the job, is recognizing when that might be the case, answer the client's direct question but then suggest there is a different question they should be asking.

Candidate: So in the context of the case interview, how would you recommend I do that? At which point of the interview should I have done it?

**00:41:49**

Interviewer: So a great point – in a candidate-led interview, at the end is usually fairly useful. So: "I recommend the client proceed with this deal for two reasons: the overall retail sales go up, geographic reach increases.  However, to be more precise, I certainly would be more comfortable if I could see the financial terms of the deal. I could calculate the profitability of the new sales, compare that to the overall profitability of the retail stores – hopefully this deal is still profitable, and not just driving retail sales." That would be an appropriate time to look at what else you might consider.

Candidate: I see.

Interviewer: The way to think about it, and I've mentioned this to others, consider you're giving a presentation four weeks into an eight-week engagement, and the client wants to know what you think so far. You say, "Based on what we've done so far, our preliminary conclusion is "X," but in the next four weeks, we really would like to look at A, B and C also, and that would give us a clearer degree of confidence around that particular conclusion."

Candidate: Okay, got it.

Interviewer: That is kind of a good structure for that. It is very rare that you have an absolutely certain conclusion. It is useful to state it in the affirmative sense and then justify it, and then explain some of the limitations after the fact.

Candidate: Okay, so it is almost like: "This is what I would say now; as a next step, these are the things I would look at"?

Interviewer: Absolutely, yes. We do it all the time, and if you do it right, there is never an end. It's like you solve one problem, and you find the next problem and the next problem. That's what gets you to be partner is you keep selling work, from one problem to the next to the next. So there are always other implications to look at, and then that prompts a meeting with a partner who then sells another engagement, and so forth.

Candidate: Got it.

Interviewer: Overall to recap, I thought you did a pretty good job on the case I gave. It was very structured, clearly very logical, very well organized – both in the approach, as well as the communication. Overall, I would say you did quite well.

Certainly, you should be working this field. I don't have any doubts about that. So if you haven't gotten your offers yet, I would persist with it certainly, because you're certainly more than capable, from what I've seen so far.

Candidate: Thank you.

Interviewer: You're welcome. Any questions, comments or observations, anything you've noticed that might be helpful for others to understand?

**00:43:54**

Candidate: I think broadly, the one big thing that I felt was particularly special about interviewer-led cases. McKinsey is the only one I know who does that, based on my experiences. It is generally a challenge of going as broad as possible. It is almost as if – or at least from my perception of interviewer-led cases, it was almost as if – the decision of whether you did well or not on the case pretty much focused on two things. One was whether in your initial framework, you were able to go as broad as possible, and come up with specific facets of the problem that others weren't able to come up with. And the other is being able to crack the math part of it.

So I think those were my two big takeaways from my interviewer-led cases and, in particular, I felt the one big important thing, which I think a lot of people didn't

necessarily do, from my experience, is: you know how at the start of the case, when you start jotting down ideas…

Interviewer:   Yes.

Candidate:   Is to actually use up the full amount of time before it becomes awkward, so to speak.

Interviewer:   Yes.

Candidate:   You can only write for so long, but the important thing is that you're able to come up with as exhaustive a list as possible. That's how I felt interviewers generally assess you.

Interviewer:   And I notice, and this probably reflects on how you presented it, compared to some of the other folks I've interviewed, I thought your opening was broader and more comprehensive I would say than others. I think you were not at all bothered by the silence while you were thinking. I'm debating actually leaving the silence in the recordings – just so people can realize how much time you can really take on these things.

You know, time gets very distorted under pressure, so ten seconds feels like ten minutes, and clearly it's not the case. So I've been debating that actually.

Anyway, thank you for sharing your feedback. The best of luck in your approach. I do think I definitely see you in this industry.

Candidate:   Thank you, and I hope that is actually true. We'll see. Thank you very much.

**00:46:00**

Interviewer:   You're quite welcome, and best of luck on your interviews.