

In this example of case interview, I actually am interviewing myself. I did have one candidate end up getting the correct answer on this case, but I did not get a clean recording, so I ended up having to interview myself (which is always very interesting) to get you an example of a case that is done properly for this particular example.

So with that, the things I want you to pay attention to is: first, if you are listening to this on the audio, this particular case is actually worth looking at the handouts related to this case. I did include a hand-drawn diagram, what I call an “issue tree.” An issue tree is just simply a systematic way of breaking down a problem into its pieces to be analyzed. And the visual components of an issue tree are very important to be aware of and to try to master. And you’ll notice that as I ask my questions, that it’s all very linear and very sequential. Notice how easy it is to diagram my problem-solving approach using an issue tree. And so that’s something important to keep in mind – it’s probably as a separate handout or perhaps might be included in the transcript – but you do want to look for that, because I think it’s actually very useful to follow.

The other thing to realize is that if you look at the other example cases, if you just listen to them, you’ll find that they’re actually very hard to diagram out using an issue tree, mostly because the candidate is jumping around, or the structure of the issue tree hasn’t been set up. And so it ends up being sort of very messy, almost like impressionistic art, rather than like an architectural schematic, which is what you really want to aim for when doing a case.

So on that note, let’s go ahead and listen to this particular case. And you’ll notice that I play the role both of interviewer and the candidate, so hopefully it’s not too confusing. And you’ll want to pay special attention to how linear the question asking is, and notice how easy it is to pay attention visually, and to diagram what I’m talking about in my questions visually as you listen to the case.

00:02:10

Interviewer: This particular client, our company, is an online software provider (this is from about five to ten years ago). And this company provides a software as a service, and their software does website analysis for companies that are doing business online. And their tools help them figure out what their customers are doing online, ultimately with the purpose of figuring out how to improve their websites so these companies doing business online can either make more money, or accomplish whatever goals they’re trying to accomplish. And this company had grown fairly well in the past, but this particular year they’ve really flattened out, unable to grow beyond the particular barrier. And the company’s owner and CEO has asked you for help in terms of figuring out how to grow this business beyond the \$110,000 in revenue per month.

Candidate: So let me recap, so this is an online software as a service company with about \$110,000 a month in sales, and it sounds like sales have been flat and the company is looking for ways to increase sales, is that right?

Interviewer: Yes, that's correct.

Candidate: Are we trying to increase sales, or are we trying to increase profits? I just want to clarify what the objective is.

Interviewer: The goal is to increase sales.

Notice what I'm doing here. I made a deliberate point – perhaps overly deliberate – to clarify what the objective of the case actually is. Is it to increase sales, or to increase profits? And it is worth *writing down the objective*. I cannot tell you how many candidates I've seen, both people who were interviewing when I was interviewing as a candidate, as well as people I have interviewed, where they do a brilliant job analyzing a particular situation, solving a problem that was not actually asked, right?

00:04:05

So if you help a company figure out how to be more profitable, and all they care about is how to grow sales better, you've solved the wrong case, right? And you just really, as an interviewer, you cannot let a candidate who solved the wrong problem proceed. So this, I would say, is very much potentially a careless error. It's very easy to fix and avoid. All you got to do is at the start of the case make sure you understand the problem, you clarify by telling the interviewer, "The problem is X; is that right?" And then *write the stinking problem down*. *Write down the stinking objective at the top of your page in really big print*. And here's why it's important: about thirty, forty minutes in, you're mire deep in analysis, you're doing numbers and it's very easy to lose sight of "what is my objective in this case?" and "is what I'm doing actually related to getting closer to that objective?" So I made sort of a deliberate attempt to emphasize that in this particular example, and I want to make sure you understood why it is the easiest problem to avoid, and yet a lot of people end up making this mistake. So, please pay attention to that in your own cases.

Candidate: Okay, I understand, great. Let me take a moment to gather my thoughts. So I've drawn a box here (at the top of my page that I'm working on) with a question mark: "How to grow sales beyond \$110,000 in a month?" What I'd like to know is: where do the sales come from today – whether that's different products, different customers – what are the components that comprise the \$110,000 in sales?

Interviewer: The company currently gets sales from two different types of customers: small business customers, as well as Fortune 500 customers.

Candidate: Do we know what amount of sales came from each particular kind of customers?

Interviewer: Yes, it turns out that small companies (small businesses) contribute or generate \$100,000 a month in sales from the company, and the Fortune 500 companies drive \$10,000 a month in sales.

00:06:07

Candidate: Great, and is the product that is sold to these small businesses, is it the same product as those sold to the Fortune 500? Or is the product or service somehow different?

Interviewer: The core software is the same. The only difference in the service is the amount of capacity that the particular service plan, if you would, allows. So, sort of like how you have a cell phone plan with 100 minutes per month or 2,000 minutes per month – same idea – the actual service is the same, but the amount you’re allowed to use is different. And that is the case for this particular business.

Candidate: That’s interesting. And so it sounds like sales have been flat overall versus prior years. I’m curious, have sales – for the company overall – have sales for the competitors changed? So I’m trying to figure out if this an industry problem, or if this is a company-specific problem. Do we have any information on that?

This is a really useful habit. *Whenever you get a number – revenues, profits, costs – you always want to look at the number in two different ways: you want to look at a number versus that number’s history, so: sales today versus sales over the past three years; and you want to look at a number like sales relative to the competitors, so: if our sales are up or down, well what have the competitors’ sales done?*

Because— the reason this is important: when you get a number, you don’t really know *if the number is good or not*. So if you get a sales figure – sales are up 10 percent – well, is that good or is that bad? Right? Did sales used to be up 50 percent, now they’re up only 10 percent? Well that seems like it’s a problem. If sales were down 20 percent last year, and now they’re at 10 percent of growth, well that’s a good thing to have. And similarly, if the company is growing at say 10 percent in sales, but the rest of the competitors are growing at 50 percent in sales – well that’s a problem.

00:07:58

So a number by itself with nothing to compare it against is not very helpful. So it’s always useful to ask for two things when you get a number: what is the number relative to its history over time, and what is the number relative to the competitors’ comparable numbers? And you’ll notice in the little handout I have online with my major frameworks, I think on the back of one of them I have common questions you want to ask, and sort of like last minute reminders. And I emphasize this point (it’s extremely important): when you consistently ask to compare a number you receive from an interviewer with its history and with the competition, it really flushes out all kinds of insightful information that helps really guide the rest of the case. If you go through the case very quickly and you

forget to do this, you can still solve it eventually, but it takes so much more time – you’re much more likely to run out of time. So that’s an important habit to develop, it’s in the handouts on the frameworks that I’ve put online, and I put them there for a reason. I put them there because it actually works, and it works an awful lot, in terms of being very helpful. So just sort of a reminder to continue that habit if you already do.

Interviewer: Well, it turns out this company is the only company in the market. Keep in mind, this is from many years ago, and so there really are no competitors.

Candidate: So it sounds like this is not a competitive issue, but really is probably an issue more with either the company itself or with customers. Do we have any data in terms of for each customer segment – the small businesses or the Fortune 500 – how have the sales changed for each of those customers today versus the prior years, the past couple of years?

Interviewer: Sales for the Fortune 500 have been increasing, and sales for the small business segment has been declining.

Candidate: Well that’s interesting. So it sounds like the Fortune 500 segment is growing, and the small business segment is shrinking. Do we have any information or data on what is causing the small business sales to decline?

Interviewer: Well, that’s a great question, we’re not actually sure. What kind of analysis could you do to figure out why small business sales are declining?

00:09:59

Candidate: Well, I do know that sales within the small business segment is driven by the average price per customer, or price times the quantity or number of customers. And so do we have any breakdown as to how many customers there are, and what’s the pricing of that? The hypothesis I’m trying to test is: has the pricing change driven down revenues, or are we actually having fewer customers, but each customer we do have is paying the same price?

Interviewer: Prices have been steady at \$50 per month. And the number of clients we have, the company has been holding steady at 2,000 customers per month.

Candidate: And has pricing changed at all between now versus the years when the company was growing more quickly?

Interviewer: Prices have been steady, and the company— the number of customers used to be growing very quickly, and really has plateaued right around the 2,000 customer mark.

Candidate: So, it sounds like, to really understand how we can grow this business beyond its \$110,000 a month, we kind of need to understand why we aren't able to get more customers. And I think they're really sort of based on what I talked about so far. There are three ways we can grow this business: 1) is to increase the pricing to small businesses – or actually there are four ways – increase the pricing to small business customers; or 2) the second way is to get more customers in the small business segment; 3) the third way is to increase pricing for the Fortune 500 segment; and then 4) the fourth way is to get more Fortune 500 customers.

And it's a little unclear so far which one is the right approach, but I'm trying to figure out which— my questions are ultimately leading towards which of the four approaches makes the most sense. So before I do that, what I want to do is: just like I did to understand the small business customers, I'd like to do the same for the Fortune 500. Do we have any sense as to whether pricing has changed or not for the Fortune 500 customers?

So you'll notice what I've done here, as the candidate, is I've started thinking out loud. And again, this is a very useful habit to get into – *think out loud what are you debating in your head*. It's useful because as an interviewer, I can see what you're thinking. And a lot of times, the candidate is perhaps thinking along the right lines, but perhaps is confused by something, and I can help out. If you keep it all in your head, it's very hard to know (from an interviewer's standpoint) are you on the right track.

00:12:17

And here's a general rule as an interviewer: if you are on the right track and you got most of it right, I'm usually willing to help you out a little bit and give you a little nudge in the right direction, and in many cases not penalize you for it. If I *can't* tell you're on the right track, well I don't want to help you, because I don't really yet know if you knew what you were doing or were you truly stuck. And so what I try to do is: I like to give the candidates the benefit of the doubt and I just keep my mouth shut. So when you think out loud, the interviewer can tell if you're on the right track or not, and in some cases can help you without any penalty, so it is useful to do that.

Also what's useful is: when you think out loud and then you indicate how you want to structure the remainder of your analysis or the remainder of your issue tree, or which framework you want to use from here on out, it becomes clear from the interviewer's standpoint why you chose a particular framework or issue tree or analysis structure. They see what problem you are trying to solve, and they can now see whether your choice of approach seems reasonable, relative to the problem you are trying to solve. And so that's also a very favorable thing to do. What you don't want to do is just ask a gazillion questions, not communicate anything, not think out loud and just give the interviewer an answer at the end. Very hard as an interviewer to confidently let someone on to the next round or extend an offer in that particular situation.

Interviewer: The Fortune 500 customer pricing has remained the same at \$1,000 per month, and the number of clients has actually been increasing. Today it is at 10 clients, which is a growth from prior years.

Candidate: That's interesting. So the number of clients has been increasing, but pricing has stayed the same. And you said it was \$1,000 – and is that a one-time fee, or is that \$1,000 per month?

00:14:03

Interviewer: That is a monthly fee that is charged each month that the company uses the service – that applies to both the Fortune 500 accounts, as well as the small business ones.

Candidate: That's interesting. So it turns out then that sales is not a one-time sale, it's an ongoing recurring sale, is that right?

Interviewer: Yes, actually that is correct. It is a software as a service or software as a subscription service, so customers do in fact pay each month that they use the service.

Candidate: Your revenue is the price times however many new customers you bring in this month subtracting out however many leave. What I'd like to do is actually break that down, and look at the number of customers that are added each month versus subtracted each month. Do we have any data on that for – let's start with the small business segment.

Interviewer: Actually, we do have data on that and it turns out that— we'll use the most recent month as an example, and the most recent month we had new customers, we had 1,800 of them; and old renewing customers, we had 200 of them.

Candidate: That's interesting. So, of the 2,000 customers we have, 1,800 of them were new, and only 200 were recurring or held over from the prior month. Was there any kind of unusual promotion, or is this particular pattern similar in prior months? It just seems like the number of renewing customers is fairly low. Just trying to get a feel if that's a one-time event, or if that is a consistent ongoing pattern.

Interviewer: No, that actually has been the pattern for the bulk of this year. On average, the company has about 2,000 clients in the small business segment, and 1,800 of them are new each month, and 200 of them are remaining from the prior month.

Candidate: Oh, so that means – let me draw a little conclusion here – that we're losing 1,800 clients a month and then adding 1,800 clients, so our net change is always zero. Is my understanding correct? Did I do that right?

00:16:06

Interviewer: Yes, that is correct.

Candidate: That's interesting. That seems very odd to me, so I'm going to come back to that in a second, but I'd like to repeat the same analysis for the Fortune 500 segment, to see if a similar pattern is happening on that side. Do we have— of the ten clients we have this month, do we have any data that indicates how many clients we had in the prior month, how many of them were new, and how many did we lose?

Interviewer: For the most recent month, we had one client that was new, and we had nine that were pre-existing.

Candidate: That's interesting, what about the months prior to that? It doesn't sound like we lost any customers this month. Did we lose customers last month? And how many customers did we add in the prior month?

Interviewer: We actually added— in the prior month, we added one additional customer, and we kept all the prior customers.

Candidate: That's interesting. I wonder, what about the months before that? How many new customers did we get? And how many old customers did we lose?

Interviewer: The prior months all show a similar pattern. Adding about one customer every month or every other month, and not losing any customers.

Candidate: That's really interesting. So it sounds like we have a huge attrition problem in the small business segment and at the same time, we don't seem to lose any customers on the Fortune 500 side, at least based on the numbers that I'm seeing.

So what you've just heard me say as a candidate is what's called a "synthesis," or a mini-conclusion. It is useful to say these mini-conclusions as you progress through a case, and particularly when you discover some new information. It really addresses the question of making sense of what all this information actually means. So in the McKinsey world, we will say, "So what? Given all this information, so what? What's important about this?" A mini-conclusion answers that question "so what?"

Another way to think about it is: what are the implications or the significance of the information you've discovered? A *synthesis tells you what is significant about what you've discovered*. So in this particular case, I've noticed a particular trend, and I highlight that there's this really interesting trend that small business customers seem to leave in droves, and yet the Fortune 500 customers seem to stay forever. That's significant, right? And I say that it's significant. And what I do is then I say the rest of my analysis is essentially based off of trying to make sense of what I should do with this piece of

information. I sense it is significant and I want to probably explore it further, and I'll explain my approach for how I do that in a second.

00:18:32

Interviewer: Yes, I think I would agree with your conclusion on that.

Candidate: Well, it looks like – going back to our original question of how to grow sales beyond \$110,000 – it looks like we could probably solve this problem in one of two ways: we could either somehow address the “term” problem with the small business customers and grow that number of customers and basically keep them longer; or we can get more Fortune 500 customers who tend not to leave.

So, what I'd like to do now is sort of split my analysis in half. So on the one side, one idea is to fix the small business attrition and grow it. On the other side is (I think the idea is) to grow the Fortune 500 segment. So at this point, I want to try to figure out which one I think is easier.

So I'm actually going to shift gears on this one, and start first with the small segment to see if we can fix the attrition problem and grow it; and then come back later to the Fortune 500 segment, to see if there is anything we can do to increase sales in number of customers there.

So to understand the small business segment, I really want to understand, I guess, three or four areas, you know, who these customers are and what do they want. I'd like to better understand our product. And normally I would want to understand the competitors, but it sounds like there are no competitors, is that correct?

This is very important, notice that *before I start analyzing I'm telling the interviewer how I plan to analyze*. This is basically called problem structuring. It's very important; it is what interviewers look for. It's not good enough to just analyze the problem, and give you the conclusion or give the interviewer the conclusion. *So before you analyze, you have to explain what you intend to analyze*.

00:20:19

This set up process is vitally important, and it is what distinguishes between a candidate that passes and does well in a case versus one that does not. So notice the specific detail I talk about in terms of what specific analyses I intend to look at to reach my conclusion, right? And even before I asked for any data, I set up the problem solving. So this problem structuring is very important. If you get feedback from an interviewer that says your problem structuring was particularly weak, or needs to be better, this is what they are referring to. You did not set up your analysis in advance of actually doing the analysis, and in consulting, it's extremely important.

Now to give you some context as to why that's important: it has to do with time management. In a real life consulting engagement – you know, where we bill clients by the hour, by the day, by the month – clients do not pay us infinite amounts of money to figure out their problems, so we have to be extremely time efficient.

So in the real life, we don't just go in there and wing it. We don't go in there for six months at a cost of two to three to four million dollars and just figure it out as we go. We structure the analysis in advance so we can plan travel arrangements, airplane tickets, meeting with executives halfway around the world, setting up appointments with our client's clients. You know, all those things logistically take some time, some planning. So that's why it's important to actually structure the analysis in advance of actually doing it, both in real life as well as in the case interview.

Interviewer: Yes, for our purposes, you can assume there really are no competitors.

Candidate: Okay, great, then I'd like to understand our own company's capabilities.

00:22:02

Interviewer: Okay, great. That sounds reasonable. Where would you like to start?

Candidate: Why don't we start with customers first? So who are these customers, and what are they looking for?

Interviewer: These are small mom-and-pop businesses that are trying to dabble in e-commerce, and they're looking to make more money online.

Candidate: Okay, I think I understand that. And I'd like to know— Let me next shift gears to the product side, what exactly does our product do? In particular, how does it help customers in the small business market make more money online?

Interviewer: The product is again a software service that measures website user activity. So it shows which users are visiting which parts of this website, and are they shifting from the free content portions of the website to the e-commerce portions of the site where you can actually transact and generate a sale. This product is very good at just tracking those behaviors and figuring out where people go, and it has a number of tools to really help the company – the small business in this case – optimize the layout of the website, change how information is presented to the end user, to really improve the ratio of visitors to buyers on the website. And that is what the system does.

Candidate: Okay, so it sounds like this is a kind of a process improvement type tool to get more people who visit the website to buy more often, or to make them more likely to buy. Is that correct?

Interviewer: Yes. Actually, that is correct, and that is what the product does.

Candidate: Okay. I think I understand what the product does. So it's puzzling that we would lose so many customers each month, given what the product does. I'm wondering... does the product actually work? Do we have any performance data in terms of how effective the software is at increasing customer sales?

Interviewer: Yeah, actually the product does work, and generally speaking, if you use the product and service for about six months, almost all clients will see a 30 percent improvement in their sales, based on looking at the analysis and figuring out how to layout their websites in a different way to make it more compelling for customers to buy.

00:24:13

Candidate: Okay, so a 30 percent improvement. I'm just going to do some rough math here. If the monthly fee is \$50 and we know it improves sales by 30 percent, then it seems to me that to make your money back (if you were a customer), you know, as long as you're selling maybe \$150 worth of goods, a 30 percent improvement would be another \$50 and so it doesn't seem like the bar is very high to sort of recover your investment. So, I'm still a little puzzled why we're losing so many customers. Do we have any feedback from customers? You know, when they cancel, do we have any data as to why they cancel and what do they say?

Interviewer: Yes, actually the most common reason that customers in the small business segment cancel is they complain that they don't have any visitors to their website. So even improving the layout a lot to make it much more effective doesn't help, because there is no one actually looking at it.

Candidate: Oh! That's really interesting. So, we help improve sales by 30 percent, but it sounds like these customers don't have any sales. And not only do they not have any sales, they don't have any visitors to their website. Am I understanding that correctly?

Interviewer: Yes, that is correct.

Candidate: Well, it sounds like what we offer as a company, as our current product, is not really designed to solve what the customer really wants. They certainly want to make more money, but first, I guess it sounds like they need more visitors to the website in order for this particular product to be of value to them.

I want to check one more area and I'll probably draw a tentative conclusion. I want to shift to that third area, the third box I drew on my paper here. We talked about customers; we talked about the product. I'd like to know more about the company overall. Do we have any skills or capabilities or products in the pipeline that are geared towards getting more visitors to the websites? Do we have

anything like that – that seems like it might be a more appropriate fit for what these customers want?

00:26:05

Interviewer: Not really, the company's real focus from the beginning was what's now known as "website optimization." So they're really about taking the visitors you already have on your website, and getting them to the parts of the website you want them to go to (so that they can transact in larger dollar amounts, or more likely to transact overall).

Candidate: Okay. Well, it sounds like— trying to turn around the attrition in the small business segment and then to actually grow the net number of users we have in the small business segment seems like a losing proposition. The customers don't want better optimization of the visitors on the website, it looks like they want more visitors to begin with. Our product is geared towards solving a later stage problem of "once you get visitors, what do you do with them," but the customers don't seem to be there right now. And it also seems like we don't have any sort of core capabilities that are designed to solve this "I want more visitors to my website" problem. So, I'm going to conclude that the small business segment is not a great place to focus. So I'm going to X out that particular hypothesis.

What you'll notice here is what I call "process of elimination." *One of the things you want to do early in the case is to eliminate and determine what the problem is **not**.* So in this particular case, I've indicated that the solution to solve this case is *not* focusing on the small business segment. And I indicated my reasons why. And then I've shifted gears and say, "Well, what's left is these other areas." And so that's very important.

What I find a lot of candidates do is: they will not actually eliminate one particular option to solve the case. They will get about 80 percent of the way there and say, "huh, it's interesting," and then sort of jump to some other part of the case. What you want to do is: once you go down a particular branch of your issue tree, you want to completely eliminate that as a possibility before moving to a different branch.

00:27:58

So if you look at my issue tree diagram, you'll notice that I actually X out certain parts of the issue tree. As I analyze things and when I determine that they're not actually useful, I X them out and cross them out, indicating that *that* particular part of the branch was not productive, and is not an option. So that's something important to keep in mind: to actually finish a particular branch of an issue tree and eliminate it as a possibility, before moving on to the rest.

The other reason it's important is because it's very hard to keep track of multiple lines of reasoning and analysis simultaneously. So if you are looking at four or five or six options for how you can solve a particular case, and you don't eliminate any of them— what I find is a lot of candidates will end up jumping around a lot, and they end up getting so confused because there's so much

information to remember, that they get lost and can't end up solving the case at all.

So it's very important to actually eliminate parts of your analysis as options for the remainder. So let's listen to how I set up the rest of the analysis. I've eliminated some options, and then I've opened up another area for where I want to look. And pay attention to how I introduce a structured approach for what I intend to do from an analysis standpoint going forward.

And so now what I'd like to do is shift gears. I mentioned earlier that I want to talk about two opportunities to grow sales. The first was to fix the small business attrition problem and then to grow the number of clients, and I just mentioned that I think that's a dead end.

The second area I want to look at is: is there an opportunity to grow the Fortune 500 accounts in some way. So what I'd like to do is look at the similar number of things: the customers; I think we understand the product; and our company's capabilities. So, of the three areas – customers, product and company – since I already know a little bit about the product and the company overall, let me start with the customers first. Tell me more about who these Fortune 500 clients are, and in particular how they are different from the small business customers.

00:29:58

What you notice here is: I've essentially switched gears from an issue tree-driven type of problem-solving approach which is really based off of the profitability framework, or at least the revenue side of the profitability framework, and now I'm basically switching to a modified version of the business situation framework. And I've done so because the profitability framework, or at least the revenue side of the profitability framework, doesn't provide me with enough information to figure out this particular case.

So I'm switching. So the first thing to realize is *there is actually a switch*. This is actually a compound framework type case, or at least the way I've chosen to attack it is a compound framework type case. The second thing to realize is that I don't actually go through the entire framework. I use elements of it, based on where I'm missing pieces of information. So I don't mechanically go through every single item in the checklist. I shortcut the process by finding out: where do I need the most information, where am I most uncertain, where do I lack the most data. And I start there first. So this is what I call a "limited use" of the business situation framework. And also notice how I diagram that out in my issue tree flowchart, in terms of diagramming how I'm approaching the problem solving approach.

Interviewer: Well, this typical Fortune 500 buyer is like a director of e-commerce for a large company. So, perhaps like a Kodak or a Procter & Gamble and whatnot.

Candidate: Okay, I think I understand that, and what is it that these customers want? Do we have any data on why they buy our particular product?

Interviewer: Well, we actually do have some data on that. Recently the client did some surveys and these companies – what they're looking for is to measure their return on investment so that they can show their CEOs that the e-commerce division is achieving its objectives. And the feedback seems to be that— these directors of e-commerce, they're worried that if they can't prove ROI or return on investment that their division might actually get shut down, and it seems that this product seems to be useful in measuring return on investment.

00:32:04

Candidate: Well, that's interesting. So our product is geared towards improving – optimizing – the web user experience to drive more sales. I guess a side benefit of that is we're actually able to measure sales and track that, and it's that piece of the service that these customers are valuing? Or is it really the improvement in the sales?

Interviewer: For these Fortune 500 companies, it's actually both: they like the fact that they can track sales very precisely in terms of where on the website it's coming from, which efforts and which project it's coming from, and what's being effective; and they also like the ability to improve those sales, once they figure out and do some basic analysis around where the money is being generated online.

Candidate: So it sounds like – that our product is a pretty good fit for this particular customer. Do we have any other customer feedback or quantitative data that suggests that this product is not a good fit?

Interviewer: No, all the data seems to be consistent with your conclusion. So, you know, I would agree with that, that it seems like the product is a good fit for this market – this particular customer.

Candidate: Well great. So, let me draw a conclusion here. Going back to our question earlier of how to grow sales, my tentative conclusion is that: growing the Fortune 500 segment will be an easier task than trying to turn around the small business segment, and I believe that for two reasons. One is the small business segment – what they want and what we offer – there's just a complete mismatch. They want more visitors to their websites, and we provide taking the visitors they already have and making them more productive. So that's sort of a fundamental mismatch.

The second reason why I think that the Fortune 500 is a better fit is because the problems they have are exactly the problems we solve. And it seems like the sales data indicates that it is consistent with that. We haven't lost any customers, and that portion of the business continues to grow.

So my next question then is to figure out what's the best way to grow the Fortune 500 segment. But I'd like to better understand what the company does with respect to Fortune 500. So do we have any data on the companies, either their capabilities or their particular approach to serving the Fortune 500?

00:34:12

Interviewer: The company currently has twenty employees: four are in the R&D departments, one serves Fortune 500 clients, and fifteen currently serve small business customers.

Candidate: Well that's interesting. I'd like to understand: the one person focusing on the Fortune 500, what is their role? And the fifteen people serving small businesses, what are their roles?

Interviewer: Well the one person serving the Fortune 500 is a customer service agent; and of the fifteen people serving small businesses, roughly seven people are customer service and eight people are in sales.

Candidate: Well that's interesting. So we have only one person serving the Fortune 500 clients, and they're a customer service person and there's no sales person. So how're we actually getting sales today, if we don't have any sales people?

Interviewer: Well we're getting a lot of word of mouth, and so these Fortune 500 companies, they call us and want to do business. So we have the customer service agent just set them up on the account and send them the invoice.

Candidate: Well that's really interesting. So the growth that we're experiencing now in the company from the Fortune 500 segments – we're not even trying to get it, they're coming to us? Is my understanding correct?

Interviewer: Yes. We have a lot of strong word of mouth and that is what's driving the Fortune 500 sales.

Candidate: Well it seems to me that one recommendation I would make is certainly to put a lot more resources, particularly on the sales side, to go after the Fortune 500 accounts. We're getting growth right now, without even really trying to get growth there, and since it's such a good fit with that market place, it seems it would make sense to put more resources serving the Fortune 500 segment as a way to grow the business.

Interviewer: Oh, that's an interesting idea. And how many sales people would you allocate to the Fortune 500 segment?

Candidate: Well, that's a good question. Right now, we've got fifteen people serving the small business segment. If we have 2,000 clients today, it looks like we're going to lose 1,800 of them by next month.

00:36:08

So, that's a lot of people to really sort of not go anywhere. I'm not sure what the exact amount would be, but probably somewhere between half the small business team up to maybe all of it, if I were willing to be very aggressive. It just seems like, that we ought to put at least one person in sales in the Fortune 500, but ultimately I think I would want to get almost all those people into the Fortune 500 segment. It seems like a much better place for the business to be.

Interviewer: Great! Well, now thank you for that analysis. And actually this company – which is a real company – in fact did do that, they have placed a really big shift in their people away from the small business segment, and ultimately went to go serve the other Fortune 500 segment.

Great, so why don't we do this. I did like the approach in terms of your analysis here. Why don't you summarize or synthesize what your overall recommendations are, given what you've discovered today, and then we can wrap up and call it a day?

Candidate: Sure, I can do that. Is it okay if I take a moment to sort of gather my thoughts before I conclude?

Interviewer: Sure. No problem, take your time.

Candidate: To answer the question of how to grow sales for this particular client, *I would recommend that the company exit the small business market, and focus all its resources on serving Fortune 500 clients.* I feel this for three reasons.

First, there's a fundamental mismatch between what small business customers want versus what we are able to provide. They want more visitors, and we provide them a better visitor experience *after* they get the visitors. The extremely high attrition rate in the small business segment really is indicative of this particular mismatch.

Second, in the Fortune 500 segment, it's a perfect match: what the customers want is exactly what we offer, and that's evidenced by the very high price point these Fortune 500 companies are willing to pay; and the fact that there doesn't seem to be any visible attrition, so these customers are staying for at least for the medium, if not long, haul.

Third, if you look at where the resources are allocated internally between the small business market versus the Fortune 500 market, really the majority of the

company's staff are targeting small business customers, and the Fortune 500 customers, despite its growth and despite its perfect match, really have no staffing. And so my belief is: if we shift the resources to the more attractive segment that they would produce a lot more growth than the way they're currently allocated.

00:38:18

So on this final conclusion I would actually recommend listening to it a couple of times. Notice the structure of the conclusion. I start with the action or recommendation that I think the client should take. So let's go through it word by word: "To answer the question of how to grow sales for this particular client, I would recommend that the company exit the small business market, and focus all resources on serving Fortune 500 clients." That is a conclusion; it is an action-oriented conclusion, and that is always how you want to start off a conclusion to a case.

The second thing you'll notice is: I indicate that I have two or three or four reasons – I usually have three reasons – three reasons for why I believe this is the appropriate recommendation. And so, much like in high school when you write an essay, you have your topic sentence and three supporting sentences; or you have your opening paragraph, and you have three supporting paragraphs. It's the exact same way with concluding a case. So the next part of the conclusion says, "I have three reasons why I believe this is the right approach: reason number one is this; reason number two is this; reason number three is the third thing." That is a good way to structure a conclusion.

Now I find that easily 90 percent of candidates who are interviewing for consulting jobs – they do it in exactly the reverse order. They indicate the three reasons first, and then they end with a conclusion. Or they talk about everything they did – you know, "I did this analysis," "I stayed up until 4:00 in the morning," you know, "crunching these numbers," "I jumped on an airplane," "I found out the customers don't like your business," you know blah, blah, blah, blah – all these things they've done, and then, "oh, by the way, you ought to get out of this market segment."

So you don't want to have your conclusion be suspenseful. You want the answer up front and early, and then provide your supporting information. And that is a skill very much worth practicing, and I'll be straightforward on this one – it is only the best candidates that are able to do this consistently. It is very much a distinguishing characteristic between those who excel at case interviews and who actually do well on the job versus those who do not. So it's useful to practice that, and I think also, it helps your thinking process. It's very hard to communicate clearly unless you are thinking clearly, so this is a way of practicing clear communication, which forces clear thinking. So on that note, I will wrap up my commentary, and you'll notice this case finishes up right after my comments.

Interviewer: Great! Well thank you for that conclusion and why don't we wrap up.