CONFIDENTIAL

McKinsey Case Interview Workshop

FUQUA SCHOOL OF BUSINESS

October 1999

TOPICS

- Case interview overview

    – Purpose

    – Types

    – Suggested approach

- Suggested problem-solving process

RESUME AND CASE INTERVIEWS – WHAT FIRMS ARE LOOKING FOR

From your resume

Work experience
- Advancement faster than norm
- Selection by superiors to lead important projects/special recognition
- Evidence of leadership and teamwork

Education
- Academic excellence
- Significant leadership roles
- Personal initiative

Outside interests
- Athletic/cultural achievements
- Community activities
- Drive/perseverance

From the case

Approach
- Genuine interest in solving complex problems
- Structured, logical approach
- Curiosity, creativity
- Logical, probing questions
- Synthesis and conclusions

Skills
- Comfort with ambiguity/poise under pressure
- Broad functional skills
- Analytical rigor
- Quantitative, numerical agility

Practicality
- Judgment, common sense
- Business acumen/instinct
- Clear, logical communication

Evidence of excellence

Problem-solving ability

TYPES OF CASES

Business cases
- "What will the impact of industry consolidation be on company X?"
- "Should company X enter/exit a new/old market?"
- "How should company X react to a new entrant?"
- "Should company X add capacity?"
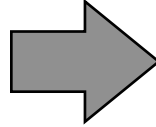
Responses should demonstrate
- Big picture perspective
- Ability to structure
- Broad functional skills
- Comfort with details, analysis

Estimation cases
- "How big would the Ivy Gardens apartment complex have to be for everyone on Earth to live there?"
- "What is the size of the skateboard market in the U.S.?"
- "What do you think annual residential real estate commissions are in Atlanta?"
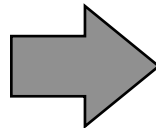
Responses should demonstrate
- Comfort with ambiguity
- Ability to structure
- Facility with numbers
- Poise

WHAT TO REMEMBER WHEN APPROACHING A CASE

There is no right answer

. . . but there are wrong answers

- Ignoring or forgetting important facts
- Not recognizing that some material may be extraneous
- Defending impractical solutions
- Force fitting a framework that just does not work

The goal is to demonstrate "how you think"
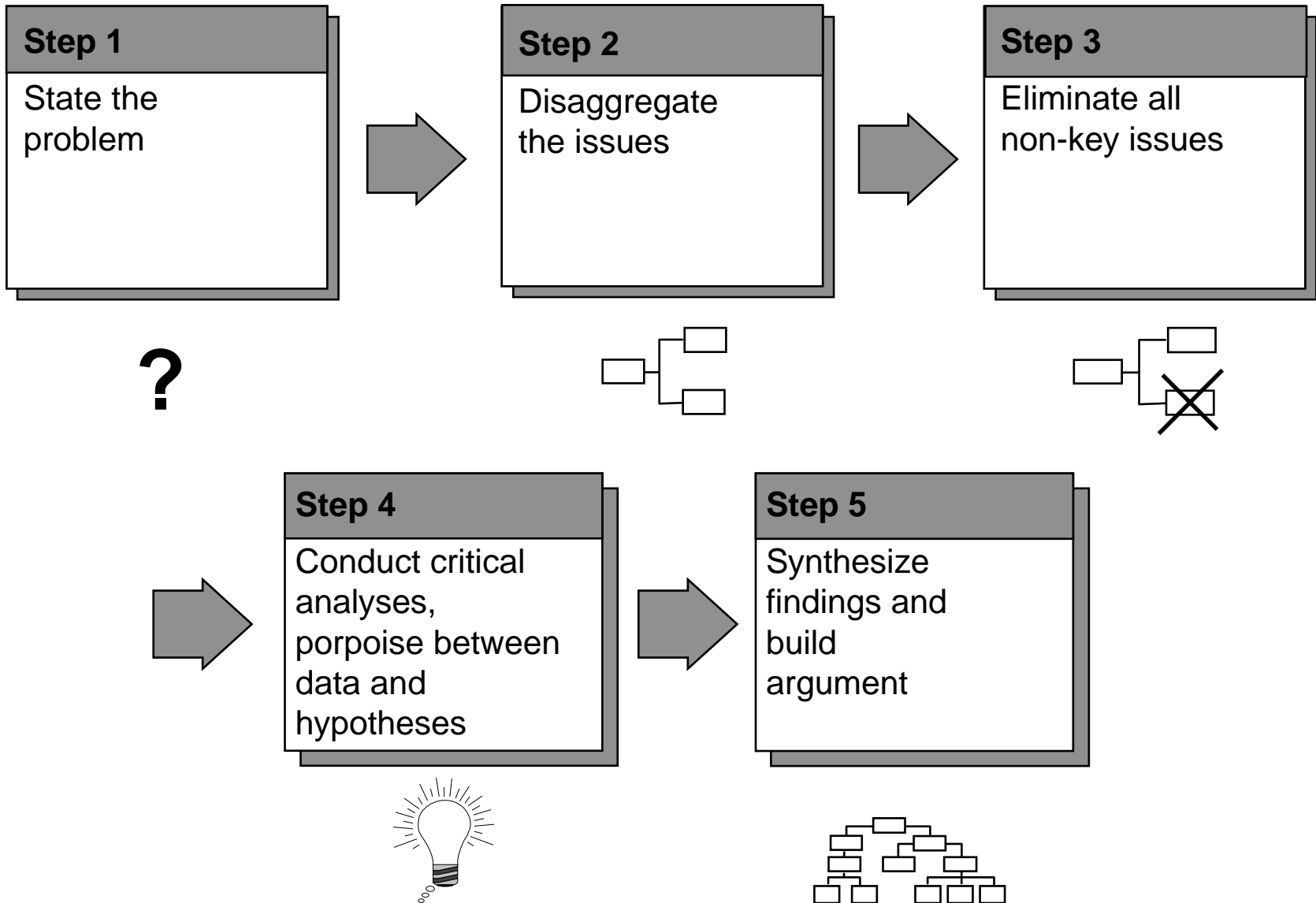
SUGGESTED APPROACH FOR CASES

What to do

- Listen to introduction – do not think ahead to your answers

- Ask 1-2 clarifying questions, if necessary; take a few notes if you like; do not expect every piece of data to be available

- Organize your thoughts and structure the problem

- Pick one branch to probe, develop hypotheses, ask for a few relevant facts, defend/refine hypotheses based on new information, probe further, and describe implications you see

- Pick another branch and continue (Make sure you are prioritizing your responses)

- Put it all together: try to answer the overall question (big picture) with a reasonable, actionable conclusion
  - Review what you know
  - Clarify what you do not understand
  - Solidify and tender recommendation

What not to do

- Play 20 questions

- Assume 1 framework fits all

- Cover 1 issue without mentioning and prioritizing all key issues

- Dig your heels in

- Hide from the details (or the numbers)

- Get frustrated

- Conduct a postmortem in the interview

FIVE EASY STEPS TO BULLET-PROOF PROBLEM SOLVING
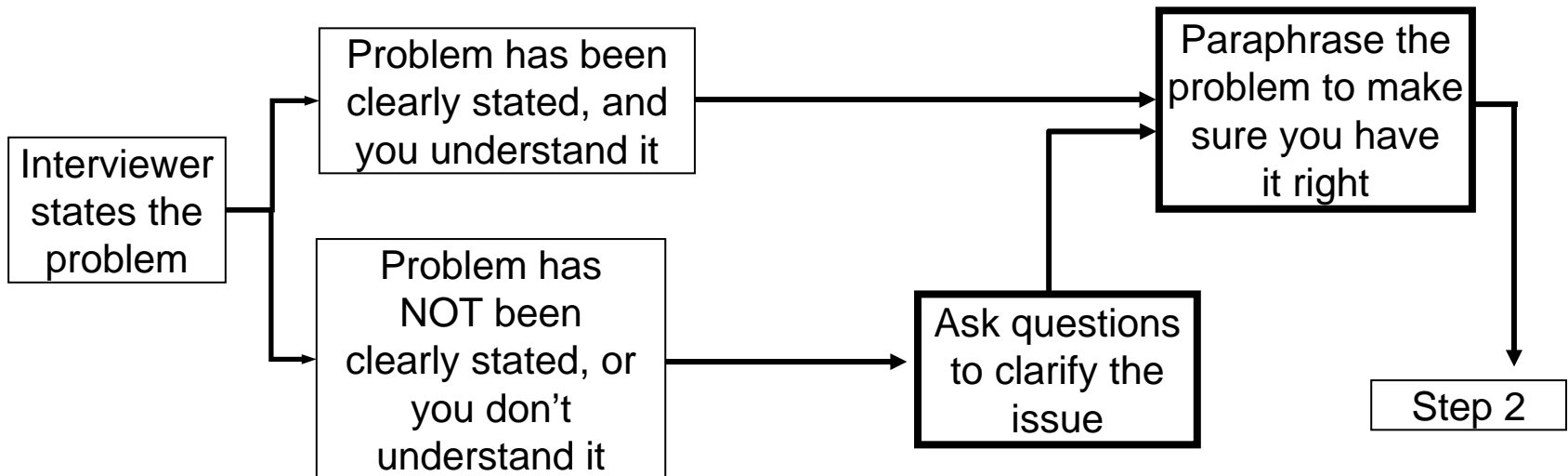
Step 1

State the problem

?

Step 2

Disaggregate the issues

Step 3

Eliminate all non-key issues

Step 4

Conduct critical analyses, porpoise between data and hypotheses

Step 5

Synthesize findings and build argument

STEP 1: STATE THE PROBLEM **?**

You must clearly understand the problem

Clear statement of problem to be solved or issue to be resolved

Characteristics of a good problem statement

- A leading question or firm hypothesis
- Specific not general
- Not a statement of fact or non-disputable assertion
- Actionable
- Focuses on what the decision maker needs to move forward

You are responsible for ensuring the clarity of the problem

Interviewer states the problem

Problem has been clearly stated, and you understand it

Problem has NOT been clearly stated, or you don't understand it

Ask questions to clarify the issue

Paraphrase the problem to make sure you have it right

Step 2

STEP 2: DISAGGREGATE THE ISSUES

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                    ┌──────────────────┐    ┌──────────────┐
                    │ Issues/hypothesis│────┤   Subissue   │
                    │      No. 1       │    ├──────────────┤
                    └──────────────────┘    │   Subissue   │
                                            └──────────────┘
┌──────────┐        ┌──────────────────┐    ┌──────────────┐
│ Problem  │        │ Issues/hypothesis│────┤   Subissue   │
│statement │────────│      No. 2       │    ├──────────────┤
└──────────┘        └──────────────────┘    │   Subissue   │
                                            └──────────────┘
                    ┌──────────────────┐    ┌──────────────┐
                    │ Issues/hypothesis│────┤   Subissue   │
                    │      No. 3       │    ├──────────────┤
                    └──────────────────┘    │   Subissue   │
                                            └──────────────┘
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Why use logic trees?

1. To break a problem into component parts so that
   - Problem-solving work can be divided into intellectually manageable pieces
   - Priorities can be set among the parts
   - Responsibilities can be allocated to individuals

2. To ensure that the integrity of the problem solving is maintained
   - Solving the parts will really solve the problem
   - The parts are mutually exclusive and collectively exhaustive (i.e., no overlaps, no gaps)

Suggestions

- Describe your approach to the interviewer as you proceed. Do not assume they know what you are thinking!
- State your hypotheses as crisply as possible
- Only use frameworks if they are appropriate - do not force fit
- The ideas are important, not the framework. "I think we should look at the power of buyers and industry competitiveness" is better than "I'd like to apply part of the Porter Five Forces framework"
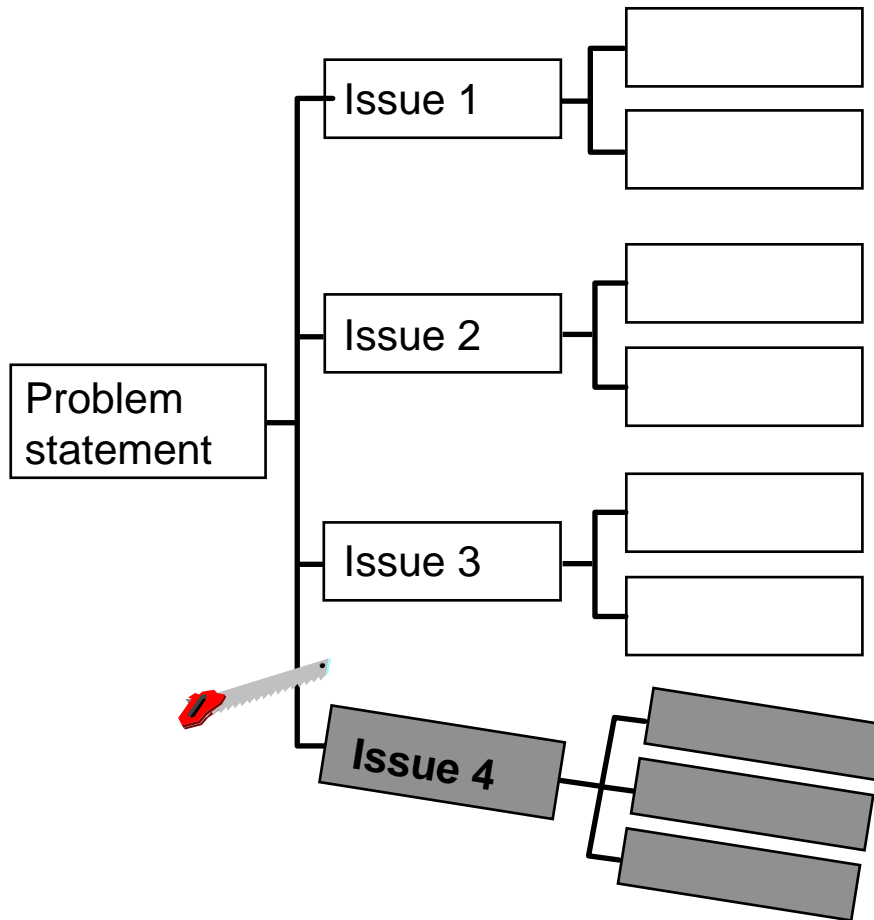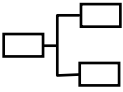
Why

- First step in constant, interactive refinement process

- Focuses your effort on what is most important

Do's & Don'ts

- Always ask yourself "so what" . . . but also ask yourself what you might have missed

- Tell the interviewer what you are cutting and why

STEP 4: CONDUCT CRITICAL ANALYSIS

Do's	Don'ts
• Be hypothesis-driven and end products-oriented	• Do not just "run the numbers"– ask yourself "what question am I trying to answer?"
• "Porpoise" frequently between hypothesis and data	• Do not chase your tail
• Keep the analyses as simple as you can. Be suspicious of huge linear programs and their ilk.	• Do you really need to calculate the WACC?
	• Don't miss the forest for the trees
• Do order of magnitude estimates before you start detailed analyses	• Beware of "polishing dirt"
• Use 80/20 and back-of-envelope thinking	• Look for breakthrough thinking
• Do not be afraid to be creative	

STEP 5: SYNTHESIZE FINDINGS AND BUILD ARGUMENT
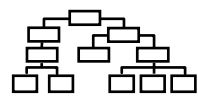
Use situation, complication, resolution format
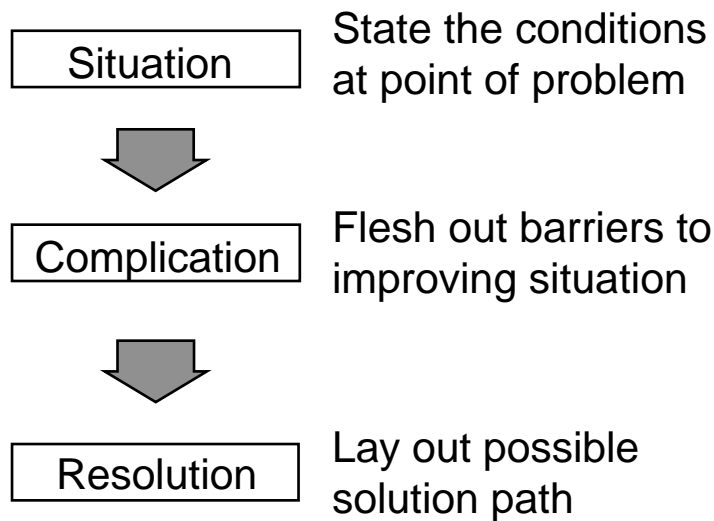
(and / or)

Pyramid structure or decision tree

| Situation |

State the conditions at point of problem

↓

| Complication |

Flesh out barriers to improving situation

↓

| Resolution |

Lay out possible solution path

| Main assertion |

| Sub-assertion | | Sub-assertion |

| Supporting data | Supporting data | Supporting data | Supporting data |

| Question |

| Question | → **Yes** — Action 1

→ **No** — Action 2

| Question | → **Yes** — Action 3

→ **No** — Action 4
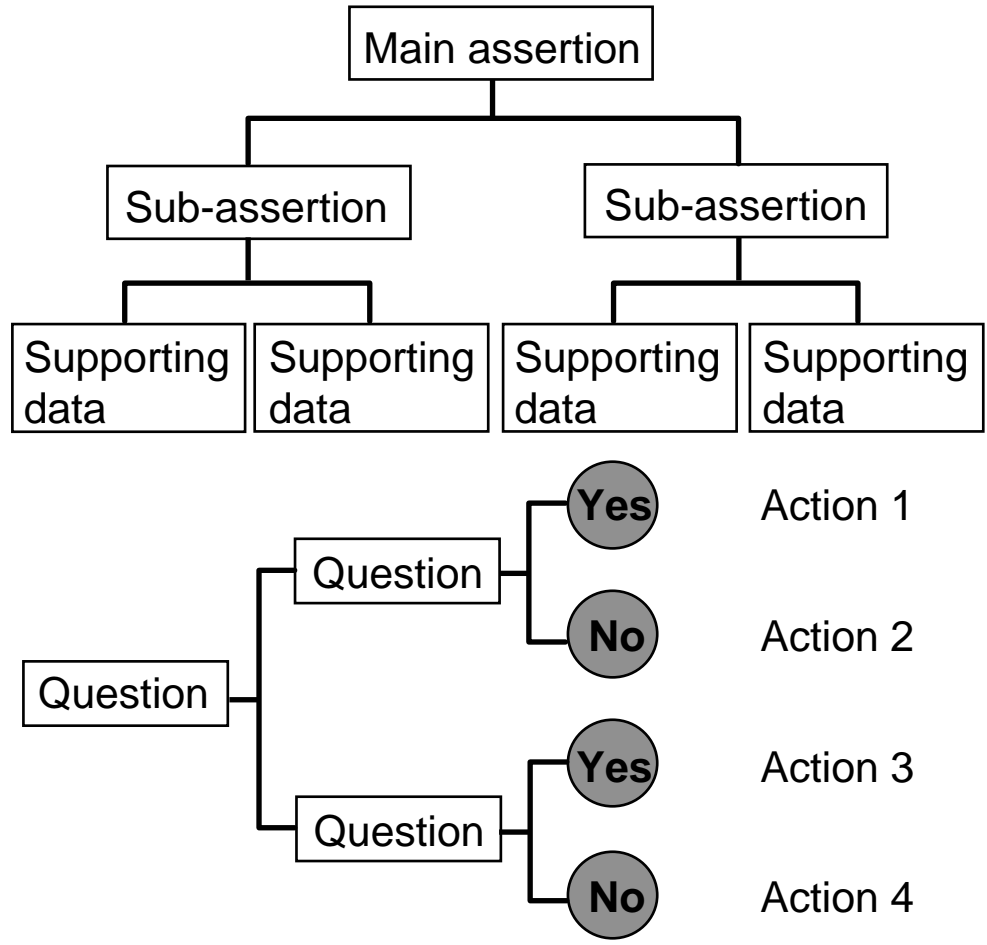
INTERVIEWING STYLES FOR CASES

From one extreme . . .
- Detailed introduction
- Specific problem to be solved
- A few starter facts
- Lots more facts available, if asked
- Conversational feel throughout the interview

. . . to the other
- Brief introduction
- Very broad description of problem (e.g. poor performance)
- Few, if any, facts available
- 'What do *you* think" responses to most questions

Why?
- Test analytical ability
- Test ability to sort out key facts and stay focussed

Why?
- Test overall problem structuring, hypothesis generating ability
- Test for creativity and business instinct
- Look for comfort with ambiguity

IMPROVING CASE PERFORMANCE

Indirectly through classes	**Directly through practice cases**

Policy
- Strategic frameworks
- Business instinct
- Industry structure

Economics/finance
- Variable vs. fixed cost structures
- Evaluating investment opportunities (ROI, Cost of Capital, …)
- Income Statement/Balance Sheet/ Cash Flow Statement thinking
- Value chain thinking

Marketing
- Customer segmentation
- Channel management
- Brand management

Operations
- Quality
- Lead time competition
- Having the right kind of flexibility

Student to Student
- Class cases
- Cases from pre-B school or summer experience
- Cases from news stories
- Fictional cases
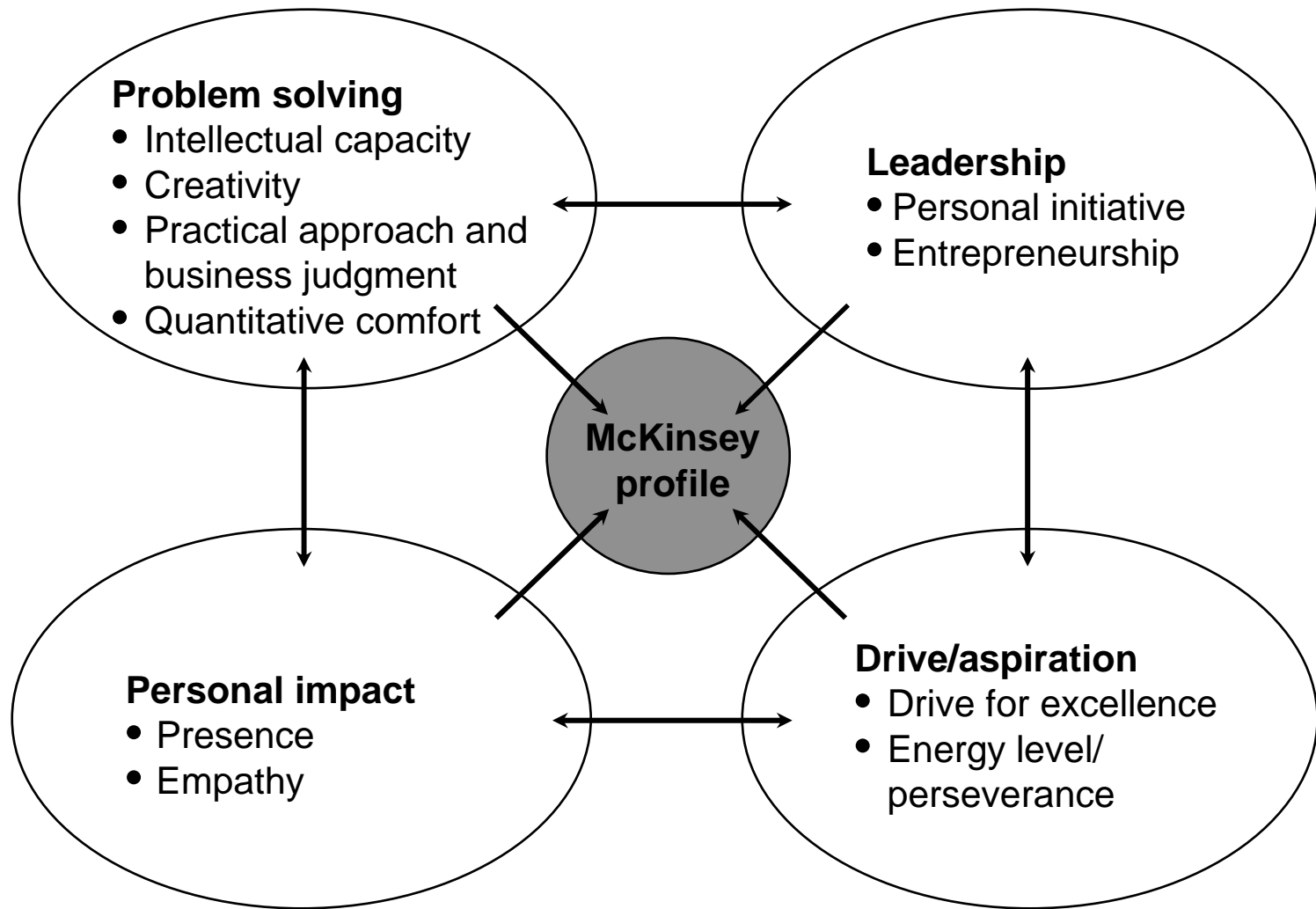
Company sponsored workshops

Consulting Club case prep guide

Other case prep guides

On your own with paper and pen

INTERVIEWING WITH McKINSEY

WHAT WE ARE LOOKING FOR

Problem solving
- Intellectual capacity
- Creativity
- Practical approach and business judgment
- Quantitative comfort

Leadership
- Personal initiative
- Entrepreneurship

McKinsey profile

Personal impact
- Presence
- Empathy

Drive/aspiration
- Drive for excellence
- Energy level/ perseverance

RESUME RELATED QUESTIONS

Focused Questions
- "Describe a situation in which you've led a project to success?"
- "What strengths and weaknesses would your teammates recognize in your work abilities?"
- "Describe a situation in which you've had to overcome obstacles to reach a desired outcome."

Open Ended Questions
- "Tell me about yourself."
- "Why did you choose Fuqua?"

Why?
- Evidence of excellence
- Personal growth plan
- Logical career plan
- Depth of preparation for interview

Why?
- Clear understanding of personal selling points
- Ability to clearly communicate in a structured way

CLASS OF 2000 INTERVIEWS

Office	Round	Date	Location
All	1	October 27	On campus
Southeast (or)	2	October 29	Off campus at the Sienna Hotel
All other	2	Varies by office	At office

Recruiting coordinator:
Carol Fisher
100 North Tryon St., Suite 5300
Charlotte, NC 28202
704.954.5050

Additional information and resources:
www.mckinsey.com

Invitations to interview reflect our best initial effort to find the right people for McKinsey. Recognizing the limitations of this process, interviewers will consider students who bid for open slots no differently than those who were invited.

If you have a strong interest in McKinsey and are not included on the closed list, bid for the slot!