UNIVERSITY OF NOTRE DAME | CONSULTING CONNECT Center for Career Development

University of Notre Dame 2026 Case Book

Meruelo Family Center for Career Development | Consulting Connect

Foreword & Acknowledgements

We hope this book helps more Notre Dame students reach their career goals by offering practical insight into the consulting interview process—from networking to behavioral interviews to casing and beyond. Our own journeys have been shaped by the support and guidance of those who came before us, who so generously shared their time and wisdom. In turn, we dedicate this book to our mentors, with the hope of paying it forward and passing along what we have learned so that others may benefit as we have.

This resource would not have been possible without the time, effort, and dedication of the following contributors to the Notre Dame Consulting Connect Case Book:

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Overview of Firms

List of Consulting Firms

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This is not an exhaustive list, but rather an overview of the **diverse range of consulting firms** in the industry. You may **click on any link** to learn more about a company, with **several firms highlighted** in the following slides.

- 84.51
- AArete
- Accenture
- Activate
- Alvarez & Marsal
- Armitage Advisors
- Bain & Company
- Beghou Consulting
- Booz Allen Hamilton
- Boston Consulting Group (BCG)
- Capgemini
- Charles River Associates
- Chartis
- CIL Management Consultants
- Clearsulting
- ClearView
- Cornerstone Research
- Crowe LLP
- Deloitte Consulting
- DPO&Co
- enFocus
- EY / Parthenon Group
- FTI Consulting
- GEP
- Guidehouse
- HealthScape Advisors
- Huron Consulting Group
- Impact Advisors
- Insight2Profit
- Kaufman Hall– A Vizient Company
- Kearney
- KPMG
- L.E.K. Consulting
- McKinsey & Company
- Mercer
- OC&C Strategy Consultants
- Oliver Wyman
- Pariveda
- Protiviti
- PwC / Strategy&
- Roland Berger
- RSM
- SAP
- Stax LLC
- West Monroe
- Wood Mackenzie
- ZS Associates

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Types of Consulting Firms

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Firm Type	MBB "The Big 3"	The Big 4 Accounting Firms	Boutique/Industry Specific Firms	Other National Consulting Firms
Description	The "MBB" firms--McKinsey & Company, Boston Consulting Group, and Bain & Company--are considered the top tier of global management consulting. They advise leading organizations worldwide on strategy, operations, and transformation, shaping major decisions across industries.	The "Big Four" firms--Deloitte, PwC, EY, and KPMG--are the largest professional services networks in the world. They provide audit, tax, consulting, and advisory services to organizations across industries, playing a central role in global business and finance.	Smaller, specialized firms that focus on particular sectors, functions, or types of clients. They bring deep expertise and tailored solutions and offer personalized attention and niche knowledge. These firms play a key role in addressing highly specialized business challenges that require focused insights.	Large, well-established players that provide a range of strategy, technology, and operations services. They combine broad industry reach with specialized capabilities, often leveraging scale, innovation, and digital expertise. These firms play a major role in shaping business transformation both in the U.S. and globally.
Examples	McKinsey & Company BAIN & COMPANY BCG BOSTON CONSULTING GROUP	Deloitte. pwc EY KPMG	HURON PARIVEDA FTI CONSULTING Booz Allen 3451° CORNERSTONE RESEARCH	accenture LEK protiviti westMONROE OliverWyman

MBB: "The Big 3"

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The "MBB" firms are considered the **top tier of global management consulting**. They advise leading organizations worldwide on strategy, operations, and transformation, shaping major decisions across industries.

McKinsey & Company

- Largest of the MBB firms with the broadest global footprint; advises leading corporations, governments, and institutions
- Generalist staffing model with national and global project placement
- Culture emphasizes structured problem-solving, rigorous analysis, and open intellectual debate
- Particularly strong in public sector, healthcare, operations, and large-scale transformations
- Interviewer-led case interviews with a signature Personal Experience Interview

BAIN & COMPANY

- Known for a close-knit, office-centric culture and strong emphasis on mentorship and cultural fit
- Leader in Private Equity consulting, spanning due diligence, value creation, and portfolio operations
- Generalist model with regional staffing centered around the home office
- Strong focus on results-oriented work and client implementation rather than strategy alone
- Interviewee-led case interviews with heavy emphasis on communication and teamwork

BCG BOSTON CONSULTING GROUP

- One of the MBB firms with deep expertise across major industries and functions
- Known for thought leadership and innovation, particularly in AI, digital transformation, and climate strategy
- Generalist early-career model with increasing opportunities for informal specialization
- Emphasis on creative, data-driven problem solving and synthesis
- Strong global footprint with significant investment in advanced analytics and AI
- Interviewee-led case interviews; networking can be especially important by office

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The Big 4

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The "Big Four" firms are **the largest professional services networks in the world**. They provide audit, tax, consulting, and advisory services to organizations across industries, playing a central role in global business and finance.

Deloitte.

- Largest professional services firm in the world by revenue and one of the Big Four
- Deloitte Consulting spans Strategy & Analytics, Technology, Operations, and Human Capital, with strong cross-functional integration
- Market leader in technology-enabled transformation
- Operates with a national staffing model for most consulting roles
- Invests heavily in leadership development through Deloitte University and maintains a strong campus presence at Notre Dame

pwc strategy&

- PwC Consulting focuses on technology consulting, business transformation, digital, data, and operations, often working through implementation
- Strategy& serves as PwC's global strategy consulting arm, advising clients on corporate strategy, transformation, and value creation
- The two groups frequently collaborate to deliver end-to-end engagements
- Recruiting varies by track; Strategy& roles emphasize strategy cases, while PwC Consulting roles focus more on technology and transformation work

EY Parthenon

- EY Consulting focuses on technology-enabled transformation, operations, and risk
- EY-Parthenon is EY's dedicated strategy practice, specializing in corporate strategy, transactions, and growth
- Engagements often link strategy development with downstream implementation
- Recruiting is track-specific; EY-Parthenon uses strategy case interviews, while EY Consulting emphasizes transformation and delivery

KPMG

- KPMG Consulting focuses on management consulting, risk, technology, and deal advisory, with strong regulatory and compliance expertise
- Particularly strong in financial services, risk management, and government-facing work
- Industry-aligned model with opportunities across sectors including capital markets, healthcare, and technology
- Offers global exposure and development programs like the Global Internship Program

Boutique Consulting Sectors

Boutique firms are **smaller, specialized firms that focus on particular sectors, functions, or types of clients.** They bring deep expertise and tailored solutions and offer personalized attention and niche knowledge.

Healthcare

HURON: Serves clients in the healthcare, higher education, life sciences, and commercial sectors. Headquartered in Chicago, IL.

KaufmanHall (a Vizient® company): Leading healthcare consulting firm specializing in financial strategy, performance improvement, and analytics. Serves hospitals, health systems, and academic medical centers.

Financial & Legal

FTI CONSULTING: One of the largest global financial consulting companies. They help companies mitigate and manage financial, legal, and operational risks.

CORNERSTONE RESEARCH: Specializes in economic and financial analysis for law firm clients. They mainly focus on commercial testimony and related project work.

Data Analytics

84.51°: Retail data science and insights firm supporting CPGs, retailers, and agencies through advanced analytics. They help CPG companies, agencies, and publishers create value.

PARIVEDA: Leading technology consulting firm specializing in improving their clients' performance with strategic services and IT solutions.

Public Sector

Booz | Allen | Hamilton: Performs work in consulting, analytics, digital solutions, engineering and cyber, primarily for the U.S. government and defense clients.

enFocus: Nonprofit innovation organization based in South Bend that works in civic, community, and industrial partnerships. Their partners include governments, nonprofits, school districts, etc.

Other National Consulting Firms

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Large, well-established players that provide a range of strategy, technology, and operations services. They combine broad industry reach with specialized capabilities, often leveraging scale, innovation, and digital expertise.

accenture

- Global professional services firm operating at the intersection of business, technology, and operations
- Brings deep expertise in digital transformation, technology, and innovation across industries

LEK

- Global management consulting firm founded in 1983 by former Bain partners
- Serves clients ranging from startups to major private equity firms
- Strongest industry focus areas include private equity and healthcare

OliverWyman

- Global management consulting firm and subsidiary of Marsh McLennan
- Focuses on strategy, operations, risk, and organizational transformation
- Known for an entrepreneurial, non-hierarchical culture

protiviti

- Global consulting firm formed following a spin-off from Arthur Andersen
- Brings expertise in internal audit, risk management, compliance, and business and technology consulting
- Works with approximately 70% of Fortune 100 companies

Capgemini

- Global consulting and technology services firm headquartered in Paris and New York City
- The firm brings expertise in strategy, digital transformation, technology, and engineering services
- Partner with a majority of Fortune 500 companies across industries

Recruiting Timeline

Undergraduate Consulting Recruiting Timeline

Freshman Year					Sophomore Year										Summer			Junior Year			
Jan	Feb	March	April	May	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec

Resume Building

Freshman Spring

Get involved with activities around campus that develop leadership, problem-solving, and collaboration skills.

Sophomore Fall

Focus on crafting and refining your consulting resume.

Networking

Begin networking to learn more about firms & to help them get to know you. Attend in-person networking opportunities, career fairs, and firm info sessions. Remember, focus on quality over quantity when networking, and develop relationships through consistent communication.

Case Prep

Sophomore Spring & Summer

Attend Consulting Connect events and workshops. Familiarize yourself with the case interview and start running practice cases with peers ahead of interview cycles occurring over the summer and throughout the fall.

Applications & Interviews

Sophomore Summer & Junior Fall

Consulting interviews for summer-after-Junior year internships usually begin in June of the summer following Sophomore year, and continue into the early months of Junior Fall. Exact timelines and deadlines vary firm-to-firm.

Disclaimer: While this is a helpful overview of the process, there's no one-size-fits all approach to consulting recruiting—everyone's process is unique! Additionally, this timeline is based primarily on the 2025 recruiting cycle; timelines are subject to change, so we recommend checking individual firm websites for the most up-to-date information.

Networking Overview

Networking Basics

Why Network?

- **Career Discernment**
  - Consulting vs. Other Careers
  - Different Types of Consulting: Strategy, Operations, Restructuring, HR, Tech, Implementation, Advisory, etc.
  - Different Firms
- **Career Preparation**
  - Hear career paths of people whose shoes you want to be in
  - Advice on recruiting process
- **Career Enhancement**
  - Helps them get to know you and you to know them
  - Shows investment in firm and context for cover letters, interviews, etc.
  - Helps firm differentiate and put face to name
  - Networking is a lifelong skill; continues when you are in the industry
- **Note: Consulting Networking is not Finance Networking**
  - Don't network to network
  - Emphasis on Quality over Quantity

Types of Networking

- **Formal Recruiting/Career Fair Events**
  - Sponsored through ND or firm initiatives
  - Important to attend…helps learn about firm and shows interest
  - Great to make first impressions and find people to build relationships
  - Ask thoughtful, relevant questions
  - Low risk, all it takes is to signup and listen in!
- **Small Group/Coffee Chats**
  - Sponsored by firm
    - Examples: Coffee chats, small group sessions, case preps
  - Act early ... these opportunities aren't often and fill fast
  - Great chance to build personal relationship
- **Informational Interviews/1 on 1 Networking**
  - You have to seek these connections and initiate contact
  - Platform to really build relationships
- All serve a purpose ... each can be helpful at different points

Notre Dame Networking Resources

CareerShift: Great way to find someone's email after you identify a person you want to connect with; create an account with your ND email to access

MyNotreDame: Find emails for ND Alumni, access using Okta login to access

IrishCompass: This is a Notre Dame version of LinkedIn; still reach out to people via email, but can indicate a higher likeliness to connect

LinkedIn: Best way to find groups of consultants at a variety of firms; we still recommend connecting via email

Firsthand: ND has paid for subscription for all students; this is a great way to learn more about firms and expand firm list

Typical Company Emails: See slide below for a template with an idea on how to reach out

Networking Tips

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Preparing for Coffee Chats:

- Find Notre Dame alumni contacts through LinkedIn, especially those who you have a commonality with (major, club, interests, etc.)
- Email them (see template on next slide) – Google "[their consulting firm] email format" to find their email
- If you are just starting your networking process, try to talk to **recent graduates** first – they were just Notre Dame students in your position!
- Don't know who to talk to? Sometimes, firms have a few Notre Dame alumni leading the recruiter process. You can find this on their website, or see which consultants are present at the firm's events on campus
- Aim for 2-3 close contacts at your target firms – **consulting networking is about quality of conversation, not quantity**
- Prepare for the coffee chat by practicing your introduction, researching their background, time at Notre Dame, and work experience – prepare a **list of questions** to have as a reference point during your conversation

While Networking:

- Remember, you are talking to someone who was once in your position – they are happy to help you!
- They tend to get the same types of questions (what do you do day-to-day, how are your hours, etc.) – try to come up with more **unique questions** that are specific to your contact
- Reference your prepared questions, but **do not rely on them**! Make the conversation natural, building off something they said by asking follow-up questions
- You can mention small details about yourself and your experience (if it relates), but remember that you are taking this time to learn about them and their firm
- Keep track of your conversations in a **spreadsheet** – after your chat ends, write down any important notes or details that could be useful

Following Up on Coffee Chats:

- Send a follow-up email **thanking them** (with specific reference from meeting) for their time and mention what you took away from the conversation
- This can be a unique opportunity to continue the conversation over time
- If you aren't already, it is a good idea to **connect on LinkedIn** so you can build and maintain your network
- If you really enjoyed a conversation, or a firm, send **email updates** on your process every 3-6 months
- You don't have to do this with everyone, but if you have contacts that you really enjoyed talking to and want to remain in touch, this is a great way

Example Email Template for Networking Requests

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New Message

Recipients

Subject: Keep this brief and specific, e.g. "Coffee Chat Request", "Interest to Talk Next Week", "[Their Name] | [Your Name] Connect"

Hello [Insert Recipient's First Name],

By way of introduction, my name is [Insert Name] and I am a [Year] studying [Major] at the University of Notre Dame.

Over the past [Insert Number of Years] years, I have become increasingly interested in pursuing a career in consulting. Through my involvement in [Insert Club/Extracurricular Activity] and experience with [Insert Relevant Experience], I have determined that I would love to explore my interest in the consulting industry further.

I would really appreciate the opportunity to hear more about your experience at [Insert Their Company]. *or* I am planning on applying to [Insert Their Company]'s internship program, and would really appreciate the opportunity to hear more about your experience at [Insert Their Company]. I was wondering if you have any availability to connect virtually for 15-20 minutes sometime in the next week? I know you must be extremely busy, so any time you have to chat is greatly appreciated!

Thank you so much in advance,
[Insert Name]

Sans Serif

Send

Keep In Mind…

- While this template is a great starting point, the best networking emails are genuine, unique, and come from the heart! Feel free to personalize this template however you see fit.
- This is a template for an initial reach out/first introduction; subsequent emails or requests to reconnect may look different

Behavioral Interview Overview

Behavioral Interview Basics

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A behavioral interview is a **structured conversation** that **assesses past experiences to predict future performance**. It is important that during this conversation you emphasize your **problem solving and leadership skills**.

- The purpose of the behavioral interview is to assess if you are a fit for the firm's culture, it is therefore important to research corporate culture beforehand
- This interview style evaluates core consulting traits such as leadership, teamwork, critical thinking, problem-solving, and resilience so make sure to highlight them in your stories

What interviewers evaluate:

- Clear situation framing
- Specific actions taken by you
- Structured thinking (more on STAR framework later)
- Reflection and learning
- Impact and results

Overall, an interviewer is more interested in how you approached situations rather on the situations themselves

Common behavioral questions:

- Tell me about a time you led a team?
- Describe a challenge or failure you have faced in the past
- What accomplishment are you most proud of?
- Tell me about a time you persuaded someone to change their mind

Important: Some firms (e.g., McKinsey PEI) use structured behavioral formats. Check with your recruiter!

"Tell Me About Yourself"

- This question is not an invitation to talk freely, its main purpose is for it to be a 1 to 2 minute pitch that sets the interviewers expectations (also known as an elevator pitch)
- The most important thing when answering this question is to tell a story leading to why you want to do consulting and why you are interested and qualified for this specific job and company

A common structure:

- General introduction (name, hometown, majors)
- Talk about your past experiences that have led you to decide you want to do consulting post-graduation
- Explain why you want to do consulting
- If you have time emphasize why you decided to interview with that specific firm
- Make sure to show gratitude for the opportunity to interview and that you are looking forward for the remaining of the time with your interviewer

Remember practice makes perfect so practice, practice, practice!

"Walk Me Through Your Resume"

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What the Interviewer is Looking For:

- Clear, structured communication under pressure
- Ability to prioritize what matters
- Evidence of impact, leadership, and problem-solving
- A coherent story that logically leads to why you are interviewing

Possible Structure:

- **Opening:**
  - Brief academic background + overarching theme
  - "I'm a junior majoring in Economics with a minor in Data Science. Broadly, my experiences have centered on solving ambiguous problems in team settings, which is what initially drew me to consulting."
- **Past Experiences**
  - Choose **1–2 key experiences** most relevant
  - For each:
    - Your role and context (1 sentence)
    - What you *did* and *why it mattered*
    - Skills developed (analysis, leadership, teamwork, client exposure)
    - Quantify results where possible
- **Present**
  - Current role or leadership position
  - Emphasize **your impact**, the skills you are building, etc.
- **Future**
  - Quickly wrap it up, tying all of these experiences together

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STAR Method for Behavioral Questions

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STAR Method: A structured approach for answering interview questions by describing the **Situation** and **Task** you faced, the **Action** you took, and the **Result** you achieved. It helps you give clear, concise, and evidence-based responses.

Situation: Set the context by briefly explaining the background and circumstances of the experience

Task: Describe your specific responsibility or goal in that situation

Action: Explain the concrete steps you took to address the task, focusing on your individual contribution

Result: Share the outcome of your actions, ideally with measurable results or clear takeaways

> "In my previous role, our team was missing project deadlines due to poor coordination, and I was responsible for improving communication and keeping the project on schedule, so I introduced weekly check-ins, clarified roles, and created a shared project tracker to monitor progress, which resulted in delivering the project two weeks early and reducing follow-up issues by 30%."

Example Behavioral Questions (1/2)

This is not an exhaustive list, but rather **a sample of the behavioral questions** you should prepare for.
Think of this list as a tool to practice talking about your **personal stories and experiences.**

- What do you consider to be your greatest accomplishment so far and why?
- Tell me about a time when you had to work with a difficult client or team member. How did you handle
- the situation?
- Talk to me about how you built credibility in your first job
- Tell me about a time you were part of a team and things did not go smoothly, what did you do? What lessons did you learn?
- Please tell me about a time that you had to deliver difficult news in a professional environment.
- What was your favorite class at ND and why?
- Tell me about a time where you had to make a decision with limited information. What was your approach?
- Tell me about a time where you leveraged data to make a decision.
- Tell me about a time where you had to convince others to see something your way.
- Tell me about a time when you were part of a high performing team. What was your role in achieving success?
- If I talked to your last boss, what is the one best thing they would tell me about you?
- Tell me about a time you had to motivate a teammate to do something he/she didn't want to do.
- Tell me about a time when you went beyond your responsibilities to achieve a goal.
- Tell me about a time you've failed as a leader.
- What would your team tell me about you?
- What do you want to get out of a consulting experience?
- Tell me about an ethical dilemma you have faced.
- Did you like your previous job? Why or why not?
- Tell me about a time where you made a mistake. What lessons did you learn?
- What are three words your team would use to describe you?
- Tell me about a time when you failed.

Example Behavioral Questions (2/2)

- Share me a time when you faced a difficult situation in a team and how you solved this.
- Describe your most rewarding business school experience.
- How competitive are you? What are the downsides of that?
- What sort of things irritate you and get you the most down?
- Tell me about a recent positive team experience
- How would you describe your learning ability? In what situations do you learn fast or slow?
- Describe the last time you "put your foot in your mouth"
- Name a time when you caved under pressure. How did you recover?
- Describe a time when you disagreed with a superior
- How do you keep up with current events?
- What is the single most important detail in your resume?
- What is the least important detail on your resume?
- Why is the lifestyle of this job right for you?
- How would you describe your problem-solving skills?
- Do you consider yourself a more visionary or pragmatic thinker?
- What do you see as the most challenging aspect of this job?
- Tell me about your written communication skills
- What are some of the best and worst decisions you've made in the last year?
- What do you read?
- What do you do for fun?
- What did you contribute to your last job that made a difference in the organization?
- Outside of school & work, what is your greatest personal accomplishment?
- Tell me about a time you had to adjust a project schedule because you didn't have all the resources you needed?
- Describe a time you had to change your communication style to convince a group of different stakeholders.
- What skills can you bring to this position?
- Give me an example of a business problem your company faced and tell me how you solved it?
- Tell me about a challenge you set for yourself and then accomplished.

Behavioral Tips + Specificities

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General Tips:

- Structure every answer (STAR)
- Be concrete
- Emphasize your actions, not the teams
- Quantify impact and results (just as you did in your resume)
- Reflect on what you learned
- Pay attention to your tone; you can always be proud about your past experiences while still being humble

Story selection is critical; choosing multi-use stories is a strong advantage.

Before the interview:

- Identify 4–6 key past experiences
- Select stories that can flex across multiple question types
- Prepare brief, structured bullet points to practice delivery

During the interview:

- Quantify impact of your experiences
- Demonstrate how you handle ambiguity and uncertainty
- Highlight leadership and ownership
- Show structured thinking in how you approached the problem

Avoid common pitfalls!

- Don't speak too long after getting to a point
- Don't sound scripted or memorized, just remain structured
- Don't defend your mistakes, instead own them and explain what you learned from them
- Don't use same stories between rounds, switch it up as some times interviewers take notes on this experiences and share them with future interviewers

Case Interview Overview

Structure of a Case Interview

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01

Prompt & Clarifying Questions

This is the beginning of the case when your interviewer will introduce the business problem you are helping your client solve. Since understanding this prompt is foundational to your success in the case interview, you will have the opportunity to repeat the prompt back to your interviewer and ask clarifying questions you may have.

02

Framework

After understanding the key business problem, you will prepare a detailed framework that identifies the areas you want to explore to solve this problem for your client. This framework should consist of 3-5 high-level areas to explore, each of which should have sub data-points you want to consider to arrive at a final recommendation.

03

Case Math

This is the quantitative portion of the case, which tests your ability to structure and simplify, as well as your basic computational ability. Oftentimes, you will use data that your interviewer gives you (sometimes in the form of a table or graph) to perform calculations that will help inform and support your final recommendation.

04

Case Creative

Case creative questions are open-ended questions that your interviewer will give you in the middle of a case. This portion of the case tests your ability to prioritize and your ability to deal with ambiguity. Answers to case creative questions should not sound like rambling; your ideas should be clear, structured, and concise

05

Recommendation & Next Steps

This is your opportunity to complete the case by giving your interviewer a concise, actionable, and clear-cut recommendation that summarizes all of your thoughts from throughout the case. Additionally, strong candidates will identify next steps the client should take and any risks associated with their recommendation.

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Case Prompts

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Prompt & Clarifying Questions | Frameworks | Case Math | Case Creative | Recommendation & Next Steps

The Prompt

Overview

- Introduces the company, industry, and client situation
- Some prompts will leave the primary objective unclear
- Typically lacks detail on core products or operations

Do

- Take notes on the key information and details provided in the prompt
- Restate a concise, high-level summary of the prompt to the interviewer to confirm alignment and ensure all key details were captured accurately

Don't

- Take notes on unnecessary or irrelevant information
- Ramble when restating the prompt to your interviewer

Example Prompts

1 "Our client is a large U.S.-based consumer packaged goods company that manufactures and sells household cleaning products across North America. Over the past three years, the company has experienced flat revenue growth and declining margins, despite stable market demand. Management believes rising input costs and operational inefficiencies may be contributing to the issue. The CEO has asked us to evaluate the company's current performance and recommend actions to improve profitability over the next 12–18 months."

2 "Our client is a global airline that has seen profits decline over the past year. Leadership is unsure what's driving the change and has asked us to find the problem and recommend a path forward."

Remember: As shown in these examples, prompts can vary greatly in both length and level of detail

Clarifying Questions

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Prompt & Clarifying Questions | Frameworks | Case Math | Case Creative | Recommendation & Next Steps

Clarifying Questions

Overview

- This is your chance to ask high-level clarifying questions to understand the client's business, goals, and revenue model
- Avoid detailed questions better addressed in the framework

Do

- Ask high-level questions to clarify information that was missing from the prompt
- Ask at least one, but no more than three thoughtful questions
- Introduce additional clarifying questions as needed while building your framework

Don't

- Ask for highly detailed information or datapoints that are better to include in your framework

Example Clarifying Questions

Aligning on the Client's Objective

- What outcome is the client most focused on achieving?
- How will leadership define success at the end of this engagement?
- Are there any specific success criteria we should be aware of?

Clarifying Definitions & Key Metrics

Making sure important terms and measures are interpreted correctly

- When we refer to "growth," is that organic, inorganic, or total growth?

Establishing Business & Market Context

- How long has the client been operating in this market?
- Where does the client currently operate geographically, and are there any regions we should prioritize?

Frameworks Overview

Prompt & Clarifying Questions → **Frameworks** → Case Math → Case Creative → Recommendation & Next Steps

In the framework section of a case interview, the interviewer is evaluating your ability to break down a complex problem into a clear, logical structure before jumping into analysis. Rather than solving the case immediately, your goal is to define *how* you will approach the problem and *what* you need to analyze to reach a recommendation. Interviewers are less focused on whether your initial structure is "perfect" and more focused on whether it is logical, adaptable, and clearly communicated. A strong framework demonstrates that you think like a consultant under time pressure.

Do

- Keep the framework issue-driven and tied directly to the case prompt
- Break the problem into clear, logical buckets (more detail on next slide)
- Explain each bucket in a top-down and concise manner
- Make it **MECE**: Mutually Exclusive, Collectively Exhaustive

Don't

- Most importantly: Rely on memorized or generic frameworks without adapting them to the specific case
- Overcomplicate the structure with too many buckets or layers.
- Jump into analysis, calculations, or too many in the framework step
- Treat the framework as a checklist rather than a thinking tool

General Structure of a Framework

Prompt & Clarifying Questions | **Frameworks** | Case Math | Case Creative | Recommendation & Next Steps

A strong framework begins by clearly restating the objective of the case and defining what the final recommendation should address. The problem is then broken down into the key drivers that most influence this objective, which are organized into clear, logical, and non-overlapping buckets. For each bucket, you outline at a high level what you would analyze.

Bucket 1
- Factor 1
- Factor 2
- Factor 3

Bucket 2
- Factor 1
- Factor 2
- Factor 3

Bucket 3
- Factor 1
- Factor 2
- Factor 3

1. Start with an overview of your three buckets before diving into each one: "To look at problem x today, I'm going to analyze bucket 1, bucket 2, and then bucket 3."
2. Within each bucket, identify the most important factors relating to it. Think about the question you would ask, the data you would need to answer that question, and why what you're considering is important to the overall objective.
3. Keep it brief. You will not have time to go into the detail, data, and rationale of every single factor. Prioritize which ones you think are most important, demonstrating to your interviewer that you can focus on the key details. In general, a framework should be around 2 minutes.
4. After going through each bucket, tell the interviewer which bucket you want to start looking into and *why* that one matters.

Sample Framework 1: *Profitability*

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Prompt & Clarifying Questions | **Frameworks** | Case Math | Case Creative | Recommendation & Next Steps

This common framework rests on the formulas $Profit = Revenue - Costs$ and $Revenue = Price * Volume$

Profits

Revenue

Price

- Consider the client's pricing strategy
- Assess ability to raise or lower prices without losing customers
- Evaluate discounting and promotions
- Compare prices to competitors or substitutes

Units Sold (Volume)

- Consider overall market size and growth trends
- Assess changes in market share or customer mix
- Evaluate demand drivers
- Identify capacity or supply constraints limiting volume

Costs

Fixed Costs

- Costs that do not vary with production/volume
- Examples:
    - Rent
    - Staff Overhead
    - SG&A
- Assess opportunities for cost reduction or restructuring

Variable Costs

- Costs that increase with each additional unit sold
- Examples:
    - Raw Materials
    - Delivery
- Assess supplier pricing, input volatility, and opportunities for efficiency or renegotiation

Sample Framework 2: *Market Entry*

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Market Attractiveness

Is this market fundamentally attractive?

- Evaluate market size, growth rate, and long-term demand trends
  - ***Note: Market size may need to be calculated using assumptions*
- Consider customer segments and purchasing behavior
- Assess industry profitability and typical margin structure
- Review regulatory environment and barriers to entry

Competitive Landscape

How intense is competition, and can we differentiate?

- Assess number and type of competitors and market concentration
- Evaluate market share distribution and key incumbents
- Analyze competitor value propositions and sources of advantage
- Consider threat of substitutes and expected competitive response

Company Capabilities

Does the client have the right capabilities to succeed?

- Assess alignment between client strengths and market requirements
- Identify existing assets, capabilities, or synergies to leverage
- Evaluate capability gaps and build / buy / partner options
- Consider organizational readiness and execution risk

Financials & Entry

Will entry create value, and what is the best path forward?

- Estimate revenue potential and overall cost structure
- Evaluate profitability, investment needs, and break-even timing
- Identify key risks and potential mitigation strategies
- Determine optimal entry approach (organic, acquisition, partnership) and success metrics

***Market Sizing Note:* When market size is not provided, estimate it using a structured top-down or bottom-up approach. Start with a broad population or customer base (using memorized figures for a given area's population), apply reasonable assumptions for penetration, usage or purchase frequency, and price, and clearly state and test your assumptions as you calculate. In some instances, the entire case may focus solely on estimating market size.

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Sample Framework 3: *Mergers & Acquisitions*

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Target Market

- What is the size of the market? Do we have any estimates?
- How is the market's competitive landscape like? Who are the key players?
- Are there any barriers of entry?
- How are the customers in this type of market? Are they elastic or inelastic towards price?
- How can the acquisition or merger better meet this market's customers needs?

Target Company

- What is the purchasing price of the company?
- How are their current financials?
- Are the internal processes this company utilizes similar to ours?
- What are the companies capabilities? Is there any room for improvement?
- Do we have any future projections of how the company will perform in the future?

Post Acquisition Strategy

- Do we have a specific goal in mind with this acquisition?
- Is there an specific timeframe we must follow?
- Are there room for synergies?
- How can we better optimize both companies processes for them to work efficiently together and generate revenue?
- How will communication with current employees and the public work during this acquisition time?

Risks and Benefits

- Will the firms be compatible in terms of processes and culture?
- Will the benefits or synergies outweigh the costs of acquisition?
- Will the employees receive this change positively?
- Are there any IP concerns?
- Are there any governmental regulations we should consider?

Important Note: before introducing this framework it is important to emphasize you are asking this questions in order to assess whether the merger or acquisition generate value? In other words, you want to understand if this is worth pursuing based on your clients goals and constraints.

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Case Math: Things to Know

Prompt & Clarifying Questions → Frameworks → **Case Math** → Case Creative → Recommendation & Next Steps

Talking Through Math

- The interviewer can't see what you are writing down – if you pause to do math for 30+ seconds, they're left in the dark
- First, *briefly* explain your plan for a calculation
  - "To find the gallons of gas needed, I'm going to multiply the population by the average miles driven per person per year to get total miles driven, then divide by the average miles per gallon to convert miles into gallons…"
- Then, as you do the math itself, narrate what you're doing
  - "Starting with 1 million people, I'm multiplying by 10,000 miles per person to get 10 billion total miles…"

Percentage Tricks

- Percentage calculations can always be broken down to be simpler
- For example, if you need to find 45% of 350, you can break down 45% into 10% x 4 + 10%/2
  - 10% of 350 = 35 → 35x4 = 140 → 35/2 = 17.5 → 140 + 17.5 = 157.5

Sanity Checks

- When you finish calculating something, perform a "sanity check" to ensure your answer makes logical sense → compare your answer to a tangible, everyday point of reference
- "I estimated about 400 million gallons per year for a population of 1 million people. That works out to roughly 400 gallons per person per year, which is a little over 1 gallon per day. Given typical driving patterns, that feels reasonable, so I'm comfortable with this estimate."

The So-What

- Interviewers care more about *why* your answer is relevant more than *what* your answer actually is
- Explain what the result implies, not just what it is
- Things to consider:
  - How would this impact a decision the client is making?
  - Why does estimate matter in this specific context?
- "At this scale, even a $0.05 per gallon price change would translate into roughly $20 million in annual revenue impact, so pricing strategy would be a major lever."

Facts & Figures to Know

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Helpful U.S. Based Figures

- U.S. Population: 342M
- Avg. Annual GDP Growth: 2%
- NYC Population: 8.5M
- LA Population: 3.9M
- Chicago Population: 2.7M
- Life Expectancy: 80 Years
- Median Household Income: $84,000
- 2025 GDP: $31.1T
- Corporate Tax Rate: 21%
- Smartphone Penetration Rate: 91%
- Percent with Bachelor's: 38%
- Percent Married Adults: 49%
- Percent Under 18: 22%
- Percent Over 65: 18%
- Days/Year: 365 Days *(350 simplified)*
- Days/3 Years: 1095 Days *(1000 simplified)*
- Weeks/Year: 52 Weeks *(50 simplified)*
- Hours/Week: 168 Hours
- Seconds/Hour: 3600 Seconds

Global Figures

- World Population: 8.3B
- Asia Pop: 4.8B
- Africa Pop: 1.5B
- Latin America Pop: 670M
- China Pop: 1.4B
- India Pop: 1.5B
- Europe Pop: 745M
- Brazil Pop: 213M
- Russia Pop: 145M
- Japan Pop: 122M
- Mexico Pop: 132M
- Germany Pop: 83M
- UK Pop: 70M
- World Life Expectancy: 72 Years
- 2025 World GDP: $117.2T
- China GDP: $20T
- India GDP: $4T
- Japan GDP: $4T
- Africa GDP: $3T
- Germany GDP: $5T
- U.K. GDP: $4T
- Mexico GDP: $2T
- Smartphone Penetration Rate: 70%

Keep in mind that many of these figures are estimates, and all figures can be rounded if needed

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Useful Formulas

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Profit & Loss Formulas

1. $Revenue = Price * Volume$
2. $Gross\ Profit = Revenue\ - Cost$
3. $EBITDA = Net\ Income + Interest + Expense + Depreciation + Amortization$
4. $Net\ Profit = Gross\ Profit - Cost\ of\ Business\ Ops. \& Non - Ops.$
5. $Profit\ Margin = \frac{Profit}{Revenue}$
6. $Contribution\ Margin = \frac{(Revenue - Variable\ Costs)}{Total\ Revenue}$

Market Data Formulas

1. $Market\ Size = \#\ of\ Target\ Customers * Purchases\ Expected\ in\ a\ Period$
2. $Market\ Share = \frac{Company's\ Revenue\ in\ the\ Market}{Total\ Market\ Revenue}$
3. $CAGR = [\left(\frac{EV}{BV}\right)^{\left(\frac{1}{n}\right)} - 1] * 100$
4. $Growth\ Rate = \frac{(New\ Growth\ Rate - Old\ Growth\ Rate)}{Old\ Growth\ Rate} * 100$
5. $Price\ Elasticity\ of\ Demand = \frac{\%\ Change\ in\ Quantity}{\%\ Change\ in\ Price}$

Operations Formulas

1. $Amortization = P\ * \frac{i(1+i)^n}{(1+i)^n - 1}$
2. $Depreciation = \frac{(Cost\ of\ an\ Asset - Residual\ Value)}{Useful\ Life\ of\ an\ Asset}$
3. $Cost\ Plus = Breakeven\ Price\ * Profit\ Margin\ Goal$
4. $Breakeven\ (Payback\ Period) = \frac{Initial\ Investment}{Annual\ Profit}$

M&A Formulas

1. $Synergies = NPV + P$
2. $Cannibalization\ Rate = \frac{Lost\ Sales\ on\ an\ Old\ Product}{Sales\ of\ a\ New\ Product} * 100$
3. $Return\ on\ Investment\ (ROI) = \frac{Annual\ Profit}{Initial\ Investment}$
4. $Discount\ Rate\ Valuation: APV = NPV + PV\ of\ the\ Impact\ of\ Financing$

While not exhaustive, this is a thorough list of the general formulas you may need to use during a case interview

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Case Creative/Brainstorming

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Prompt & Clarifying Questions | Frameworks | Case Math | **Case Creative** | Recommendation & Next Steps

In the brainstorming section, your interviewer will ask you about ways in which you would approach the case question more creatively; for example, your interviewer might ask you what marketing strategies would you implement to increase revenue, or to brainstorm potential risks and benefits associated with a technological implementation

Creativity
- Differentiate yourself!
- In this part of the interview, it is important that you emphasize your skills that make you unique (e.g. you can mention something you learned in a class and apply it)
- Make sure to add insights, not just volume

Structure
- Even if this is the most creative part of the interview it is crucial that you prioritize structure!
- Similar to a framework, try to use buckets to organize your thoughts
- Some interviewers will allow you to take a few seconds to think to really structure your thoughts (it never hurts to ask)

Common Pitfalls
- Make sure you don't just jump into ideas without following a structure
- Make sure to not be generic, think outside the box!
- Pay attention to not repeating points over and over again

Recommendation/Next Steps

Prompt & Clarifying Questions → Frameworks → Case Math → Case Creative → **Recommendation & Next Steps**

In this final section, your interviewer expects a clear, confident recommendation supported by your analysis, followed by risks to consider and practical next steps. This is where you demonstrate executive-level judgment and closure. This should be around 1 minute.

Recommendation
- Clearly state your final recommendation
- Tie it directly to the case objective
- Briefly support it with 2-3 key insights from your analysis – but not every detail!
- Quantify impact where possible (i.e. this will make the client $X million…)

Risks
- Call out 1-2 major risks or uncertainties associated with your recommendation
- Explain (briefly) how you would mitigate or test these risks
- Acknowledge any major assumptions that would need to be tested

Next Steps
- Outline any concrete actions to implement the recommendation
- What data would you need? Which assumption or risk would you test first?
- Be action-oriented!

Industry Overviews

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Industry Overviews

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Aerospace and Defense

Industry Overview: The Aerospace & Defense (A&D) industry includes the design, production, and maintenance of aircraft, spacecraft, and military systems. It is highly cyclical, capital-intensive, and heavily influenced by global geopolitical dynamics, government budgets, and innovation in defense and aviation technologies.

Key Industry Trends

- **Geopolitical Tensions & Military Modernization:** Rising global conflicts (e.g., Ukraine, South China Sea) have fueled increased government defense spending and demand for next-generation systems (AI, hypersonics, cyber defense).
- **Commercial Aviation Recovery Post-COVID:** After major losses during the pandemic, commercial air travel is rebounding, driving renewed demand for commercial aircraft and services.
- **Supply Chain & Talent Constraints:** Continued supply chain disruptions (e.g., semiconductors, titanium, engines) and engineering labor shortages are delaying production and increasing costs.

Important Calculations

- **Backlog Valuation: Backlog Value = # of Aircraft in Backlog × Avg Price per Aircraft**
  - Used to assess OEM pipeline (e.g., Boeing, Airbus).
- **R&D Spend % of Revenue: R&D Intensity = R&D Expense / Total Revenue**
  - Key for evaluating tech innovation and product development strategy.
- **Cost per Flight Hour (CPFH):** For defense contractors offering aircraft services (e.g., Lockheed Martin), this helps estimate sustainment profitability.

Important Considerations

- **Customer Concentration Risk:** Most defense revenue comes from a few large government contracts (e.g., U.S. DoD, NATO).
- **Regulatory Compliance & ITAR:** Export controls, security classifications, and government audits make contracting complex and slow.
- **Long-Term Contracts & Cost Structures:** Fixed-price and cost-plus contracts impact margins differently.

Automotive and Industrial Goods

Industry Overview: The automotive & industrial goods sector comprises manufacturers of vehicles, heavy machinery, engines, parts, and capital equipment, serving both consumer and business/infrastructure markets. It is characterized by high capital intensity, long product cycles, complex supply chains, and sensitivity to macro trends.

Key Industry Trends

- **Electrification & propulsion shift:** Rapid adoption of electric vehicles (EVs), hybrids, and alternative powertrains is forcing legacy automakers and parts suppliers to retool.
- **Automation, robotics, and smart factories:** Use of sensors, data analytics, predictive maintenance, to improve efficiency and reduce downtime. 3D printing increasingly used for prototyping.
- **Supply chain resilience & localization:** Post-COVID and geopolitical disruption has driven firms to diversify suppliers, reshore / near-shore manufacturing, and hold buffer inventories.
- **Sustainability & regulatory pressure:** Stricter emissions, carbon regulations, circular economy constraints (recycling, reuse) push firms to redesign products and materials. Pressure from customers and investors to lower environmental footprint.

Important Calculations

- **Capacity Utilization:** *Utilization = Actual Output / Maximum Theoretical Output*, used to evaluate manufacturing efficiency
- **Break-even Volume:** *Break-even Units = Fixed Costs / (Price per Unit – Variable Cost per Unit*), determines the minimum production volume needed to cover fixed costs.
- **Return on Capital Employed (ROCE):** *ROCE = EBIT / (Total Assets – Current Liabilities*), measures how effectively capital assets (plants, tooling, equipment) generate returns.
- **Inventory Turnover:** *Inventory Turnover = COGS / Average Inventory*, indicates supply chain efficiency and ability to convert materials into sales rapidly.
- **R&D Intensity:** *R&D Intensity = R&D Expense / Total Revenue*, highlights investment in innovation — critical for electrification, automation, and next-gen manufacturing technologies.

Important Considerations

- **High Fixed:** Requires heavy upfront investment, meaning small changes in volume, pricing, or utilization can cause huge swings in profit.
- **Complex Supply Chains:** A single bottleneck can halt production, drive up costs, or hurt margins.
- **Technology Risk / Obsolescence:** The industry is mid-transition (EVs, automation, sustainability). Companies must invest in R&D.

Consumer Products and Retail

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Industry Overview: The consumer products & retail sector encompasses companies that design, manufacture, market, and distribute goods to households and individual consumers. The industry is characterized by thin margins, high competition, rapid shifts in consumer preferences, and growing pressure for digital transformation and sustainability.

Key Industry Trends

- **Omnichannel Transformation:** Integration of physical stores with online channels is now standard. Retailers leverage data to personalize promotions and unify inventory systems across touchpoints
- **Private Label & Brand Disruption:** Retailers' own brands and low-cost alternatives are eroding brand loyalty; "the Amazon effect" has intensified price competition and delivery expectations
- **Direct-to-Consumer Expansion:** Legacy brands launch DTC sites to capture margins and customer data, while physical retailers emphasize experiential shopping to draw foot traffic
- **Digital Marketing & Data Analytics:** CPG firms increasingly deploy AI-driven insights from social media and purchase data to tailor marketing and improving conversion rates

Important Calculations

- **Gross Margin** = (Revenue – COGS)/Revenue
  - Measures product profitability and efficiency of manufacturing
- **Contribution Margin** = (Sales – Variable Costs)/Sales
  - Used to determine breakeven and pricing decisions
- **Breakeven Volume** = Fixed Costs /(Price per unit – Variable Cost per unit)
  - Indicates minimum sales needed to cover fixed costs
- **Sales per Square Foot** = Sales/Store Area in feet
  - Key performance indicator for store productivity and space utilization

Important Considerations

- **Seasonality:** Heavy Dependence on Q4 holidays; spending patterns track broader macroeconomic health and inflation expectations.
- **Brand Management:** Differentiation & innovation are key to sustaining pricing power and combat commoditization.
- **Cannibalization:** New product launches can erode existing sales, portfolio strategy rationalization is essential.

Energy (Oil and Gas)

Industry Overview: The oil & gas sector spans upstream (exploration & production), midstream (transport & storage), and downstream (refining & marketing). It is highly capital-intensive, cyclical, and geopolitically sensitive, facing major shifts toward digital efficiency and low-carbon transition.

Key Industry Trends

- **Energy Transition:** Pressure to cut emissions drives investment in carbon capture, hydrogen, and renewables
- **Volatility & Capital Discipline:** Price swings have pushed firms to tighten costs and divest non-core assets
- **Digitalization:** AI, data analytics, and automation improve drilling precision and maintenance efficiency
- **Supply Security:** Geopolitical tension and under-investment keep focus on resilience and diversification
- **ESG & Regulation:** Tighter methane and carbon rules increase compliance and reporting costs

Important Calculations

- **Gross Refining Margin** = Value of Refined Products – Cost of Crude
  - Measures how much value refiners capture from turning crude oil into usable products (e.g., gasoline, diesel, jet fuel)
- **Return on Capital Employed(ROCE)** = EBIT/(Total Assets – Current Liabilities)
  - Assesses how effectively a company generates returns from its invested capital
- **Reserves Replacement Ratio** = New Reserves / Production
  - Measures how a company replaces the oil and gas it produces with new reserves

Important Considerations

- **High CapEx & Long Lead Times:** Large upfront investment paired with a delayed payback period.
- **Commodity Price Exposure:** Earnings depend on volatile global prices. Oil and natural gas futures are traded globally.
- **Operational & Environmental Risks:** Spills, accidents, and regulatory fines threaten reputation and returns.

Financial Institutions

Industry Overview: The Financial Institutions industry includes firms that provide financial intermediation, like mobilizing deposits, capital, and risk management services, across consumer banking and asset management. The industry is highly regulated and capital-intensive, largely driven by interest rates, credit cycles, and trust.

Key Industry Trends

- **Digital Banking:** Fintech and mobile-first banks disrupt traditional retail banking models
- **Rising Consolidation:** Mergers enhance scale, technology investment, and compliance efficiency
- **AI & Automation:** Machine learning improves credit scoring, fraud detection, and customer insights
- **Cybersecurity Risk:** Increased digital exposure heightens operational vulnerabilities, potentially decreasing client trust
- **Interest Rate Volatility:** Rate hikes have a direct effect on loan demand and market valuations

Important Calculations

- **Net Interest Margin (NIM)** = (Interest Income – Interest Expense) / Earning Assets
  - Gauges profitability from lending and deposit spreads
- **Return on Assets (ROA)** = Net Income / Total Assets
  - Measures efficiency in generating profit from the asset base
- **Loan-to-Deposit Ratio (LDR)** = Total Loans / Total Deposits
  - Shows liquidity management and risk appetite
- **Cost-to-Income Ratio** = Operating Expenses / Operating Income
  - Measures operational efficiency; lower is better

Important Considerations

- **Earnings:** Revenue and profitability hinge on spreads, fees, and asset performance rather than tangible products.
- **Trust & Reputation:** Trust is a critical intangible asset, and scandals can trigger client flight away from a financial institution.
- **Regulatory Compliance:** Capital, liquidity, and disclosure rules drive overall strategy for financial institutions.

Healthcare and Life Sciences

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Industry Overview: The healthcare and life sciences industries provide products and services that support health, wellness, and medical treatment. This includes providers, payers, pharmaceutical, biotech, and medical device firms. It is characterized by high regulation, being innovation-driven, and sensitivity to demographic and policy shifts.

Key Industry Trends

- **Aging Populations:** Drives higher aggregate demand for care and chronic-disease drugs
- **Digital Health:** Rapid expansion of telemedicine/telehealth, wearable technologies, and AI diagnostics
- **Value-Based Care:** Certain payment models for care that reward outcomes over volume
- **M&A & Integration:** Large consolidation of firms (by both private equity and strategic acquirers) to gain scale and data capabilities
- **Drug Innovation:** mRNA, cell & gene therapies reshape R&D pipelines

Important Calculations

- **Bed Occupancy Rate** = Occupied Beds / Total Beds
  - Measures provider capacity utilization
- **Operating Margin** = (Revenue – Operating Costs) / Revenue
  - Indicates profitability and cost control
- **R&D Intensity** = R&D Expense / Total Revenue
  - Shows innovation investment for pharma/biotech firms

Important Considerations

- **Regulation:** Various government agencies set rules that shape pricing and approval timelines for new drugs.
- **High-Fixed Costs:** Facilities, equipment, and compliance require heavy CapEx spending by firms in anticipation of future returns.
- **Talent & Labor Shortages:** Nursing and specialized workforce gaps constrain growth of providers.

Insurance

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Industry Overview: The insurance industry provides risk transfer and protection services through premiums and claims management. It includes life, health, property & casualty (P&C), and reinsurance segments. Profits depend on underwriting discipline, investment returns, and risk modeling accuracy.

Key Industry Trends

- **Digital Transformation:** AI and automation streamline claims, underwriting, and pricing
- **Usage-Based Insurance:** Telematics and data personalize auto and health insurance premiums
- **Cyber-Insurance Growth:** Rising ransomware and data breaches creates new product lines
- **Embedded Insurance:** Coverage integrated directly into purchases, like in retail and travel

Important Calculations

- **Expense Ratio** = Operating Expenses / Premiums Earned
  - Indicates operational efficiency in writing policies
- **Loss Ratio** = Claims Incurred / Premiums Earned
  - Shows underwriting performance; lower means better risk control
- **Investment Yield =** Investment Income / Invested Assets
  - Measures returns on insurer's investment portfolio
- **Solvency Ratio** = Own Funds / Solvency Capital Requirement
  - Reflects financial strength and ability to absorb losses

Important Considerations

- **Catastrophe Exposure:** Extreme weather (e.g., hurricanes, earthquakes, floods) and large disaster events can cause huge losses.
- **Underwriting Discipline:** Pricing policies accurately is critical to ensure consistent profitability.
- **Data & Cyber Risk:** Increasing reliance on digital infrastructure heightens exposure to cybersecurity attacks.

Media, Entertainment, and Telecommunications

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Industry Overview: The media, entertainment, and telecommunications (MET) sector combines the creation, distribution, and monetization of content with the infrastructure that delivers it. Media and entertainment firms produce and license video, audio, and other digital content, while telecom companies provide the connectivity through networks.

Key Industry Trends

- **Cord-Cutting & Streaming:** Traditional cable subscriptions are declining as consumers migrate to on-demand platforms like Netflix, Disney+, and Amazon Prime
- **Content is King:** Heavy investment in exclusive, high-quality content drives subscriber growth and retention
- **Ad-Model Shift:** Digital ad revenue surpasses linear TV; AI and data analytics improve ad targeting and engagement
- **AR/VR & Immersive Media:** Emerging tools for storytelling, sports coverage, and brand engagement

Important Calculations

- **Average Revenue per User (ARPU)** = Total Revenue / Total Number of Users
  - Shows per-user profitability and pricing power
- **Churn Rate** = Customers Lost / Total Customers
  - Measures customer retention; high churn signals weak loyalty or high competition
- **Subscriber Growth Rate =** (New Subscribers – Cancellations) / Beginning Customers
  - Indicates platform momentum and scalability

Important Considerations

- **Consumer Behavior:** Rapidly shifting toward mobile and short-form content.
- **Global Expansion:** Emerging markets drive subscriber and ad growth.
- **Competition:** Fierce rivalry across platforms for time, attention, and content rights.

Private Equity

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Industry Overview: Private equity firms invest in private or public companies with the goal of improving performance and selling them for a profit. They use a mix of equity and debt to finance acquisitions (leveraged buyouts, or LBOs), seeking returns through operational improvements, multiple expansion, and leverage.

Key Industry Trends

- **Record Dry Powder:** Massive uninvested capital drives deal competition and high valuations
- **Operational Value Creation:** Focus shifts from financial engineering to EBITDA growth and efficiency
- **Add-on Acquisitions:** "Buy-and-build" strategies expand portfolio company scale
- **Private Credit Growth:** Non-bank lenders and direct lending funds replace traditional financing
- **Sector Specialization:** Firms target niches like healthcare, tech, or energy for domain expertise

Important Calculations

- **Multiple on Invested Capital (MOIC)** = (Total Realized + Unrealized Value) / Total Invested Capital
  - Shows total value creation relative to invested capital
- **Leverage Ratio** = Debt / EBITDA
  - Evaluates the extent of financial leverage; higher ratios increase risk and potential returns
- **Exit Multiple =** Exit Enterprise Value / EBITDA at Exit
  - Indicates how market valuation compares to operating performance; a key driver of PE returns

Important Considerations

- **Due Diligence:** Deep financial, operational, and market assessment before deal close.
- **Fund Life Cycle:** Typically, 10 years long with investment, management, and exit phases.
- **Macro Sensitivity:** Rising interest rates and credit tightening reduce deal activity.

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Public and Social Sector

Industry Overview: The public and social sector includes government agencies, NGOs, multilaterals, and nonprofits, focused on delivering public goods and social outcomes rather than profits. Success is measured by impact, efficiency, and equity instead of shareholder returns. Work here centers on policy design, program evaluation, and resource allocation.

Key Industry Trends

- **Digital Government:** Governments modernize systems through data platforms and e-services
- **Public-Private Partnerships (PPPs):** Collaboration with private firms for infrastructure and service delivery
- **Outcome-Based Funding:** Donors and agencies tie funding to measurable results (e.g., impact bonds)
- **Data-Driven Decision Making:** Use of analytics and dashboards for transparency and accountability
- **Fiscal Pressure:** Rising debt forces efficiency reforms and spending prioritization

Important Calculations

- **Cost per Beneficiary** = Total Program Cost / # of People Served
  - Measures program efficiency and resource allocation
- **Program Effectiveness Ratio** = Outputs or Outcomes Achieved / Planned Targets
  - Evaluates performance against stated goals
- **Economic Impact Multiplier =** Total Economic Impact / Initial Spending
  - Estimates broader economic ripple effects from government or nonprofit spending

Important Considerations

- **Mission Alignment:** Projects must meet policy goals and public mandates, not profit targets.
- **Stakeholder Complexity:** Success depends on cooperation among governments, NGOs, and citizens.
- **Accountability & Transparency:** Public trust requires open reporting and measurable outcomes.

Technology

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Industry Overview: The technology sector includes hardware, software, IT services, and internet-based businesses. Firms generate value by developing products, platforms, and digital infrastructure that enable communication, data management, and innovation. The industry is fast-moving, capital-light, and driven by network effects, R&D intensity, and scalability.

Key Industry Trends

- **Cloud Migration:** Companies shift data and operations to cloud platforms for scalability and cost savings
- **Software-as-a-Service(SaaS):** Subscription models replace one-time licenses, improving recurring revenue
- **IoT Expansion:** Smart and connected devices generate valuable real-time data
- **Digital Transformation:** Enterprises modernize legacy systems to compete in data-driven markets
- **Semiconductor Supply Chains:** Shortages and onshoring reshape global production strategies

Important Calculations

- **Customer Acquisition Cost (CAC)** = Sales & Marketing Expenses / New Customers Acquired
  - Measures efficiency of attracting new users
- **Customer Lifetime Value (CLV)** = Average Revenue per User * Gross Margin * Customer Lifetime
  - Estimates total profit from each customer
- **Annual Recurring Revenue (ARR) =** Average Contract Value * Number of Customers
  - Core metric for SaaS firms; measures predictable subscription income

Important Considerations

- **Rapid Obsolescence:** Constant innovation pressures product life cycles to become shorter and shorter.
- **Network Effects:** User growth increases product value and market dominance.
- **Talent Competition:** Skilled labor in AI, engineering, and data science is scarce with firms paying lofty salaries for researchers.

Travel and Tourism

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Industry Overview: The travel & tourism industry includes airlines, hotels, cruise lines, tour operators, and online travel agencies (OTAs). It is driven by consumer income, global mobility, and geopolitical stability, and is highly cyclical and seasonal. This industry relies on efficient capacity management, brand reputation, and digital innovation.

Key Industry Trends

- **Post-Pandemic Recovery:** International travel rebounds as restrictions ease and leisure demand surges
- **Experiential Travel:** Travelers seek immersive, personalized experiences over luxury goods
- **Dynamic Pricing:** Airlines and hotels use AI to adjust in real time based on demand
- **Regional Diversification:** Growth in emerging markets offsets slower mature economies
- **Bleisure Travel:** Business and leisure travel increasingly converge

Important Calculations

- **Occupancy Rate (Hotels)** = Rooms Sold / Rooms Available
  - Measures capacity utilization and market demand
- **Revenue per Available Room (RevPAR)** = Total Room Revenue / Rooms Available
  - Combines price and occupancy to gauge overall hotel performance
- **Load Factor =** Revenue Passenger Miles / Available Seat Miles
  - Indicates efficiency in filling available capacity
- **Average Daily Rate (ADR) =** Rooms Revenue / Rooms Sold
  - Tracks hotel pricing strategy & competitiveness

Important Considerations

- **Fuel and Input Costs:** Energy prices directly affect airline and cruise line bottom-line profitability.
- **Exchange Rates & Geopolitical Risks:** Currency shifts impact international demand and margins, with visa rules disrupting flows.
- **Digital Disruption:** Platforms like Airbnb and Expedia reshape competition and pricing power.

Practice Cases

Case Table of Contents

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Difficulty	Case Name	Firm	Round	Type	Industry	Link	New to Book?
1	**Coffee Shop Co.**	Bain	1	Market Entry	Food & Beverage	*Slide 57*	N
	Sandwiches Co.	BCG	1	Revenue Growth Strategy	Food & Beverage	*Slide 66*	Y
	Breakfast Co.	Bain	1	Product Enhancement & Price Optimization	Food & Beverage	*Slide 77*	Y
	Organic Pizza Crust	Bain	1	Market Entry	Consumer Packaged Goods	*Slide 89*	N
2	**Shoe-la-la**	McKinsey	1	Market Share/ Growth Strategy	Retail	*Slide 99*	Y
	Packaging Co.	BCG	1	Commercial Strategy/ Sales Force Optimization	Packaging	*Slide 112*	Y
	Staffing Co.	West Monroe	1	Growth Strategy & Technology Selection	Staffing/Recruiting	*Slide 125*	Y
	Drug Z	Clearview Health Partners/Life Sciences	1	Market Entry	Healthcare/ Pharmaceuticals	*Slide 136*	Y

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Case Table of Contents *Continued*

Difficulty	Case Name	Firm	Round	Type	Industry	Link	New to Book?
3	**Penn & Teller**	BCG	1	Profitability	Hospitality/ Entertainment	*Slide 152*	N
	Sports Bar	Bain	1	Profitability	Food Services	*Slide 168*	N
	GreenSpark	BCG	1	Resource Allocation	Nonprofit/Climate/ Sustainability	*Slide 183*	Y
	MilkCo	Bain	1	Operations + Risk/Quality	Food & Beverage	*Slide 194*	
	National Logistics	Bain	1	Profitability	Transportation/ Logistics	*Slide 207*	N
	Stamford Bridge	Bain	2	Growth Strategy & Investment Decision	Sports/Entertainment	*Slide 221*	Y
	CityCore REIT	McKinsey	2	Investment Decision	Real Estate	*Slide 237*	Y
4	**To Automate or Not to Automate**	BCG	2	Investment Decision/ Operations Strategy	Distribution/Logistics	*Slide 247*	N

Case Table of Contents *Continued*

Difficulty	Case Name	Firm	Round	Type	Industry	Link	New to Book?
4	**Aeroengines Co.**	Bain	2	Digital Strategy & AI Implementation	Aerospace Manufacturing	*Slide 261*	Y
	Trucks, Trailers, and Tractors	BCG	2	Profitability & Pricing Strategy	Manufacturing	*Slide 273*	Y
	SecureShield Admin Cost Optimization	BCG	2	Operational Efficiency & Cost Reduction	Insurance	*Slide 288*	Y
5	**Azul Beach Resorts**	EY Parthenon	2	M&A/Acquisition Decision	Hospitality	*Slide 301*	Y
	HighRoad Expansion	Bain	2	Market Entry/ Geographic Expansion	Infrastructure	*Slide 313*	Y
	Canyon Capital Partners	Bain	2	Profitability	Financial Services	*Slide 331*	N

Coffee Shop Co.

Bain | Round 1

Market Entry | Food & Beverage

Prompt & Case Overview

Coffee Shop Co.

Case Prompt:

You're having lunch with an old friend from university, and she's looking for some business advice. She is thinking of opening a coffee shop in Cambridge, England, a large university city an hour and a half away from London.

She sees potential in this business but wants your help in determining whether opening a coffee shop is a good idea. What do you think?

Clarifying Information:

Note: *Provide this information only if the candidate explicitly asks for it*

What is your friend trying to sell? Strictly coffee. She hasn't ruled out selling other products in the future but wants to focus on coffee production for now

What is competition like in the local market? We don't know this for sure, but for the sake of this case you can assume no competition

What is your friend's background? We don't know this information, but you can assume she hasn't owned or operated a coffee shop before and needs sound business advice from you

What is the market size of Cambridge? The population of Cambridge is approximately 150,000 people, but you will likely need to estimate the market size later in the case

Note: This case was sourced from Bain & Co.

Sample Framework

Coffee Shop Co.

Should Your Friend Open a Coffee Shop?

I. Revenues

Volume/Quantity:
- How many coffee cups sold per day?
- How many cups or customers per year?

Price:
- What is the price of one cup of coffee?
- Does the price change?
- How would do price maximization?

Are there any other revenue streams?

II. Costs

Fixed Costs:
- Cost to build/buy storefront location
- Cost of equipment, furniture, etc.

Variable Costs:
- What components go into making coffee and how much do these components cost?
- Would your friend want to hire any employees to help her?

III. External Factors

- Market Size
- Market Trends
- Market Growth Rate
- Competition
- Impact of Digitization

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Coffee Shop Co.

Case Math Question #1:

How do you estimate the size of the market? Assume that there are 150,000 people living in Cambridge and that each person has an average of one cup of coffee per day.

Additional Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- Market Location = Cambridge, England
- Market Size = Approximately 150,000
- Percent of Adults in Population = 80%
- Percent of Coffee Drinkers = 50%
- Average Cups of Coffee per Day = 1
- Percent of Coffee Brewed at Home = 50%
- Days per Year = Approximately 350

Case Math Answer

Coffee Shop Co.

Case Math Answer #1:

Note: *There is not necessarily a right or wrong answer; market sizing is always an assumption*

Top-Down Market Sizing:

- 150,000 people living in Cambridge
- 150,000 * 80% Adult Population = 120,000 Adults in Cambridge
- 120,000 * 50% Adult Coffee Drinkers = 60,000 Coffee Drinkers in Cambridge
- 60,000 * 1 Cup per Day = 60,000 Cups per Day Consumed on Average
- 60,000 Cups * 50% Made at Home = 30,000 Cups per Day Bought at Coffeeshops
- 30,000 Cups per Day * 350 = 10,500,000 Cups of Coffee per Year

Total Market Size: ~10,500,000 Cups of Coffee per Year

Case Math Question

Coffee Shop Co.

Case Math Question #2:

How many cups of coffee does your friend need to sell in order to break even in the first year of operating her coffee shop?

Additional Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- Price per Cup of Coffee = £3 (£ = pounds)
- Cost to Open Shop = £245, 610
- Cost to Run Shop Each Year = £163,740
- Cost per Cup of Coffee = £1

Case Math Answer

Coffee Shop Co.

Case Math Answer #2: Approach 1

- (Price * Quantity) - (Fixed Costs + (Variable Costs * Quantity)) = £0
- (3 * Q) – (163,740 + 245,610 + (1 * Q)) = 0
- 2Q – 409,350 = 0
- Q = 204,675 Cups to Breakeven

Case Math Answer #2: Approach 2

- Fixed Costs / Gross Margin *(Gross Margin = Price – Variable Cost)*
- (163,740 + 245,610) / (£3 - £1)
- Q = 204,675 Cups to Breakeven

Key Takeaway:

- 204,675/ 10,500,000≈ 0.0195 ≈ 2%
- Your friend only needs to capture ~2% of the total Cambridge coffee market to breakeven in her first year

Final Recommendation

Coffee Shop Co.

Final Recommendation:

Your friend would love to know: Based on your analysis today, should she open a coffee shop in Cambridge, England? Why or why not?

Sample Recommendation

Coffee Shop Co.

Sample Final Recommendation:

- **Recommendation:** Our friend should definitely move forward with opening her coffee shop in Cambridge
- **Rationale:**
  - Because there are 10,500,000 cups of coffee sold in Cambridge each year and the break-even point is 204,675, our friend only needs to capture around 2% of the total market in Cambridge
  - This means that breaking even is very achievable
- **Risks:**
  - Underestimating the competitive threats in the area
  - Residual effect of COVID-19 pandemic and the rise of overall cost-consciousness may mean that people are making coffee more frequently at home
  - We would want to understand our friend's investment timeline. Depending on how many years she plans to run the store, it may be more difficult to recover the cost of opening
- **Next Steps:**
  - Understand our friend's investment and ownership timeline
  - Explore go-to-market strategies for CoffeeCo.
  - Define how the organization will differentiate itself among its competitors
  - Understand if competitors are smaller or larger players and how competitive dynamics will work

Sandwiches Co.

BCG | Round 1

Revenue Growth Strategy | Food & Beverage

Prompt & Case Overview

Sandwiches Co.

Case Prompt:

Our client, Sandwiches Co., is the largest sandwich chain in the United States. It operates company-owned stores and sells high-end sandwiches, beverages, and snacks. The company has been experiencing slowing growth and has hired you to identify revenue growth opportunities.

How can Sandwiches Co. grow its revenue over the next five years?

Clarifying Information:

- **What were the client's sales last year?** The client generated $4.0B in revenue last year.
- **Does the client have a specific growth target?** Yes, the client is aiming to grow total revenue by 25% over the five-year period.

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Sample Framework

Sandwiches Co.

How Can Sandwiches Co. Grow Revenue?

I. Store Network

- **Expansion Within Existing Markets**
  - Open additional stores in high-demand urban areas
  - Increase store density in strong-performing regions
- **International Expansion**
  - Identify high-growth markets (e.g., India)
  - Assess market size, consumer preferences, and competitive landscape
- **Evaluate Entry Modes**
  - Franchising vs owned stores
  - Airport / transit locations

II. Customer Engagement

- **New Customers**
  - Marketing campaigns and brand awareness
  - Loyalty programs
- **Increase Visit Frequency**
  - Breakfast offerings (coffee, pastries)
  - Limited-time offers & seasonal products
  - Subscription or rewards programs
- **Improve Convenience**
  - Mobile ordering and pickup
  - Faster service and shorter wait times

III. Product Strategy

- **Optimize Prices**
  - Identify key traffic-driving items (e.g., coffee)
  - Use promotional pricing to increase store visits
- **Increase Number of Items Purchased**
  - Bundling offers (sandwich + drink + snack)
  - Upselling through staff or digital menus
- **Expand Product Assortment**
  - New beverages or premium sandwiches
  - Complementary products

Note: *Framework should be focused on revenue growth opportunities rather than cost-cutting measures*

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Sandwiches Co.

Case Math Question #1:

The client is considering introducing a "Meal Deal", a bundled offer combining a sandwich, drink, and snack at a fixed price, as an alternative to customers purchasing each item individually. The goal is to increase average transaction value and simplify the customer's decision.

Based the data from Exhibit 1, which Meal Deal price point would you recommend, and why?

Exhibit 1

Sandwiches Co.

Scenario	Bundle Price	Customers/Store/Day	Avg. Cost/Transaction
No bundle (baseline)	$12.50	80	$5.00
Meal Deal (Option A)	$11.00	130	$4.50
Meal Deal (Option B)	$9.50	170	$5.00

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Case Math Answer

Sandwiches Co.

Case Math Answer #1:

To evaluate each option, calculate the daily revenue per store and compare against the baseline.

This leads to the following results:

- At $12.50 (baseline): $12.50 × 8 = **$1,000 revenue** | $1,000 – $5*80 **=** $600 profit
- At $11.00 (Option A): $11.00 × 130 = **$1,430 revenue** | $1,430 – $4.50*130 **=** $845 profit
- At $9.50 (Option B): $9.50 × 175 = **$1,615 revenue** | $1,615 – $5.00*170 **=** $765 profit

Both Meal Deal options significantly outperform the baseline on revenue. Option B at $9.50 generates the highest daily revenue per store, as the volume uplift more than compensates for the lower price per transaction.

Given the client's objective of revenue growth, **Option B ($9.50) is the recommended price point.** A well-rounded candidate should also note that Option A delivers a higher profit, and may flag this as worth monitoring

Case Math Question

Sandwiches Co.

Case Math Question #2:

The client is evaluating a potential expansion into Brazil and wants a preliminary sense of the opportunity.

Estimate the total addressable market for high-end sandwiches in Brazil.

Additional Information:

Only give the following information if the candidate explicitly asks for it

- Population of Brazil: 215 million
- Urban population percentage: 87%
- Expected price point: $2 per sandwich

Case Math Answer

Sandwiches Co.

Case Math Sample Answer #2:

- Starting from Brazil's population of 215M:
- Urban population (87%): ~187M
- Top income quartile of urban population (25%): ~47M potential customers
- Estimated purchase rate among this group: 25% would regularly buy premium sandwiches → ~12M active customers
- Assumed frequency: 3 purchases per week → ~36M units/week
- At $2 per sandwich: ~$72M/week → **approximately $3.7B annually**

Key Takeaway:

Brazil represents a sizeable opportunity. Even a modest market share would represent a meaningful contribution to the client's growth target.

Case Creative Question

Sandwiches Co.

Case Creative Question #1:

Sandwiches Co. currently has limited digital presence. The CEO believes technology could play a significant role in driving revenue growth.

What digital or technology-based initiatives would you recommend to help Sandwiches Co. grow revenue?

Case Creative Answer

Sandwiches Co.

Case Creative Sample Answer:

- **Loyalty Program**
  - Launch a points-based loyalty app that rewards repeat visits and incentivizes higher spend per transaction
  - Use sign-up data to build a customer database for targeted marketing and personalized offers
- **Mobile Ordering and Personalization**
  - Introduce mobile pre-ordering to reduce wait times and improve convenience, particularly for lunch-hour traffic
  - Use order history to surface personalized upsell recommendations (e.g., "add your usual drink?")
- **Third-Party Platform Strategy**
  - Optimize presence on delivery platforms to capture demand from non-store customers, with a curated delivery-only menu to protect in-store margins
  - Negotiate featured placement or exclusive deals to increase order volume through these channel

Final Recommendation

Sandwiches Co.

Final Recommendation:

Based on your analysis, what would you recommend Sandwiches Co. prioritize to achieve its revenue growth target over the next five years?

Sample Recommendation

Sandwiches Co.

Sample Final Recommendation:

- **Recommendation:** Three priorities stand out from the analysis:
  - **Meal Deal Pricing:** Introducing the Meal Deal at $9.50 maximizes daily revenue per store, driven by a strong volume uplift that outweighs the lower price per transaction
  - **International Expansion:** Brazil offers a potential market of ~$3.7B; even a modest share would contribute meaningfully toward the $500M target
  - **Digital:** A loyalty app and mobile ordering platform would increase visit frequency and generate data to inform smarter pricing and marketing over time
- **Risks:** Margin pressure from Meal Deal pricing, execution complexity in Brazil, technology investment and adoption risk
- **Next Steps:** Pilot the $9.50 Meal Deal in select markets; launch a loyalty app in one region as a proof of concept; commission a Brazil entry feasibility study focused on São Paulo and Rio de Janeiro

Breakfast Co.

Bain | Round 1

Product Enhancement & Price Optimization | Food & Beverage

Prompt & Case Overview

Breakfast Co.

Case Prompt:

Our client Breakfast Co. is a fast-food restaurant chain with thousands of outlets nationwide. They are considering shifting to cage-free eggs for their menu items (breakfast sandwiches, scrambles, baked goods). This shift would align with growing consumer demand for sustainability and animal welfare, but cage-free eggs are more expensive than conventional eggs. The CEO wants to know: Should the company transition to cage-free eggs, and if so, under what conditions?

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **What is our client's main goal?** Breakfast Co. wants to know what is the minimum uniform price increase per item they need to charge for the company to breakeven on added cost of switching to cage-free eggs in one year
- **What are our clients' main customers like?** Our client targets families but normally, Breakfast Co.'s most prominent customers are above 60 years old
- **What items contain eggs in our menu?** Breakfast Co. offers 3 main dishes that contain eggs: scrambles, sandwiches and baked pastries (each item type contains different egg quantities)

Sample Framework

Breakfast Co.

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Should Breakfast Co. Switch to Cage-Free Eggs?

I. Financial & Economics

- What is the current cost per conventional egg?
- What is the expected cost per cage-free egg?
- Are there upfront investments required (supplier contracts, supply chain modifications, certifications)
- How many egg-based items are sold annually?
- What is the current profit margin on these items?
- Could we pass through the cost via higher prices, or would we need to absorb it?
- Could sales increase in the long run (attracting new customers, more loyalty, higher average ticket size)?
- How many additional egg-based items must we sell, or what price premium must we charge, to cover the incremental costs?

II. Customer & Market Perception

- How much do our customers care about sustainability and animal welfare?
- What kind of eggs do they typically consume at home? (conventional, organic, cage-free)
- How price-sensitive are they (elasticity of demand)?
- Do direct competitors (e.g., other fast-food breakfast players) already use cage-free eggs?
- Would adopting cage-free eggs strengthen our brand positioning or simply keep us on par?
- Would this shift attract new customers or improve loyalty among existing ones?
- Would failing to act risk reputational damage (e.g., negative media attention)?

III. Strategy & Operations

- Can our current suppliers provide cage-free eggs at scale, or would we need to switch?
- Is supply reliable and consistent nationwide?
- Would recipes, preparation processes, or quality change?
- Are there regional differences in customer demand that suggest a phased rollout?
- Should we pilot cage-free eggs in select locations before scaling?
- What is the realistic timeline for full implementation?
- What marketing strategies should we focus on to communicate this change?

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

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Case Math Question

Breakfast Co.

Case Math Question #1:

Our client sells three egg-containing items annually:

- Sandwiches: **300 million** sold; **2 eggs** each.
- Scrambles: **400 million** sold; **3 eggs** each.
- Baked Goods: **200 million** sold; **1 egg** each

A dozen conventional eggs costs **$2.40**; assuming Breakfast Co. sticks to the same supplier a dozen cage-free eggs costs **$3.60**. If our client decides to switch to cage-free eggs immediately and wants to breakeven on the higher egg cost in one year *(assuming quantities sold do not change in year 1)*.

What is the minimum uniform price increase per item (same price added to every egg item) required to breakeven in year 1? Show your math.

Case Math Answer

Breakfast Co.

1) Eggs per dozen → price per egg
Conventional: \$2.40 per dozen → per egg = \$2.40 ÷ 12= **\$0.20 per egg**.
Cage-free: \$3.60 per dozen → per egg = \$3.60 ÷ 12 = **\$0.30 per egg**.
2) Incremental cost per egg
\$0.30 - \$0.20 = \$0.10 per egg (i.e., **10 cents per egg**).
3) Total eggs used by category (annual)
Sandwiches: 300 million x 2 = 600 million eggs.
Scrambles: 400 million x 3 = 1.2 billion eggs.
Baked goods: 200 million x 1 = 200 million eggs.
600 million + 1.2 billion + 200 million = 2 billion eggs used annually
4) Total incremental annual egg cost
Total extra extra cost = total eggs × incremental per-egg cost.
Compute: \$2 billion x \$0.10 = \$200,000,000
So total incremental cost = **\$200,000,000 per year**.
5) Total number of egg items sold (annual)
Total items = 300 million + 400 million + 200 million = 900 million items that contain eggs

6) Minimum uniform price increase per item
200,000,000 incremental costs / 900,000,000 items
So prices should increase by around **\$0.2222….= 22.22¢ per item**.
Great candidates would round the number up:
- To the nearest cent rounding up → **\$0.23** (23¢) would cover and provide a small margin.

Exact check if using \$0.22 (22¢):
Revenue = 0.22 x 900 million = 198 million → short by \$2 million
Exact check if using \$0.23 (23¢):
Revenue = 0.23 x 900 million = 207 million → covers by \$7 million
For easier case: Alternate, (per-item by eggs used)
(Don´t direct candidate to do this)
You can also compute needed increase by item type proportional to eggs used:
- Needed increase per item = (eggs per item) × incremental per-egg cost (\$0.10):
- Sandwich (2 eggs) → (2 \times \$0.10 = \$0.20) (20¢).
- Scramble (3 eggs) → (3 \times \$0.10 = \$0.30) (30¢).
- Baked good (1 egg) → (1 \times \$0.10 = \$0.10) (10¢).

Case Creative Question

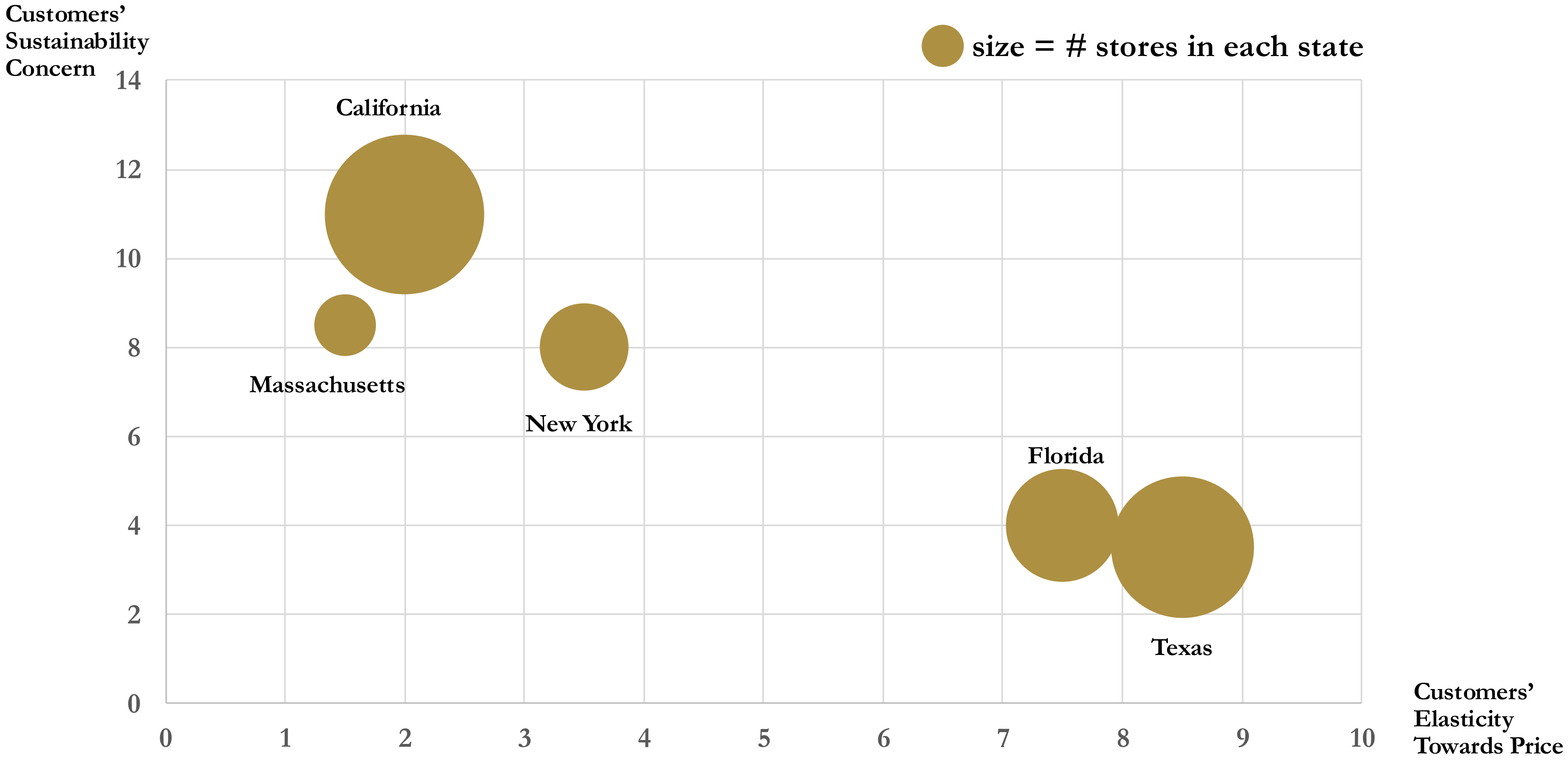
Breakfast Co.

Case Creative Question #1:

The CEO believes a $0.23 price increase can be rolled out nationwide. However, before committing, he wants to test this in two states to understand both the best-case upside and the worst-case downside. Looking at the following exhibit, which two states would you recommend for the trial, and why?

Exhibit 1

Breakfast Co.



Case Creative Answer

Breakfast Co.

Sample Case Creative Answer:

Candidate must be able to first identify the main takeaways of the exhibit: go through what each axis means and hypothesize reasons as to why states are located where they are located. After general overview, candidate must decide which states to prioritize. Because client wants to understand both the best and worst case scenario candidate must focus on selecting a state that is not price elastic and cares about sustainability and a state that is price elastic and does not care much about sustainability. Outstanding candidates will offer next steps such as conducting further market research in the selected states.

Key Takeaway:

- Pick **California** → many stores, customers care about sustainability, low price elasticity (best chance of success).
- Pick **Texas** → many stores, low sustainability concern, high price elasticity (highest risk of failure).

Case Creative Question

Breakfast Co.

Case Creative Question #2:

If our client decides to switch to cage-free eggs, what marketing strategies would you recommend to effectively communicate this change to customers?

Note: *Candidate can be creative, the important thing here is for candidate to remain structured and tie their strategies to the case: cage-free eggs communication*

Case Creative Answer

Breakfast Co.

Sample Case Creative Answer:

In-Store Communication

- Menu callouts: Add a subtle but visible "Now made with 100% cage-free eggs" badge on breakfast sandwiches, scrambles, and baked goods.
- Packaging: Print sustainability messages on wrappers, cups, or trays ("Every egg makes a difference").

Transparency Campaign & Media Communications

- Press release & PR push: Frame it as part of a broader commitment to sustainability and ethical sourcing.
- Storytelling ads: Position the company as listening to customer values–not just selling food.
- Partnerships: Team up with NGOs, food bloggers, or sustainability influencers to validate the move.

Segmented Marketing Depending on State ***(Great Interviewee)***

- California / Massachusetts / New York (high concern states): Lead with sustainability ("Your breakfast is now cage-free").
- Texas / Florida (low concern, high elasticity): Lead with quality & freshness rather than animal welfare ("Better-tasting eggs, same great price value")

Final Recommendation

Breakfast Co.

Final Recommendation:

The CEO of Breakfast Co. would love to hear your final recommendation about whether the company should transition to cage-free eggs based on the analysis that you have conducted today.

Sample Recommendation

Breakfast Co.

Sample Recommendation:

- **Answer (Yes/No):** Yes—Breakfast Co. should transition to cage-free eggs, provided they implement a ~$0.23 uniform price increase across all egg-based menu items and conduct a pilot in two contrasting states before a national rollout.
- **Reasoning:**
  - Financials: The incremental cost of cage-free eggs is ~$200M annually. With 900M egg-based items sold, a uniform increase of $0.23 per item allows the company to breakeven while building a small margin buffer.
  - Customers: There is strong and growing consumer demand for sustainability, especially in states like California and Massachusetts. Switching strengthens Breakfast Co.'s brand, reduces reputational risk, and brings the company in line with competitors who are already moving in this direction.
- **Risks:**
  - Price sensitivity: In high-elasticity states like Texas or Florida, the $0.23 increase may reduce sales volumes.
  - Competitor response: If competitors delay switching and undercut pricing, Breakfast Co. could lose some price-sensitive customers.
  - Execution risk: Poor communication could frame this as "just a price hike" rather than a sustainability improvement.
- **Next Steps:**
  - Assess supplier response: Are suppliers capable of providing cage-free eggs at scale? Should we change suppliers? Would cage-free eggs assumptions stay the same?
  - Pilot launch in California (best-case market) and Texas (worst-case market) to test both elasticity and brand perception.
  - Track KPIs: sales volumes, customer sentiment, competitor moves, and media reactions.
  - Tailor marketing: emphasize sustainability in states with high concern, emphasize quality/taste in more price-sensitive regions.

Organic Pizza Crust

Bain | Round 1

Market Entry | Consumer Packaged Goods

Prompt & Case Overview

Organic Pizza Crust

Case Prompt:

Our client is a natural foods company that has annual sales of $35M. It makes and sells a variety of organic bread mixes and is thinking about expanding its product line to include an organic pizza crust mix. The CEO has engaged our consulting firm to build the case on whether this is a good idea or not.

Clarifying Information:

See following slide for all clarifying questions and corresponding answers

Note: *This case was sourced from Wharton 2008*

Prompt & Case Overview *Continued*

Organic Pizza Crust

Clarifying Information:

Estimated Demand: Have candidate size the market.

- Customers seem to be demanding more organic products and more products for their home bread machines.

Growth Rate: Organic food market growing at 25% and 10% of the food market is organic.

Competition: We would be the first to enter the organic pizza crust mix market. Client would compete with regular pizza crust products in the grocery channel market though. Organic market is highly fragmented.

Price: $3.50; it is the same as the current products that the client sells.

Variable Costs: $1.20 ingredients, $1.50 sales and marketing, $0.30 labor.

Upfront Investment Cost: $30,000 for new equipment.

- Client has all the value chain capabilities in place

Product: It's an organic pizza crust mix that customers can bake in their home ovens.

Distribution: Thinking about selling to gourmet, natural foods, and/or grocery channels. Gourmet and natural foods channels will have higher margins and less competition.

Target Market: U.S. Population

Sample Framework

Organic Pizza Crust

Begin Selling Organic Pizza Crust?

I. Market Attractiveness	**II.** Customer & Demand	**III.** Competitive Landscape	**IV.** Financial Analysis	**V.** Company Capabilities & Fit
• Size of pizza crust mix market • Growth of organic / natural food segment • Price point and expected margins • Key trends (health, gluten-free, organic demand)	• Target customer segments (health-conscious consumers, home bakers) • Will bread mix customers also buy pizza crust mix? • Willingness to pay for organic pizza crust • Purchase frequency / expected volume	• Existing pizza crust mix brands (organic vs conventional) • Market share and positioning • Differentiation opportunities • Threat of substitutes (ready-made crust, frozen pizza, homemade dough)	• Expected revenue potential • Production costs vs existing bread mixes • Incremental investment (R&D, packaging, marketing) • Contribution margins	• Can current manufacturing produce pizza crust mix? • Distribution overlap with bread mixes • Brand credibility in organic baking products • Risk of cannibalizing existing products

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Organic Pizza Crust

Case Math Question #1:

Our client wants to know more about the organic pizza crust market in the United States. Can you estimate the demand for organic pizza crust in the U.S.?

Additional Information:

Note: *Do not give this information to the candidate unless they ask for it; if they are stuck, guide them in this direction*

- U.S. Population: 350M People
- Average Household Size: 3 People
- Number of Pizzas Consumed Each Month per Household: 2 Pizzas (24 Pizzas Annually)
- % of Pizzas *Made* Annually per Household: 10% of All Pizzas Consumed (~2 Pizzas Annually per Household)
- Organic Pizza Crust Market Share: 10% of the Market is Organic

Case Math Answer

Organic Pizza Crust

Case Math Answer #1:

Note: *There is not necessarily a right or wrong answer; market sizing is always an assumption*

Top-Down Market Sizing:

- 350M People in the U.S. / 3 People per Household = 117M households in the U.S. *(Candidate can round this #)*
- 2 Pizzas a Month per Household * 12 months = 24 Pizzas Annually per Household
- Approx. 10% of All Pizzas are Made by Household Each Year: 24 * 10% = ~2 Pizzas Made Annually per Household
- 2 Pizzas per Household * 117M Households = 234M Pizzas Made Annually in the U.S.
- 10% Organic Market * 234M Pizzas Made = **23.4M Organic Pizzas Made Annually in the U.S.**

Case Math Question

Organic Pizza Crust

Case Math Question #2:

Now, can you calculate the number of organic pizzas our client would need to sell to breakeven?

Additional Information:

Note: *Do not give this information to the candidate unless they ask for it; if they are stuck, guide them in this direction*

- Price per Pizza = $3.50
- Variable Costs = $1.20 Ingredients, $1.50 Sales & Marketing, and $0.30 Labor
- Upfront Investment in New Equipment = $30,000

Case Math Answer

Organic Pizza Crust

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Case Math Answer #2:

Breakeven Calculation:

- Breakeven = Fixed Costs / Gross Margin
    - Gross Margin = Price – Variable Cost
- $30,000 / ($3.50 - $1.20 - $1.50 - $0.30)
- $30,000 / $0.50 = 60,000
- Breakeven = 60,000 Organic Pizzas

Optional Additional Analysis/Follow-Up:

- Client only needs to sell 60,000 units to break even in a market with 23.4M units of demand ≈ less than 1% of the market (very attainable)
- No known competition in the area

Final Recommendation

Organic Pizza Crust

Final Recommendation:

The CEO of the natural foods company that we are advising just walked into the room and would love to hear your final recommendation; should they begin selling organic pizza crust?

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Sample Recommendation

Organic Pizza Crust

Sample Final Recommendation:

- **Recommendation:** Our client should move forward with launching the new organic pizza crust product line.
- **Rationale:**
  - The organic foods market is growing at a 25% rate
  - No competition exists in the sector for the time being
  - The client only needs to sell 60,000 units to break-even, which represents a very manageable 2.5% of the 23.4M demand market, meaning that breaking even is very achievable
- **Risks:**
  - Underestimating the competitive threats in the area, especially in the long term once more players enter the market
  - Opportunity cost of not taking on other new products as a result of pursuing the introduction of organic pizza crust
  - Difficulty finding relevant suppliers that would be willing to sell organic pizza crust
- **Next Steps:**
  - Look into how well our brand would play out in the pizza crust market as well as what kind of shelf space our product would get
  - Consider launching first in the gourmet or natural food channels where competition is lower and margins higher
  - Explore go-to-market strategies for Organic Pizza Crust
  - Define how the organization will differentiate itself among its future competitors

Shoe-la-la

McKinsey | Round 1

Market Share/Growth Strategy | Retail

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Prompt & Case Overview

Shoe-la-la

Case Prompt:

Shoe-la-la is a global sportswear company best known for its footwear, with a growing apparel line. The company has grown steadily, but competitors are gaining market share faster. One challenge is that only 24% of Shoe-la-la's sales come through its own online channel, compared to an industry average of ~40%. Since online sales carry higher margins and allow greater control over the customer experience, this puts Shoe-la-la at a disadvantage. At the same time, Shoe-la-la has invested heavily in sustainability — 90% of its products are made from recycled or eco-friendly materials. Yet, only 30% of customers associate the brand with sustainability, meaning Shoe-la-la is not capturing credit for these efforts. Leadership wants help identifying how Shoe-la-la can grow market share while standing out from competitors. What steps should Shoe-la-la take to expand its share of the market and differentiate itself in a crowded industry?

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

Revenue (2023): $8.0B

Product mix: Footwear 70% / Apparel 30%

Sales channels: Online/direct = 24%, Wholesale/retail = 76%

Margins: Online/direct = 25%, Wholesale = 10%

Marketing: Shoe-la-la's Instagram averages ~80 comments/post vs Nike ~200+

Customer feedback: Website feels outdated, product features not clear

Sustainability: 90% of products sustainable, but only 30% awareness

Sample Framework

Shoe-la-la

How Can Shoe-la-la Differentiate Themselves?

I. Channel Economics & Profitability

- **Revenue Mix**
  - Online (24%) vs wholesale (76%) contribution to total sales
  - Distribution of footwear vs apparel across channels
- **Margins & Profitability**
  - Online margin (25%) vs wholesale margin (10%)
  - Impact of shifting sales toward DTC
- **Scalability of Online Channel**
  - Fulfillment capacity, shipping costs, and returns management
  - Investments required in digital infrastructure and logistics
- **Channel Strategy Trade-offs**
  - Potential conflicts with retail partners if DTC expands
  - Control over pricing, promotions, and customer data

II. Customer Journey & Experience

- **Awareness & Traffic**
  - Social media engagement and digital marketing reach
  - Effectiveness of paid ads, influencers, and brand campaigns
- **Website Experience**
  - Website design, usability, and mobile optimization
  - Clarity of product features and sustainability messaging
- **Conversion & Checkout**
  - Ease of navigation and product discovery
  - Checkout friction, payment options, and shipping transparency
- **Retention & Loyalty**
  - Customer loyalty programs and repeat purchase behavior
  - Email marketing, personalization, and community engagement

III. Brand Differentiation/Marketing

- **Brand Positioning**
  - How Shoe-la-la is perceived vs competitors (performance vs sustainability)
  - Target customer segments & brand identity
- **Sustainability Awareness Gap**
  - 90% sustainable products vs only 30% customer awareness
  - Effectiveness of current sustainability messaging
- **Marketing Effectiveness**
  - Social media engagement relative to competitors
  - Influencer partnerships and campaign performance
- **Differentiation Opportunities**
  - Storytelling around eco-materials and product innovation
  - Flagship sustainable product launches and collaborations

Note: *This framework provides considerably more detail than expected of an interviewee, as a reference for the many aspects they could include.*

Case Creative Question

Shoe-la-la

Case Creative Question #1:
The CEO is reviewing Shoe-la-la's performance relative to competitors. Based on the following exhibit, what are Shoe-la-la's biggest challenges, and where do you see the greatest opportunities to increase market share and profitability?

Exhibit 1

Shoe-la-la

Shoe-la-la Performance Relative to Competitors

Metric	Shoe-la-la	Competitors Avg.
Revenue Growth	9.6%	10.5%
% Sales Online/Direct	24%	40%
Online Profit Margin	25%	25%
Wholesale Profit Margin	10%	10%
% Consumers Seeing Brand as Sustainable	30%	55%

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Case Creative Answer

Shoe-la-la

Case Creative Sample Answer:

Identifies two primary gaps relative to competitors:

1. Lower direct-to-consumer sales – Shoe-la-la generates only 24% of sales online vs 40% for competitors, meaning the company is over-reliant on lower-margin wholesale channels despite online margins being significantly higher (25% vs 10%). Expanding DTC could improve both profitability and customer control.
2. Low sustainability awareness – While 90% of products are sustainable, only 30% of consumers associate the brand with sustainability vs 55% for competitors, suggesting a major branding and marketing gap.

Strong candidates also note that competitors are growing faster (10.5% vs 9.6%), reinforcing the need to address these issues to avoid losing further market share.

Frames two key opportunities:

1. Expand online/direct channels to improve margins and customer experience
2. Strengthen sustainability positioning and marketing to differentiate the brand

Case Math Question

Shoe-la-la

Case Math Question #1:

Shoe-la-la makes $8.0B of revenue annually:

- Mix: 24% online, 76% wholesale
- Profit Margins: Online margin = 25%, wholesale margin= 10%

If Shoe-la-la grows online from 24% to 40% of revenue (holding revenue constant at $8.0B), how much does operating profit increase?

What practical actions could Shoe-la-la take to make this shift happen?

Case Math Answer

Shoe-la-la

Case Math Answer #1:

Current:

Online = \$8.0B × 24% = \$1.92B → \$1.92B × 25% = \$480M

Wholesale = \$8.0B × 76% = \$6.08B → \$6.08B × 10% = \$608M

Total = \$1.088B

New:

Online = \$8.0B × 40% = \$3.2B → \$3.2B × 25% = \$800M

Wholesale = \$8.0B × 60% = \$4.8B → \$4.8B × 10% = \$480M

Total = \$1.28B

Increase = \$192M (+18%)

Follow-up:

Strong Candidate: Gives specific actions that grow online sales, like ads, paying people to promote the shoes, improving the website so checkout is faster, offering bundles or free shipping to increase basket size, and launching products only sold on the website.

Average Candidate: Suggests general ideas like "increase digital marketing" or "improve the website" but doesn't explain how the company would do it.

Weak Candidate: Gives very vague ideas like "do more marketing" or suggests things that don't help online sales (e.g., opening more stores) and doesn't connect actions to increasing online revenue.

Case Creative Question

Shoe-la-la

Case Creative Question #2:
The CEO would now like to consider investment options that push its flagship sustainable product line and a marketing campaign that educates customers about its eco-leadership. Looking at Exhibit 2, which investment path would you recommend– conservative or aggressive– and why?

Exhibit 2

Shoe-la-la

Shoe-la-la Potential Paths Forward

Initiative	Conservative	Aggressive
Website redesign + personalization	\$20M	\$40M
Loyalty/CRM program	\$15M	\$25M
Marketing push	\$80M	\$150M
Sustainable product launch	\$25M	\$40M
Logistics/customization capacity	\$0M	\$60M
Total Year-1 Cost	~\$140M	~\$250M
Online Share Target	~34%	~40%
Profit Uplift	~\$156M	~\$268M
Net Gain (Year 1)	+\$16M	+\$18M
Payback Period	~2 years	~3 years

Case Creative Answer

Shoe-la-la

Case Creative Sample Answer:
Explains that the choice depends on Shoe-la-la's *risk appetite* and *strategic priorities*. The aggressive path delivers the highest impact (~$268M profit uplift and ~40% online share) but requires larger upfront investment (~$250M) and a longer payback (~3 years). The conservative path requires less capital (~$140M) and pays back faster (~2 years) but only reaches ~34% online share and lower profit uplift (~$156M). A risk-tolerant company pursuing faster digital growth would choose aggressive, while a more risk-averse company may prefer conservative.

Average Candidate:
Picks one option and cites a few numbers (such as higher profit or shorter payback) but does not discuss trade-offs or risk tolerance.

Weak Candidate:
Chooses an option without referencing the exhibit numbers or provides vague reasoning (e.g., "aggressive is better for growth" or "conservative is safer").

Final Recommendation

Shoe-la-la

Final Recommendation:
Given Shoe-la-la's position, what should leadership do to grow market share while differentiating from competitors?

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Sample Recommendation

Shoe-la-la

Sample Recommendation:

Shoe-la-la should make its online sales channel the primary growth engine while leveraging sustainability as the brand differentiator. By redesigning the website, improving product pages, and investing in loyalty and targeted marketing, Shoe-la-la can move toward 40% of sales online, generating ~$192M in additional annual profit. To stand out, the company should anchor this online push with a flagship sustainable product line and a marketing campaign that educates customers about its eco-leadership. A conservative ~$140M investment offers faster payback in two years, while an aggressive ~$250M plan could drive higher market share over three years. Overall, Shoe-la-la's best path forward is to combine profitable online expansion with a clear sustainability message to grow share and strengthen brand identity.

Strong Candidate: Ties together channel strategy and brand differentiation in a phased plan. Connects to math and ROI.

Average Candidate: Suggests improving online sales and marketing sustainability but lacks integration.

Weak Candidate: Restates problem ("sell more online, be more sustainable") without actionable detail.

Packaging Co.

BCG | Round 1

Commercial Strategy/Sales Force Optimization | Packaging

Prompt & Case Overview

Packaging Co.

Case Prompt:

Your client is Packaging Co., a private-equity-backed packaging company with $300M in monthly revenue and operations across the U.S., Canada, and Mexico. The company only began operations in Mexico last year. Packaging Co. sells two main product lines: (1) Standard protective material (foam and wood sold separately), (2) Custom protective materials (foam/wood composites, usually 85% foam + 15% wood). Ahead of a potential sale in FY2027, your firm has been hired to develop a short-term growth strategy, particularly around the Mexican sales force. The CEO believes the sales force is misallocating their efforts. That is, either pursuing low value customers, selling them low value products, or both.

Your task:

(1) Test whether this concern is accurate.

(2) If so, determine how Packaging Co. can reorient its sales efforts to maximize growth.

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **Where does Packaging Co. operate and what is the revenue breakdown by geography?** U.S. 70%, Canada 20%, Mexico 10%
- **What does Packaging Co.'s current sales model look like?** Independence: Sales teams act independently, though there is some operation cross-sell (U.S./Canada facilities supplying Mexico with foam).
- **What is the size of the current Packaging Co. salesforce?** 70 reps total: 35 U.S., 10 Canada, 25 Mexico
- **How many customers does Packaging Co. currently have?** 4,000 total (avg. $75K annually): 55% in U.S., 10% in Canada, 35% in Mexico

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Sample Framework

Packaging Co.

Determine if Sales Force is Misallocating Effort; Identify Strategies to Maximize Growth

I. Customer & Revenue Potential

Determine if lower revenue is due to customer mix or demand limitations.

- Revenue per customer by geography
- Customer size distribution (large vs small accounts)
- Key industries and demand drivers
- Customer willingness to pay for different packaging solutions

II. Sales Force Productivity & Incentives

Determine whether the issue is sales execution vs market limitations.

- Revenue per sales rep by region
- Number of customers per rep
- Sales incentives (revenue vs number of clients)
- Time allocation across product types and customer segments

III. Product Economics

Identify which products should be prioritized or deprioritized.

- Revenue split between standard vs custom packaging
- Cost structure of key inputs (foam, wood)
- Impact of tariffs or supply chain costs
- Product margins and price competitiveness

IV. Market & Competitive Environment

Determine whether external factors limit sales potential.

- Competitive intensity in Mexico
- Brand recognition as a new entrant
- Local vs imported supplier dynamics
- Operational constraints (supply chain, lead times)

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Packaging Co.

Case Math Question #1:

The CEO has noticed that the company reports an average revenue of ~$75K per customer per month. She is not convinced this average reflects what's happening across geographies.

How would you calculate the average revenue per customer by geography, and what would this reveal about customer value across markets?

Information to Provide Upon Request:

(Only provide this information if the candidate explicitly asks)

Revenue Split: U.S. 70%, Canada 20%, Mexico 10%

Client Distribution: 4,000 total customers: 55% in U.S., 10% in Canada, 35% in Mexico

Case Math Answer

Packaging Co.

Case Math Answer #1:

- USA: (300M × 0.70) ÷ (4000 × 0.55) = 210M ÷ 2200 ≈ **$95K/customer**
- Canada: (300M × 0.20) ÷ (4000 × 0.10) = 60M ÷ 400 ≈ **$150K/customer**
- Mexico: (300M × 0.10) ÷ (4000 × 0.35) = 30M ÷ 1400 ≈ **$21K/customer**

Key Takeaway:

- Customers in U.S. and Canada generate far higher revenue per account than Mexico.
- Mexico employs nearly as many reps as the U.S. but generates significantly less per customer.
- May confirm the CEO's suspicion that the sales force in Mexico is inefficient.

Case Creative Question

Packaging Co.

Case Creative Question #1:

Given that Mexico contributes only 10% of revenue but employs over one-third of the sales force, management wants to know why sales productivity is so low there.

What potential factors and root causes could explain this underperformance?

Information to Provide Upon Request:

(Only provide this information if the candidate explicitly asks)

The Mexican market is highly saturated with both large and small competitors.

Case Creative Answer

Packaging Co.

Case Creative Sample Answer:

- Customers in Mexico may just tend to be lower-value accounts compared to the U.S. and Canada
- Operations in Mexico only started last year, so Packaging Co. has little brand recognition
- Incentive misalignment: reps measured by # of clients signed, not revenue.
- Dependence on U.S. supply → potential service/lead time issues.
- Some exogenous factor (tariffs – next question)

Key Takeaway:

- Underperformance in Mexico reflects both market structure (low-value customers, saturation) and internal issues (new entrant).

Case Math Question

Packaging Co.

Case Math Question #2:

Six months ago, the Mexican government implemented a 25% tariff on imported U.S. resin, the key input in foam. The CEO wants to know how this affects the cost of a typical custom protective product and what the implications are for competitiveness.

Information to Provide Upon Request:

(Only provide this information if the candidate explicitly asks)

Average custom product price: $400

Case Math Answer

Packaging Co.

Case Math Answer #2:

Recall: Custom protective materials are foam/wood composites and are usually made up of 85% foam + 15% wood

- Foam pre-tariff = $400 * 0.85 = $340
- Foam post-tariff = $340 * 1.25 = $425
- Wood = $400 * 0.15 = $60
- New price = $425 + $60 = **$485**
- % change = (($485 – $400) ÷ $400)*100 = **21.25% increase in price**

Key Takeaway:

- Tariffs raise product costs by ~21%.
- At higher prices, Packaging Co. becomes less competitive in an already saturated market, reducing sales force ability to sell more custom protective materials.

Case Creative Question

Packaging Co.

Case Creative Question #2:

On a recent call with the Chief Sales Officer, your team confirmed that the 21% increase in custom protective packaging prices essentially eroded Mexican customers' willingness to pay.

As a result, the Mexican sales force has shifted almost exclusively toward selling standard protective materials (wooden boxes, crates, etc.).

Management wants to know: What other strategies can Packaging Co. pursue in Mexico to drive profit ahead of the FY2027 sale, assuming tariffs will remain in place?

Note For Interviewer: *Up to this point, the case has centered on revenue dynamics. This question shifts the focus to profitability, encouraging the interviewee to explore cost-saving measures that could strengthen Packaging Co.'s financial position ahead of the FY2027 sale.*

Case Creative Answer

Packaging Co.

Case Creative Sample Answer:

1) Organization

- Right-size Mexico sales team to fit opportunity.
- Exploit operational synergies with U.S./Canada.

2) Product & Offering

- Focus on wood-based protective (tariff-immune)
- Explore alternatives (paper, cardboard)

3) Sales Force

- Prioritize key accounts (auto, electronics)

4) Market Positioning

- Strengthen brand as reliable vs. low-cost competitors.
- Target niche sectors

Final Recommendation

Packaging Co.

Final Recommendation:

You bump into the CEO on the elevator. She asks for a quick, 30-second summary of your team's findings. What do you say?

Sample Recommendation

Packaging Co.

Key Takeaway for Interviewer: The interviewee should tie together the case with a clear, concise, and structured summary, highlighting…

- **Root Causes:** Perceived sales force inefficiency is a byproduct of chasing low-value clients in Mexico given tariff-driven collapse of custom protective demand.
- **Recommendations:** Focus sales on high-value accounts, continue pushing wood-based standard products, and align incentives around profitability ahead of FY2027 sale.
- **Risks:** Interviewee should acknowledge potential risks (e.g., loss of small clients, internal pushback on restructuring).
- **Next Steps:** Based on these identified risks, the candidate should also proactively list some next steps that Packaging Co. can take (e.g. piloting sales strategy first with just a small subset of sales reps)

Staffing Co.

West Monroe | Round 1

Growth Strategy & Technology Selection | Staffing/Recruiting

Prompt & Case Overview

Staffing Co.

Case Prompt:

Staffing Co. is a national staffing and recruiting firm headquartered in South Bend, Indiana. The company serves clients across healthcare, manufacturing, and technology sectors. It connects employers with qualified candidates.

Staffing Co. has grown steadily but faces increasing competition from digital-first staffing platforms that use automation and data analytics to place candidates faster. Recruiters still rely on manual searches and legacy systems, which limits productivity.

The CEO believes that investing in new technology can accelerate growth by improving recruiter efficiency and client experience. Staffing Co. can only invest in one SaaS (software as a service) solution this year and has narrowed the options to three:

1. AI Candidate Matching Tool – uses machine learning to match candidate profiles with openings automatically, improving speed and accuracy
2. CRM Upgrade – Modern client relationship management system to track leads and automate follow-ups
3. Analytics dashboard – provides management visibility into recruiter performance and client satisfaction metrics

Which product should Staffing Co. invest in to best position the firm for growth and improved client experience?

Prompt & Case Overview *Continued*

Staffing Co.

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **How does the client's business model work?** StaffingCo earns revenue through placement fees and markups on hourly rates for contractors. Its success depends on recruiter productivity, client retention, and placement volume.
- **What is the company's goal?** Grow annual revenue and improve customer experience. Their goal is to achieve measurable results within 12-18 months to justify further tech investments.
- **What is their current digital capability?** Outdated, manual tools for managing clients and candidates. No AI or automation are currently in use.
- **Does StaffingCo have any constraints?** There is only enough budget for one SaaS investment this fiscal year. The firm can support one major implementation and basic recruiter training.

Sample Framework

Staffing Co.

SaaS Solution Decision

I. Revenue Growth	**II.** Operational Efficiency	**III.** Client Experience	**IV.** Implementation Feasibility
• Which would increase placements per recruiter the most? • How can we win new clients through faster service? • How can we improve client retention through better matches?	• Improving recruiter efficiency • Reducing recruiter time spent on manual tasks • Standardize data management and candidate tracking	• How can we have the best possible client experience? • What matters most for our clients? • Faster response times • Higher placement accuracy • Stronger client relationships and communication	• Look into the cost, integration difficulty, and adoption timeline of all 3 options • What does the risk of disruption to ongoing operations look like? • Will the new system integrate with existing systems?

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Staffing Co.

Case Math Question #1

Take a look at Exhibit 1. If Staffing Co. currently earns $350M in revenue at a 25% margin, can you estimate the incremental gross profit for each SaaS option in the first year after implementation?

Exhibit 1

Staffing Co.

SaaS Option	One-Time Implementation Cost	Annual License	Key Benefits	Growth Impact	Risks
AI Candidate Matching Tool	$2.0M	$1.0M	Automates candidate-job matching, increasing recruiter throughput by 15%.	+10% revenue; +1 percentage point (pp) margin improvement	Requires data cleanup and recruiter training
CRM Upgrade	$1.5M	$0.8M	Enhanced client tracking and automates outreach to improve retention by 5 pp.	+6% revenue	Integration complexity
Analytics Dashboard	$1.0M	$0.5M	Provides better visibility into recruiter performance and client KPIs	+2% revenue	No direct client benefits

Case Math Answer

Staffing Co.

Case Math Answer #1:

Math:

- AI Tool: $350M * 10% = $35M revenue increase. New margin is 25%+1%=26%. $35M * 26% = $9.1M. $9.1M - $2M - $1M = **$6.1M**
- CRM: $350M * 6% = $21M revenue increase. $21M * 25% = $5.25M. $5.25M - $1.5M - $0.8M = **$2.95M**
- Analytics Dashboard: $350M * 2% = $7M revenue increase. $7M * 25% = $1.75M. $1.75M - $1M - $0.5M = **$0.25M**

Key Takeaway:

- The AI tool provides the greatest increase to gross profit to Staffing Co. at $6.1 million. Despite being the most expensive, it has tremendous upside. It also aligns well with the client's goal of growth, as it increases revenue by much more than either the CRM or the analytics dashboard.

Case Creative Question

Staffing Co.

Case Creative Question #1:

Management is also intrigued by the opportunity to implement an AI tool, but financials alone are not enough to convince them. The firm is deeply focused on end users. Beyond the financials, how would each option affect the client experience?

Case Creative Answer

Staffing Co.

Case Creative Sample Answer:

AI Candidate Matching Tool – High Impact

- Clients experience faster, more accurate placements, reducing time-to-fill and improving candidate fit. Better matches translate into stronger satisfaction, trust, and loyalty, making StaffingCo a preferred partner. This is a visible and immediate improvement in client experience.

CRM Upgrade – Moderate Impact

- Enhances communication and client management. Recruiters gain better visibility into client preferences and past interactions, leading to more personalized and consistent service. While clients may not notice dramatic operational change, they feel better supported over time.

Analytics Dashboard – Indirect, Low Impact

- Helps management monitor recruiter performance and client satisfaction, but clients themselves don't feel an immediate improvement. The benefits depend on how effectively leadership acts on insights to improve frontline operations.

Final Recommendation

Staffing Co.

Final Recommendation:

The CEO of Staffing Co. just walked into the room. What would you recommend to her?

Sample Recommendation

Staffing Co.

Sample Recommendation:

Recommendation: I recommend that Staffing Co. invest in the AI candidate matching tool.

Rationale:

- This tool delivers the strongest growth potential and most direct improvement to client experience through faster, higher-quality placements

Risks:

- The main risks involve data quality, recruiter adoption, and client perception if automation is poorly communicated

Next Steps:

- To mitigate this aforementioned risk, Staffing Co. should pilot the tool in a few locations or one division, measure the results on recruiter productivity and client satisfaction, provide recruiter training, and roll out company-wide once early success is demonstrated

There are many possible final recommendations. A good candidate will be sure to follow the framework of "recommendation, risk, and next steps." A great candidate will leverage insights from the case, in addition to being forward thinking in their next steps.

Drug Z

Clearview Healthcare Partners/Life Sciences | Round 1

Market Entry | Healthcare/Pharmaceuticals

Prompt & Case Overview

Drug Z

Case Prompt:

Our client is a biotech company developing therapies for chronic diseases. They have discovered a novel oral small molecule (Drug Z) that improves blood sugar control and helps patients lose weight, but is strictly for adults.

Type 2 Diabetes (T2D) is a metabolic disease where the body becomes resistant to insulin, causing high blood sugar. Insulin is a hormone made by the pancreas that works like a "key." When you eat and your blood sugar rises, insulin helps unlock cells (in muscle, fat, and liver) so sugar can move out of the blood and into the cells for energy or storage.

In T2D, the "lock and key" system stops working properly. Cells resist insulin's signal, and sugar builds up in the blood. Over time, this damages the heart, kidneys, eyes, and nerves. It is one of the most common chronic diseases in the U.S., with serious complications (heart disease, kidney failure, amputations).

Drug Z improves how the body responds to insulin and also helps reduce appetite, which can lead to better blood sugar control and weight loss compared to many current treatments.

What considerations would the client want to understand to assess whether they should enter the Type 2 Diabetes market with Drug Z?

Clarifying Information:

Offer no additional data in response to the questions the candidate asks, but push the candidate on why the questions matter.

Sample Framework

Drug Z

Should Our Client Enter the Type 2 Diabetes Market with Drug Z?

I. Market Opportunity

Assess whether the market is large and growing enough.

- Prevalence and incidence of Type 2 Diabetes
- Diagnosis and treatment rates
- Expected addressable population
- Market growth trends

II. Product & Clinical Differentiation

Understand whether Drug Z is meaningfully better than alternatives.

- Clinical efficacy (blood sugar control)
- Additional benefits (weight loss)
- Safety profile (cardiovascular risk)
- Convenience vs injectable competitors

III. Competitive Landscape

Determine whether Drug Z can realistically capture market share.

- Existing treatment options (generics, GLP-1 drugs)
- Pricing benchmarks
- Physician prescribing behavior
- Barriers to switching

IV. Commercial & Financial Viability

Assess whether launching the drug makes financial sense.

- Pricing strategy
- Reimbursement / payer acceptance
- Manufacturing costs
- Break-even timeline

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Creative Question

Drug Z

Case Creative Question #1:

What considerations and perspectives would the client want to understand to assess whether they should enter the Type 2 Diabetes market with Drug Z?

Case Creative Answer

Drug Z

Case Creative Sample Answer:

Patient Perspectives:

- Large patient population with daily treatment needs.
- Many patients dislike injections (an advantage for an oral drug).
- Injections are the most common form, right now, for insulin treatments. This drug would be very different as it would no longer require injections, but allow the medication to be taken orally.
- Weight loss is a strong motivator for adherence.

Healthcare Professional Perspectives:

- Endocrinologists and primary care physicians are open to new oral drugs.
- Must be proven safe (especially cardiovascular safety).
- May be prescribed earlier than injectables if convenient and effective.
- Likelihood of usage vs competitors that are already established in the market.

Payer Perspectives:

- Payers already spend heavily on diabetes, is another new treatment worth it.
- Reimbursement depends on showing cost-savings (fewer complications, hospitalizations).
- Competitive pricing vs. generics and GLP-1s will be critical.

Case Math Question

Drug Z

Case Math Question #1:

Our client is interested in learning more about Drug Z's market opportunity. How can we calculate the total addressable population for Drug Z?

Note: *Interviewee should suggest some data that they might know they need. If not, ask them, "What information would you need to know to determine the addressable population?" Continue to ask until all elements below have been covered. Interviewee should round numbers throughout to make it simpler.*

Additional Information:

- U.S. Population = 340,000,000
- Adults = 80% of Population
- Prevalence of Diabetes Among Adults = 10%
- Percentage of Diabetes That's Type 2 = 90%
- Diagnosis Rate = 60% (not all patients in the US are diagnosed)
- Treatment Rate = 90% (patients are usually prescribed something)
- Market Share for Drug Z = 15% (since competition is intense)

Case Math Answer

Drug Z

Case Math Answer #1:

Step 1: Total Adults

- 340,000,000 × 80% = 272,000,000 adults

Step 2: Prevalence of Diabetes

- 272,000,000 × 10% = 27,200,000 adults with Diabetes

Step 3: Severity of just T2D

- 27,200,000 × 90% = 24,480,000 patients

Step 4: Diagnosis Rate

- 24,480,000 × 60% = 14,688,000 patients

Step 5: Treatment Rate

- 14,688,000 × 90% = 13,219,200 treated patients

Step 6: Market Share

- 13,219,200 × 15% = 1,982,880 total addressable patients

Total Addressable Patient Population: ~2,000,000 Patients Annually in the U.S.

Case Creative Question

Drug Z

Case Creative Question #2:

What factors should our client consider when establishing a price point for Drug Z?

Case Creative Answer

Drug Z

Case Creative Sample Answer:

- **Competitors:** Generics <$1,000/year vs. GLP-1 injectables $10k–$15k/year.
- **Value:** An oral drug that combines sugar control + weight loss is unique.
- **Payer Pressure:** Need to show savings by reducing complications.

Case Math Question

Drug Z

Case Math Question #2:

Please brainstorm some potential costs our client could face.

Based on the following exhibit, how long would it take for our client to break even?

Exhibit 1

Drug Z

Drug Z Financial Overview: Revenue, Costs, and Break-Even Analysis

	Item	Value
Revenue Assumptions	Drug Price	$8,000 per patient per year
	Number of Patients	2,000,000
Fixed Costs	R&D	$5B
	Regulatory Costs	$500M
	CapEx	$500M
Variable Costs	COGS (15% of Revenue)	$2.4B
	SG&A	$500M

Case Math Answer

Drug Z

Case Math Answer #2:

- Revenue: $8,000 * 2,000,000 = $16B Annual Revenue
- Fixed Costs: $5B + $500M + $500 M = $6B
- Variable Costs: $2.4B + $500M = $2.9B

Annual Net Income = $16B - $2.9B = **$13.1B**

Break-Even Timeline = $6B ÷ $13.1B ≈ **0.458 years (~6 months!)**

Case Creative Question

Drug Z

Case Creative Question #3:

What other factors should your client take into consideration prior to deciding to launch Drug Z?

Case Creative Answer

Drug Z

Case Creative Sample Answer:

- **Adherence:** Will patients stick with it long-term?
- **Safety:** Must prove no cardiovascular or kidney risks.
- **Competition:** GLP-1 drugs are booming, but Drug Z has oral advantage. No other drug offers both weight loss and insulin.
- **Global Market:** Huge diabetes prevalence outside U.S. (China, India, EU).
- **Patient Hesitations:** Typically used to a routine and take the same kind of drug the same way. Also, might be hesitant about weight loss and might not want that as well.

Final Recommendation

Drug Z

Final Recommendation:

The CEO of our client is in the room and would love to hear your final recommendation: Based on your analysis, should our client enter the Type 2 Diabetes market with Drug Z?

Sample Recommendation

Drug Z

Sample Final Recommendation:

- **Recommendation:** The client should proceed with launching Drug Z in the U.S. Type 2 Diabetes market.
- **Rationale:**
  - Large addressable market of approximately 2 million patients annually in the U.S
  - Strong revenue potential, with $16B in annual revenue at an $8,000 price point and 2M patients.
  - High profitability, generating approximately $13.1B in annual net income after variable costs.
  - Rapid break-even timeline–the company would recover its $6B in fixed development and launch costs in roughly six months.
  - Differentiated product offering–Drug Z combines blood sugar control with weight loss in an oral therapy, which may increase patient adherence and appeal relative to injectable competitors.
- **Risks:**
  - Regulatory and safety risk–diabetes therapies require strong long-term evidence demonstrating cardiovascular and kidney safety, which could delay approval.
  - Competitive pressure from established therapies, particularly GLP-1 injectable drugs that already have strong market adoption.
  - Adoption risk among physicians and patients who may be reluctant to switch from established treatment regimens.
- **Next Steps:**
  - Conduct additional clinical trials and safety studies to confirm long-term safety.
  - Pilot a targeted launch strategy focused on patients who prefer oral therapies or cannot tolerate injections.

Penn & Teller

BCG | Round 1

Profitability | Hospitality/Entertainment

Prompt & Case Overview

Penn & Teller

Case Prompt:

Our client is Caesars, one of the largest gaming and resort companies in the world. Penn and Teller have been the headlining show at the Rio Hotel since 2010, and they are currently the longest-running headlining show in Vegas history. Caesars, who owns the Rio Hotel where the duo performs in the 1500 seat P&T Theater, is wondering if their act has become stale. Penn & Teller's annual contract is about to expire, before Caesars has a meeting with the duo they have asked our company's advice on whether or not to re-sign the act for another year. What recommendation do you have for Caesars?

Clarifying Information:

What goal does Caesars have? As one of the largest entertainment companies on the Strip and around the world, Caesars solely cares about the company's total bottom-line profitability.

How long is a contract for Penn & Teller? As is Vegas standard, all contracts are for a one-year time period.

Why does Caesars think the show is stale? The show has plateaued, with no change in bottom line profitability in the past five years.

Who is Caesars/Penn & Teller's biggest competitors? Caesar's biggest competitor is MGM Resorts, which operates about 33% of the Strip. P&T compete against a whole bevy of nighttime entertainment, such as other shows, nightclubs, and gaming.

Sample Framework

Penn & Teller

Should Caesars Re-Sign Penn & Teller?

I. Revenues	**II.** Costs	**III.** Alternative Revenue Sources
Price • Tier Pricing • Bundles • Discounts/Promotions **Volume** • Unit Ticket Sales • Ticket Tiers • Theatre Capacity + Occupancy	**Fixed** • Marketing • SG&A • Annual Contracts • Insurance **Variable** • Props / Show Supplies • Utilities • Stage Crew	**How Does P&T Impact Other Revenue Sources Such As…** • Hotel Stays • Dining • Casino / Gaming • Drinks • Souvenirs • Concessions

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Penn & Teller

Case Math Question #1:

Calculate the annual revenue of the Penn & Teller show.

Note: *Don't offer any additional information to the interviewee. Push them to think about the different factors that they would need to consider to calculate the annual revenue of P&T, and offer the numbers in Exhibit 1 as they identify these factors.*

Exhibit 1

Penn & Teller

Penn & Teller Annual Revenue Information

	Information
How many seats are in the theater?	The theatre has 1500 seats in three categories: A, B & C. There are 300 Category A seats (best seats in the house), 800 Category B seats, and 400 Category C seats (cheap seats).
Do the seats always sell out?	On average, 100% of A, 80% of B, and 50% of C are sold.
How much do the seats cost?	Category A costs $120, Category B costs $75, Category C costs $55.
How many shows do Penn & Teller perform each year?	They perform the Vegas standard 6 shows per week, 40 weeks per year (they have 1 day off per week, and three months per year when they are working on TV endeavors).
How has revenue changed over recent years?	These numbers have been static over the past 5+ years.

Note: *Don't show the candidate this exhibit. Instead, verbally offer the information in the righthand column only after the interviewee asks the corresponding question*

Case Math Answer

Penn & Teller

Note: *Based on the previous figures, the candidate should now calculate the annual revenue of the show*

Seat Category	# of Seats	% of Seats Sold	Attendance per Show	Price per Ticket	Revenue
A	300	100%	300	$120	$36,000
B	800	80%	640	$75	$48,000
C	400	50%	200	$55	$11,000
				Total Revenue Per Show	**$95,000**
				Shows per Week	6
				Weeks per Year	40
				Total Annual Revenue ($)	**= $95,000 * 6 * 40 = $22.8M**

Case Math Question

Penn & Teller

Case Math Question #2:

Since Caesars' primary concern is their bottom-line profitability, please calculate the annual profit of the show.

Note: *Don't offer any additional information to the interviewee. The candidate should proactively identify that since they have already calculated the annual revenue of the show, they will now need to consider the cost of running the show to calculate the annual profit. Push them to think about the different factors that they would need to consider to calculate the annual costs of P&T, and offer the corresponding information in Exhibit 2 as they identify these factors.*

Exhibit 2

Penn & Teller

Penn & Teller Annual Cost Information

	Information
What costs are involved with running the show?	Costs are broken into six main buckets: 1. Both Penn & Teller make $2M per year 2. The Crew (stagehands, ushers, etc.) in total cost $2k per show 3. Housekeeping costs $1000 per week 4. Props cost $200 per show 5. Utilities (lighting, etc.) cost $52,000 each year 6. SG&A (marketing, box office, etc.) cost $15k per month
Does housekeeping clean year round?	No, they only clean during the 40 weeks that the show is running
Is SG&A paid year round?	Yes, this is a 12-month expense
Have costs changed in recent years?	The costs have been static over the past 5+ years.

Note: *Don't show the candidate this exhibit. Instead, verbally offer the information in the righthand column only after the interviewee asks the corresponding question*

Case Math Answer

Penn & Teller

Note: *Based on the previous figures, the candidate should now calculate the annual cost of the show*

Item	Cost	Timeline	Annualized
Penn & Teller	$2,000,000	Per Person Per Year	$4,000,000
Crew	$2,000	Per Show	$480,000
Housekeeping	$1,000	Per Week	$40,000
Props	$200	Per Show	$48,000
Utilities	$52,000	Per Year	$52,000
SG&A + Marketing	$15,000	Per Month	$180,000
		Total Annual Cost:	**$4,800,000**

Case Math Answer #2:

- **Annual Revenue = $22.8M**
- **Annual Costs = $4.8M**

- **Annual Profit = $18M**
- **Profit Margin = ~80%**

Case Creative Question

Penn & Teller

Case Creative Question #1:

What can Caesars do to make the current show more profitable?

Case Creative Answer

Penn & Teller

Case Creative Sample Answer:

Revenue:

- Increase Ticket Price
- Increase Unit Sales Switch some B seats to As, Cs to Bs; offer bundle discounts; advertising campaign
- Other Concessions, gift shop, shorten the show so viewers gamble more

Costs

- Revisit contract with P&T
- Check union v. non-union labor
- Investigate reallocating staff from other parts of the Rio Hotel instead of hiring designated crew for the P&T show

Note: *Interviewee can say anything that makes sense as long as thought structure remains a priority (e.g. list buckets, revenue & costs, customer-facing & internal, etc.)*

Case Math Question

Penn & Teller

Case Math Question #3:

Caesars has the opportunity to switch the P&T show for one featuring the recent winner of America's Got Talent. Should they make the switch?

Note: *Don't offer any additional information to the interviewee. The candidate should proactively recognize that in order to answer this question, they will need to do a financial analysis of the AGT show to see which act is more profitable. Offer the corresponding information in Exhibit 3 as they perform this analysis.*

Exhibit 3

Penn & Teller

America's Got Talent Show Information

	Information
What goals does Caesars have when considering this switch?	Total bottom-line profit remains their only priority when making this decision.
How long is the contract with the AGT winner?	As is Vegas standard, 1 year.
Are there switching costs?	Putting in a new show will require a reconfiguration and a one-time marketing blitz. This would cost $2.4M to do and would occur before the first show.
What are the annual revenues of the show?	The new show would bring in $90,000 in ticket sales per show.
How often does the new show perform?	As is Vegas standard, they will perform 6 shows a week, 40 weeks per year.
What are the annual costs of the show?	The new show would cost less than P&T at $3,000,000 per year.

Note: *Don't show the candidate this exhibit. Instead, verbally offer the information in the righthand column only after the interviewee asks the corresponding question*

Case Math Answer

Penn & Teller

Case Math Answer #3: Approach 1

Incremental Profits:

- ΔRevenue = $90,000 – $95,000 = -$5,000
- ΔAnnual Revenue = -$5,000 * 6 * 40 = -$1.2M
- ΔAnnual Costs = ($3M) – ($4.8M) = $1.8 M
- ΔAnnual Profit = $600,000
- Payback Period = $2.4M / $600,000 = 4 years

Case Math Answer #3: Approach 2

Total Annual Profit Comparison:

- New Annual Revenue = $90,000 * 6 * 40 = $21.6M
- New Annual Costs = $3M
- New Annual Profit = $18.6M
- Old Annual Profit = $18M
- ΔAnnual Profit = $600,000
- Payback Period = $2.4M / $600,000 = 4 years

Final Recommendation

Penn & Teller

Final Recommendation:

The CEO of Caesars just walked in the room and would love to hear your final recommendation. Based on the analysis you conducted today, should Caesars switch from the Penn & Teller show to the new America's Got Talent show?

Sample Recommendation

Penn & Teller

Sample Recommendation: If the candidate's recommendation is NO…

- 4 year payback is a long-time in a competitive market
- AGT may not have long-lasting appeal
- Penn & Teller is a known quantity and still has a high profit margin at 80%
- Risks: Audience interest may continue declining if the act is perceived as stale and Caesars forgoes the opportunity to sign a more profitable new act
- Next Steps: Investigate the possibility of refreshing the show format by adding new material, guest performers, or seasonal variations or consider renegotiating contract terms (ie. performance-based incentives tied to ticket sales or occupancy).

Sample Recommendation: If the candidate's recommendation is YES…

- 5 years' worth of data proves that P&T is stale, but the America's Got Talent Act is fresh and exciting
- Caesars main priority is profitability and AGT is $600,000 more profitable than Penn & Teller
- Risks: Loyal fans of Penn & Teller may reduce visits to the Rio or Caesars properties or AGT act may fail to reach expected profitability
- Next Steps: Conduct market testing (consumer surveys, pilot shows, or limited runs) to gauge interest in AGT act, Develop a transition marketing strategy to maintain traffic during the changeover.

Sports Bar

Bain | Round 1

Profitability | Food Services

Prompt & Case Overview

Sports Bar

Case Prompt:

Your client is an entrepreneur looking to invest in a new bar. He needs to determine how profitable the company will be and convince his primary investor, his father, that it will be a viable business. What factors would you consider and investigate?

Clarifying Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- **Where would this bar be located?** The sport bar would be located in a college town
- **What would the bar sell?** The bar would offer both food and drinks to its customers
- **What is our client's main goal?** Our client wants to know if this is a worth it investment by a profitability and return on investment standpoint while also looking at the payback period
- **Does our client have expertise in this area?** No, our client has never worked in this industry before

Note: *This case was sourced from Stern 2019*

Sample Framework

Sports Bar

Should Your Client Invest?

I. Financials

Projected Revenues
- Number of units (food and drink) we are projected to sell
- Prices of our different products

Projected Costs
- Upfront investment
- Yearly fixed costs (lease, insurance, equipment maintenance, etc)
- Variable costs (ingredients, utilities, hourly wages, etc)

Financial Returns
- Payback period
- Return on investment

II. Market

Attractiveness
- Market size
- Customer demand

Competitive landscape
- Main competitors
- Market shares
- Competitor strategies and PODs
- Barriers to entry

Customer
- Price elasticity
- Customer demographics
- Customer needs

III. Strategy & Risks

Internal Strategies
- Training approach
- Operational logistics
- Ambiance and décor

External strategies
- Regulations and licensing
- Marketing strategies

Risks
- Accuracy of financial projections
- Demand uncertainty
- Seasonality
- Alcohol risks

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Sports Bar

Case Math Question #1:

Note: *Don't initially offer any additional information or ask the candidate any formal questions; instead, show them Exhibit 1 AFTER they ask for information regarding the number of customers. If they are struggling, guide them in this direction.*

Guidance for Interviewer:

- Exhibit 1 should be given when the interviewee asks for information regarding the number of customers
- The interviewee should notice the higher volume on weekends and immediately proceed to calculate profitability
- It is essential that the interviewee remain structured throughout the calculations; interviewer should check all figures as they are calculated and prompt the interviewee to verbalize each step

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Exhibit 1

Sports Bar

Market Research

Hours	Thursday - Saturday	
	Food customers	Drink customers
12pm-8pm	15 customers/hr	5 customers/hr
8pm-2am	5 customers/hr	20 customers/hr

Hours	Sunday - Wednesday	
	Food customers	Drink customers
12pm-8pm	10 customers/hr	4 customers/hr
8pm-12am	4 customers/hr	15 customers/hr

Case Math Question *Continued*

Sports Bar

Additional Information to Be Provided to the Candidate Upon Request:

Revenue:

- The average customer spends $15 on food per visit
- The average customer spends $20 on drinks per visit
- Capacity constraints and benchmarking should also be discussed here

Costs:

- Lease cost is $10,000 per month
- Labor costs can be seen below
- COGS: Food has a 12% gross margin
- COGS: Drinks have a 50% gross margin
- There is no specific data on utilities, legal, insurance, licenses, training, remodeling , equipment, and other startup costs

Labor needs:

- Kitchen (when open): 4 people @ $10/hr
- Bar: 1 person @ $5/hr
- Wait Staff: 3 people @ $5/hr

Case Math Answer

Sports Bar

Total # of Orders

Variables	Source	Sunday-Wednesday		Thursday-Saturday	
		Food	Drink	Food	Drink
Day orders per hour		10	4	15	5
Day time hours		8 (12pm-8pm)	8 (12pm-8pm)	8 (12pm-8pm)	8 (12pm-8pm)
Day time orders	Hours x orders per hour	80	32	120	40
Night orders per hour		4	15	5	20
Night hours		4 (8pm-12am)	4(8pm-12am)	6(8pm-2am)	6 (8pm-2am)
Night orders	Hours x orders per hour	16	60	30	120
Total daily orders	Night + day orders	96	92	150	160
Days per week		4	4	3	3
Total weekly orders	Days x daily orders	384	368	450	480
Total weekly food orders	**834**				
Total weekly drink orders	**848**				

Case Math Answer *Continued*

Sports Bar

Revenue & Costs

Variables	Source	Food	Drinks	Calculation
Price		$15	$20	
Weekly orders	Previously calculated	834	848	
Weekly revenue	(price) x (weekly orders)	$12,510	$16,960	**$29,470**
COGS		88%	50%	
Weekly COGS	(% cost) x (weekly revenue)	$11,009	$8,480	**$19,489**

Variables	Source	Kitchen	Bar	Wait Staff
Salary per hour		$10	$5	$5
# of people		4	1	3
Sunday – Wednesday hours	(4 days) x (8 hours)	48	48	48
Thursday – Saturday hours	(3 days) x (14 hours)	42	42	42
Total labor cost	(salary) x (total hours)	$3,600	$450	$1,350
Total weekly labor cost	**$5,400**			

Case Math Answer *Continued*

Sports Bar

Profitability

Variables	Source	Calculations
Weekly revenue	Previously calculated	$29,470
Weekly COGS	Previously calculated	$19,489
Weekly labor	Previously calculated	$5,400
Weekly lease cost		$2,500
Weekly profit	Revenue – COGS – labor - lease	$2,081
Weeks per year	Assumed	50
Annual profit	Weekly profit x # weeks	$104,050

Note: *Candidate should indicate that these numbers show that bar is gaining a profit but that considering the upfront investment is important to give the client a more well-rounded answer. In other words, the business is not projected to lose money, but cost assumptions may be incomplete.*

Case Math Question

Sports Bar

Case Math Question #2:

Your client estimates that the start-up capital needed to open the Sports Bar (e.g., renovations, equipment, licenses) is $500,000. How long will it take for the business to break even? Over a 5-year period, what would be the return on this investment? *(Assume no interest)*

Case Math Answer

Sports Bar

Variables	Source	Calculations
Upfront costs		$500,000
Annual profit	Previously calculated	$104,050
Breakeven point	(upfront costs)/ (annual profit)	4.8 years
5 year ROI	((annual profit) x (5 years) – (upfront costs)) / (upfront costs)	4.1 %

Case Math Answer #2:

The client's father would have to compare this opportunity against other potential investments

- 4.1% at the end of 5 years
- Over the 5-year period, less than 1% return per year

Although calculations indicate that the business can be profitable, the margin is rather small relative to the initial investment required. Further, all costs may not be accounted for.

Given these results, the client's father could likely find another investment opportunity with a faster payback period and higher ROI

Case Creative Question

Sports Bar

Case Creative Question #1:

What marketing strategies should Sports Bar implement to drive demand and improve their financial projections?

Case Creative Answer

Sports Bar

Case Creative Sample Answer:

Awareness Strategy:

- Sports bar should prioritize visiting college campuses nearby to promote the new sports bar, invest in their social media strategy, and also use print media for older demographics

Acquisition Strategy:

- Offer a discount to those visiting for the first time or those bringing a friend for the first time

Retention Strategy:

- Offer a loyalty program that allows customers to gain points and get free drinks or appetizers as they accumulate points throughout their visits

Final Recommendation

Sports Bar

Final Recommendation:

Assume the entrepreneur and his dad just walked in the room, what would you tell them?

Prompt & Case Overview

GreenSpark

Case Prompt:

Our client is GreenSpark Initiative, a recently established nonprofit organization funded by a philanthropic foundation with a $25M initial endowment. The organization's mission is to combat climate change and build long-term environmental resilience.

The leadership team is passionate and driven, but they're currently facing a key strategic challenge: which specific area of climate change to focus on. Given limited resources, they need to prioritize one high-impact area for their initial five-year strategy.

They've come to you for help in determining which climate change sub-sector they should focus on.

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **Does the client have any specific goals?** Maximize measurable impact on climate change and position the nonprofit for future growth and fundraising.
- **Is there a timeline?** The client would like to demonstrate tangible results within 5 years.
- **Do they have any areas of climate change in mind already?** No, they want to focus more on what factors of an issue area would best fit with GreenSpark, before exploring specific areas.

Sample Framework

GreenSpark

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On Which Climate Change Sub-Sector Should GreenSpark Focus?

I. Impact Potential

- *Reach / Scale*
  - Number of people affected, degrees to which the issue impacts them
  - Geographic spread – where are these people located?
- *Environmental Impact*
  - CO_2 reduced or climate resilience improved
  - Climate benefit per $ spent
- *Time to Impact*
  - Speed of measurable change (GreenSpark prioritizes within 5-year window)
- *Measurability of Outcomes*
  - Availability of metrics and data
  - Ability to attribute impact to GreenSpark's efforts

II. Strategic Fit

- *Mission Alignment*
  - Alignment with GreenSpark's values and climate/equity goals
- *Capabilities Fit*
  - Existing expertise or partnerships
  - Feasibility of building capabilities
- *Fundability / Donor Appeal*
  - Cost – how much of $25M endowment would GreenSpark be willing to spend?
  - Attractiveness of the focus area to future funders or partners
- *Track Record / Credibility*
  - Ability to demonstrate early wins and build legitimacy
  - Who are people within this issue area who are experts and could be efficient partners

III. Present & Future Viability

- *Implementation Risk*
  - Technical, political, or operational barriers
- *Cost per Unit of Impact*
  - Cost-efficiency ($/ton of CO_2 reduced)
- *Competitive Landscape*
  - Level of crowding in the sector
- *Policy or Regulatory Tailwinds*
  - Supportive trends, mandates, or funding at local/global level
- *Future Potential*
  - Can this be a foundation for future programs or scale-up?
  - Opportunities for collaboration with governments, NGOs, or companies
  - Will this area provide strategic insights or differentiation?

***Note:** This framework provides considerably more detail than expected of an interviewee, as a reference for the many aspects they could include.*

Case Math Question

GreenSpark

Case Math Question #1:

GreenSpark is comparing two finalist focus areas:

1. Carbon Emissions Reduction in Agriculture

2. Renewable Energy Access in Developing Countries

They want to understand which option delivers **greater CO_2 reduction per dollar** invested over 5 years, and how many people each initiative could impact.

GreenSpark is considering investing **$15M** of its $25M budget into either initiative. It wants to evaluate its impact on two dimensions: total CO_2 reduced over 5 years and total people directly impacted

Metric	Agriculture Emissions Reduction	Renewable Energy Access
Cost per ton CO_2 reduced	$12	$30
People directly impacted per $100k	500	2,000
% of total budget going to overhead	15%	10%

Case Math Answer

GreenSpark

Case Math Answer #1:

Step 1: Calculate funds available for direct impact (after overhead)

Agriculture

- 15% overhead → 85% of \$15M = **\$12.75M available**

Renewable Energy

- 10% overhead → 90% of \$15M = **\$13.5M available**

Step 2: CO_2 Reduction

Agriculture

- \$12.75M ÷ \$12/ton = **1,062,500 tons CO_2 reduced**

Renewable Energy

- \$13.5M ÷ \$30/ton = **450,000 tons CO_2 reduced**

Step 3: People Impacted

Agriculture

- \$12.75M ÷ \$100,000 × 500 people = **63,750 people impacted**

Renewable Energy

- \$13.5M ÷ \$100,000 × 2,000 people = **270,000 people impacted**

The analysis shows a clear tradeoff between climate efficiency and human reach. Investing in agriculture emissions reduction would generate more than twice the CO_2 reduction per dollar, making it the stronger option if GreenSpark's primary goal is maximizing measurable climate mitigation within five years. However, renewable energy access would impact more than four times as many people, making it the better choice if the organization prioritizes broad community impact and visibility alongside climate benefits.

Case Creative Question

GreenSpark

Case Creative Question #1:
With whichever program you select, what would be some potential challenges in implementing it?

Case Creative Answer

GreenSpark

Sample Case Creative Answer:

Agricultural Emissions

- *Farmer adoption barriers:* Farmers may resist changing long-standing practices due to perceived risk, upfront costs, or uncertainty about yield impacts. Behavior change and trust-building take time.
- *Measurement and verification complexity:* Accurately measuring soil carbon or methane reductions requires robust monitoring systems, which can be technically complex and costly.
- *Policy and incentive dependence:* Success may depend on carbon markets, subsidies, or regulatory support, which can fluctuate politically.
- *Fragmented stakeholder landscape:* Agriculture involves many small producers across geographies, making coordination and scaling operationally challenging.

Renewable Energy

- *Infrastructure constraints:* Grid limitations, supply chain bottlenecks, and local distribution challenges can slow deployment.
- *Upfront capital intensity:* Renewable systems require significant installation investment before benefits are realized.
- *Maintenance and sustainability risk:* Long-term system maintenance, training, and local ownership models are critical to avoid project failure after installation.
- *Political and regulatory instability:* Energy markets in developing countries may face policy uncertainty, permitting delays, or corruption risks

Case Math Question

GreenSpark

Case Math Question #2:

Before committing the full **$15M initiative budget**, GreenSpark's leadership wants to run a **2-year pilot program** to test which approach performs better. They decide to allocate **20% of the initiative budget to the pilot phase**.

The pilot will test both programs across four regions. Entering a new region requires a one-time startup cost of $300,000 per region (shared across programs) before any funds can go toward implementation.

GreenSpark plans to test the pilot in **4 regions**.

After startup costs, the remaining funds will be split **equally between the two programs**.

Metrics remain the same as before:

Program	Cost per ton CO_2	People impacted per $100k
Agriculture	$12	500
Renewable Energy	$30	2,000

Case Math Answer

GreenSpark

Pilot Budget: 20% of 15M=3M

- **Startup Costs:** 4 regions × $300k
  - 4 × $300,000 = $1.2M
- Remaining implementation funding:
  - $3M - $1.2M = $1.8M
  - Each program pilot receives $900k

CO_2 Reduction:

- **Agriculture:** 900,000 ÷ 12 = 75,000 tons
- **Renewable Energy:** 900,000 ÷ 30 = 30,000 tons
- **Total CO_2 Reduction:** 75,000 + 30,000 = **105,000 tons**

People Impacted:

- **Agriculture:** 900,000 ÷ 100,000 × 500 = 4,500 people
- **Renewable Energy:** 900,000 ÷ 100,000 × 2,000 = 18,000 people
- **Total People Impacted:** 4,500 + 18,000 = **22,500 people**

Final Recommendation

GreenSpark

Final Recommendation:

The GreenSpark board of directors is walking down the hall. What do you recommend they do?

Sample Recommendation

GreenSpark

Sample Final Recommendation:

- **Recommendation:** GreenSpark should prioritize **Agricultural Emissions Reduction** as the focus of its initial 5-year strategy.
- **Rationale:**
  - Agricultural emissions reduction delivers **significantly greater climate mitigation**, reducing approximately **1,062,500 tons of CO_2 over five years**, compared to **450,000 tons** for renewable energy access.
  - While renewable energy impacts more people (**270,000 vs. ~63,750**), GreenSpark's mission is primarily focused on **maximizing climate impact**, making agriculture the stronger option.
  - Agriculture programs are also **more cost-efficient**, reducing CO_2 at **$12 per ton compared to $30 per ton** for renewable energy, allowing the nonprofit to achieve greater environmental impact with limited resources.
  - The sector also offers strong opportunities for **scalable interventions** such as regenerative farming practices, methane reduction, and soil carbon sequestration.
- **Risks:**
  - **Farmer adoption risk**, as behavioral and operational changes in agricultural practices may take time.
  - **Measurement challenges**, since verifying emissions reductions in agriculture can require robust monitoring systems.
  - Potential **competition from established climate organizations** already working in agricultural decarbonization.
- **Next Steps:**
  - Launch a **pilot program across several agricultural regions** to validate emissions reductions and operational feasibility.
  - Develop **partnerships with agricultural cooperatives, NGOs, and research institutions** to accelerate adoption of sustainable practices.
  - Build a **measurement and reporting framework** to track verified CO_2 reductions and strengthen credibility with donors.
  - Use early pilot results to **attract additional philanthropic and institutional funding** and scale the program globally.

MilkCo

Bain | Round 1

Operations + Risk/Quality | Food & Beverage

Prompt & Case Overview

MilkCo

Case Prompt:

Situation:

Your client, MilkCo, is a regional dairy producer operating across Indiana, Ohio, and Michigan. They operate 6 processing plants across these three states (2 per state) and distribute milk primarily to grocery retailers and institutional buyers, including Indiana public schools. Their Indiana school supply contract is their most significant institutional relationship, representing a major portion of revenue and brand credibility in the region.

Complication:

Recently, MilkCo was forced to recall all milk products supplied to Indiana schools after a batch was found to be contaminated with E. coli. Dozens of middle school children in northern Indiana fell ill. E. coli contamination in dairy is typically traced to failures in pasteurization or cross-contamination that occurs after the milk has been processed.

Pasteurization is the process of heating milk to a high temperature for a set period of time in order to kill harmful bacteria. If the heating process is cut short, the temperature isn't reached, or the equipment isn't working properly, dangerous bacteria can survive and make it into the final product. Both of these failure points are supposed to be caught by MilkCo's internal testing process. The Indiana state government has threatened to permanently terminate MilkCo's contract and has already engaged MilkCo's main competitor on a short-term basis while MilkCo's products remain off shelves. The CEO of MilkCo has hired you to figure out how the recall happened and determine what must be done to avoid this in the future.

Key Questions:

1. How did a contaminated batch of milk pass food quality inspection?
2. What can MilkCo do to ensure a similarly contaminated batch is never shipped to customers in the future?
3. How can MilkCo begin rebuilding trust with the Indiana state government and affected families, and work to recover the school contract?

Note: *Interviewer should read out the situation, complication, and key questions.*
Interviewer should then answer questions from the candidate on the situation, using the background information

Sample Framework

MilkCo

What Happened and How Can MilkCo Proceed?

I. Where Did the Contamination Occur?

Pre-Processing
- Supplier quality (farm hygiene, transport conditions)
- Incoming inspection procedures

Pasteurization
- Temperature + time compliance
- Equipment functionality & calibration
- Monitoring systems (logs, alerts)

Post-Processing/Packaging
- Cross-contamination risk (equipment, surfaces, handlers)
- Sanitation procedures
- Packaging integrity

II. Why Did Safeguards Fail?

Process Not Followed
- Sampling skipped or rushed
- Lab testing errors (faulty equipment, human error)
- Logs falsified or not verified
- Lack of oversight between audits

Process Design Failure
- Testing only pre-packaging (misses post-contamination)
- Insufficient testing frequency or sample size
- Blind spots in monitoring systems
- No real-time detection

III. Organizational Drivers & Capacity Constraints

Audit System
- Audit frequency vs. requirements
- Auditor capacity vs. workload
- Coverage gaps (e.g., plant not audited for 6 months)

Incentives & Accountability
- Are employees incentivized to cut corners?
- Enforcement of compliance standards
- Visibility from leadership

Operational Constraints
- Staffing levels
- Time pressure / throughput demands

IV. Solutions & Recovery

Operational Fixes
- Increase audit capacity (close coverage gaps)
- Add post-packaging testing checkpoints
- Improve real-time monitoring & compliance enforcement

Trust Rebuilding
- Engage regulators for added transparency
- Support affected families
- Launch public communication campaign on safety improvements

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Creative Question

MilkCo

Case Creative Question #1:

MilkCo has strict food safety safeguards and testing requirements in place to ensure contaminated batches are destroyed before shipment. The CEO would like your help brainstorming ways this contaminated milk batch could have bypassed the safeguards.

Additional Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- After milk is pasteurized but before it is packaged for shipment, a food safety technician collects a sample from each batch and sends it to the on-site lab for testing, including an E. coli screen. The batch cannot be packaged and shipped unless the lab clears it as "safe."
- Each processing plant is audited on a quarterly basis by an internal team of food safety auditors to ensure pasteurization logs, sanitation records, and testing procedures are being followed correctly

Case Creative Answer

MilkCo

Case Creative Sample Answer:

Candidate should ask for additional details on the safeguards in place, then develop a list of potential reasons the food safety safeguards did not catch the contaminated batch. These reasons should fall in one of two buckets:

- The food safety process was not followed correctly
- The food safety process was followed correctly, but the process itself is lacking in its ability to effectively catch all contaminations

Potential reasons the process was not followed:

- Food safety technicians skipped or rushed batch sampling before shipment
- Lab technicians used faulty equipment, producing an incorrect result on the E. coli screen
- Pasteurization logs were falsified or not verified
- The pasteurization equipment was not properly maintained, meaning milk may not have actually been heated enough to kill bacteria
- There is no one enforcing daily compliance between quarterly audits

Potential reasons the process is lacking in its ability to effectively catch all contaminations:

- E. coli can be introduced after pasteurization through contaminated packaging equipment or handling, meaning a clean test result doesn't guarantee a clean final product

Case Math Question

MilkCo

Case Math Question #1:

After some analysis, the team has determined the correct process was not followed. One of the Indiana processing plants has not been audited in 6 months, and the food safety technicians took that as a sign they could be less thorough with their responsibilities. When asked why the plant hasn't been audited recently, the auditing department explained they don't have the capacity to meet their audit goals. Is this true?

Additional Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- MilkCo has 6 processing plants across Indiana, Ohio, and Michigan; each must be audited quarterly (4 times per year)
- A dairy facility audit covers pasteurization records, sanitation logs, equipment calibration, and lab testing procedures.
- Each audit takes 2 auditors 5 days to complete each
- MilkCo has 4 auditors, each of whom works 250 days per year. However, about 80% of each auditor's time is spent on non-audit work: writing audit reports, maintaining compliance documentation, and coordinating corrective actions from prior audits.

Case Math Answer

MilkCo

Case Math Answer #1:

Audit days needed per plant audit: 10

- 2 auditors * 5 days each = 10 audit days

Audit days needed per year: 240

- 10 audit days per plant * 6 plants * 4 audits per year = 240 audit days annually

Audit days available per year: 200

- 4 auditors * 50 available audit days each (20% of 250 days) = 200 audit days per year

Answer: Yes, this is true. The auditing team is 40 audit days short of capacity.

- 240 audit days needed – 200 audit days available = 40 audit day capacity shortage annually

Case Creative Question

MilkCo

Case Creative Question #2:

What levers can we pull to ensure the auditing department has enough capacity to audit each plant each quarter? Which one should we pull and why?

Additional Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- The 5-day audit length is consistent with FDA and state dairy board standards for a facility of this size and complexity; shortening it would risk missing critical compliance checks
- The 2-auditor team per audit is the minimum required to independently verify records and conduct simultaneous equipment and documentation reviews

Case Creative Answer

MilkCo

Case Creative Sample Answer

There are four levers to pull:

1. Decrease the length of an audit (currently 5 days)
2. Decrease the number of auditors required per audit (currently 2)
3. Increase the number of auditors available (currently 4)
4. Reduce non-audit administrative burden so existing auditors have more available audit days (currently ~50 per auditor per year)

MilkCo is unlikely to pull the first two levers (shortening audits or reducing the audit team) because they would risk missing critical food safety violations, which is precisely what led to this recall. Given that children are the end consumers and the state government is watching closely, cutting corners on audit rigor is not a viable option.

The fourth lever (reducing administrative burden) is worth exploring in parallel. Streamlining report templates or hiring a compliance coordinator to handle documentation could free up auditor capacity without adding headcount.

The most direct solution is to hire an additional auditor to close the capacity gap immediately, while pursuing administrative efficiencies as a complementary longer-term measure.

- Auditors needed to fill the gap: 1
- 40 days needed ÷ 50 audit days per additional auditor = 0.8, so 1 additional auditor is needed to close the gap

A strong candidate will note that hiring exactly 1 auditor leaves almost no buffer. That is, just 10 days of slack annually. Any sick days, travel delays between plants in three different states, or audit overruns could quickly put MilkCo back in a capacity shortage. They may recommend hiring 1 auditor now and simultaneously pursuing the administrative burden reduction lever to build in meaningful slack.

Case Creative Question

MilkCo

Case Creative Question #3:

In addition to ensuring a recall doesn't happen again in the future, the CEO would also like our help developing a strategy to regain consumer trust, repair MilkCo's relationship with the Indiana state government, and recover the school contract. Quickly brainstorming, what might be some ways MilkCo can go about rebuilding their brand?

Case Creative Answer

MilkCo

Case Creative Sample Answer:

- Invite state government representatives or an independent third party to observe a live audit at the Indiana plant to demonstrate full transparency
- Issue a direct public apology to affected families and offer compensation or medical support to those whose children fell ill
- Run a regional communications campaign in Indiana highlighting the corrective actions taken and MilkCo's long-standing ties to the communities it serves

Final Recommendation

MilkCo

Final Recommendation:

You bump into MilkCo's CEO in the elevator, and she would like a 30-second summary of your findings. What do you tell her?

Sample Recommendation

MilkCo

Sample Final Recommendation/Summary of Findings:

- The contaminated milk batch was not caught because food safety safeguards were not being followed at one of the Indiana plants
- This happened because the auditing team lacked the capacity to audit all 6 plants quarterly, leaving that one unaudited for 6 months and creating an environment where technicians felt they could cut corners
- Recommendation 1: Hire 1 additional auditor to close the 40 audit-day capacity gap, and explore reducing administrative burden on existing auditors to build in long-term slack
- Recommendation 2: To recover the Indiana school contract, proactively engage state officials with a corrective action plan

National Logistics

Bain | Round 1

Profitability | Transportation/Logistics

Prompt & Case Overview

National Logistics

Case Prompt:

Your client is National Logistics; a large transportation and logistics company that delivers freight to all areas of North America. Over the last five years, the company has experienced rising costs due to increases in wages resulting from a shortage of truckers. The client is now looking to reduce operational costs in the business. How would you advise the client?

Clarifying Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- **What is the client's primary goal?** National Logistics is looking to boost profitability by any means
- **Are other competitors facing the same issue?** Yes, the entire transportation industry is feeling the wage pressure
- **Does the client have a profitability target?** No, the client just wants to improve profitability from their current state
- **Are there other costs that have been influencing profitability?** Yes, steadily rising fuel prices have also been hampering the company's profits
- **Is the company running at full capacity?** Yes, the only thing limiting the company's revenue growth is finding drivers to drive their trucks
- **Has revenue also been in decline?** No, revenue has been rising steadily over the last 5 years but is only capped by lack of drivers to fulfill deliveries

Note: *This case was sourced from Darden 2018*

Sample Framework

National Logistics

How Can National Logistic Improve Profitability?

I. Revenues

Prices:
- What are we currently charging customers and how does this compare to competitors?
- Can we raise prices ?

Delivery Mix:
- Prioritize more expensive freight?
- Use larger trailers for each delivery

II. Costs

- Fuel: What are fuel prices? Can we hedge?
- Depreciation: What are the depreciation life-span on trucks?
- Overhead: Can we reduce admin staff?
- Outsource: Contract labor
- Load per Truck: How full are the loads per delivery?

III. Investments

- Buy new fuel efficient trucks
- Add energy saving technology e.g. spoilers, speed limiters, drag resistant wheels, etc.
- Purchase a low cost- leader transportation company

IV. Other

- Innovate by developing drone delivery capabilities or exploring the possibility of autonomous trucks
- Explore other high margin markets e.g. airfreight, shipping, railways, etc.

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Creative Question

National Logistics

Case Creative Question #1:

Note: *The candidate should mention "more fuel efficient trucks" (or something similar) in his/her framework. If they don't, press them until they mention it. Once included in the framework, move on to Question #1*

The client is interested in purchasing more fuel efficient hybrid truck fleets that use both batteries and diesel fuel. What are some of the cost considerations the client should be aware of in making this decision?

Follow-Up Question:

Note: *Only ask this question after the candidate has successfully completed Question #1*

What costs do you believe would increase if National Logistics were to use hybrid trucks?

Case Creative Answer

National Logistics

Case Creative Sample Answer:

Note: *The candidate can list any number of factors to consider, but it is crucial for the candidate to list these five cost considerations below. Press the candidate if he / she is missing any of the following five factors.*

1. Price/Cost of Truck
2. Maintenance
3. Insurance
4. Fuel Usage / Miles per Gallon (MPG)
5. Depreciation

Follow-Up Question Answer:

This question tests a candidate's business judgement. The price of the truck, maintenance, and insurance are good answers because the hybrid models have more technology and are more complex than a standard truck.

Case Math Question

National Logistics

Case Math Question #1:

We ran two cost scenarios for the client to compare the cost of operating a hybrid truck vs. a standard diesel truck. What are the potential cost savings (if any) from switching to a hybrid truck?

Exhibit 1

National Logistics

Operating Costs: Standard and Hybrid Trucks

Financial Metrics	Standard Truck	Hybrid Truck
Purchase Price	$100,000	$150,000
Maintenance / Yr.	$5,000	$8,000
Insurance / Yr.	$2,000	$3,000
Avg. Miles Driven / Yr.	60,000	60,000
Miles per Gallon (MPG) of Gas	10	20
Vehicle Lifespan	10 Years	10 Years

** National Logistics pays an average of $3.00 per gallon of gas*

Case Math Answer

National Logistics

Case Math Answer #1:

Note: *The candidate should ask about the depreciation schedule; if they don't proactively do so, push them to think about this*

- ***Answer:*** *National Logistics uses straight-line depreciation for all of their trucks. All trucks will have a $0 salvage value at the end of their lifespan*

Annual Operating Costs of Standard Semi Truck:

- Maintenance + Insurance = $7,000
- Depreciation = $100,000 / 10 years = $10,000
- Fuel = 60,000 Miles / 10 MPG = 6,000 x $3.00 per Gallon = $18,000

Total Annual Costs = $7,000 + $10,000 + $18,000 = $35,000 Annually per Truck

Annual Operating Costs of Hybrid Semi Truck:

- Maintenance + Insurance = $11,000
- Depreciation = $150,000 / 10 years = $15,000
- Fuel = 60,000 Miles / 20 MPG = 3,000 x $3.00 per Gallon = $9,000

Total Annual Costs = $11,000 + $15,000 + $9,000 = $35,000 Annually per Truck

Based on this analysis, we can see there are no annual cost savings associated with switching to hybrid trucks

Case Creative Question

National Logistics

Case Creative Question #2:

Given the results of the analysis, would you recommend for National Logistics to invest in hybrid trucks? Why or why not?

Case Creative Answer

National Logistics

Case Creative Sample Answer:

Note: *There is no right or wrong answer (except "I don't know"); this question is meant to judge how well a candidate can make a decision and justify their decision during moments of ambiguity.*

- **Yes.** Possible rationales: The savings can be even more if gas prices continue to rise; the company can extend the useful life of the hybrid trucks to reduce depreciation expense; the company can explore negotiating maintenance costs down; Hybrid trucks are better for the environment and may have tax reduction implications; Switch insurance providers or negotiate on costs
- **No.** Possible Rationales: Gas prices may fall, this making the standard trucks cheaper to operate; the purchase doesn't meet the company's primary goal of reducing costs; tying up resources in new trucks creates an opportunity cost against more potentially profitable projects

Many more sound rationales can be used to explain the candidate's choice—it is up to the interviewer to judge whether the candidate's judgement is sound

Case Creative Question

National Logistics

Case Creative Question #3:

The client also wants to get our thoughts on how they can reduce their shortage of truckers. Brainstorm some ways National Logistics can reduce their shortage.

Case Creative Answer

National Logistics

Case Creative Sample Answer:

Note: *Internal options are plentiful. The most creative candidates will come up with innovative solutions that are external to the company. The candidate's answer should be structured and logical, but their buckets don't have to be internal vs. external.*

Internal:

- Pay & Benefits (call out that these reduce profitability)
  - Offer starting bonuses
  - Increase salaries
  - Offer more vacation
  - More Flexible hours
  - Better healthcare coverage
- Reduce employment restrictions
  - Lower education restrictions
  - Low work experience
- Get help internally
  - Have overhead employees drive during peak seasons

External:

- Have overhead employees drive during peak seasons
- Hire contract drivers part-time during peak seasons
- Sponsor international drivers with visas
- Invest in autonomous truck technology
- Form delivery partnerships with competitors
- Look into heavy duty drones for short routes

Final Recommendation

National Logistics

Final Recommendation:

The CEO of National Logistics has approached you for a final recommendation. Based on your analysis, how should she proceed?

Sample Recommendation

National Logistics

Sample Recommendation: If the candidate's recommendation is NO (should not invest)…

- Rationale:
  - There are no annual operating cost savings associated with switching since both trucks cost ~$35K per year
  - Hybrid trucks require a 50% higher upfront investment
  - The investment does not achieve the client's goal of reducing costs
- Risks: Fuel prices may rise, making hybrids more attractive later, regulations or incentives could favor cleaner trucks, competitors adopting hybrids could gain efficiency advantages.
- Next Steps: Monitor fuel price trends and revisit the investment if prices increase, explore other cost reductions (fuel hedging, load optimization, admin costs)

Sample Recommendation: If the candidate's recommendation is YES (should invest)…

- Rationale:
  - Hybrid trucks cut fuel consumption in half (20 MPG vs 10 MPG).
  - If fuel prices rise, hybrids will generate meaningful cost savings.
  - Environmental benefits could improve brand image or qualify for future tax incentives.
- Risks: Higher upfront costs (trucks are $150,000 compared to $100,000), maintenance might be more expensive since the technology is more complex
- Next Steps: Negotiate lower purchase prices with hybrid manufacturers, run a pilot program with a small subset of hybrid trucks.

Stamford Bridge

Bain | Round 2

Growth Strategy & Investment Decision | Sports/Entertainment

Prompt & Case Overview

Stamford Bridge

Case Prompt:

Chelsea FC is one of the most successful and recognizable soccer clubs in Europe, with multiple Premier League and Champions League titles, a global fanbase, and annual revenues approaching £600 million. However, their home stadium, Stamford Bridge, is increasingly seen as a limitation in the soccer-loving city of London.

Chelsea were acquired in 2022 for £5 billion. The new owners are exploring how to modernize the club's home to support long-term competitiveness, on and off the field. Chelsea FC has reached out to you seeking advice on their problem.

What would you recommend, and why?

Clarifying Information:

See following slide for all clarifying questions and corresponding answers

Prompt & Case Overview *Continued*

Stamford Bridge

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **What are some limitations of the current stadium?** The stadium was first opened in 1877, has a capacity of just 40,000 seats (ranked only 92nd in Europe), and last underwent significant renovation in 1998. By contrast, major rivals such as Tottenham and Real Madrid play in modern, larger stadiums, with enhanced hospitality, naming rights, and non-matchday revenue opportunities.
- **How popular is Chelsea FC?** Their total global following on social media is over 130 million people. They play in the Premier League, the top division of English soccer, and the Champions League, where they compete with the best teams from across Europe.
- **What is their goal with a new stadium?** Increasing total matchday income and enhancing brand image in order to become a true global soccer superpower.
- **Do the new owners have experience in sports?** Yes, they own multiple franchises in Europe and in the United States, including the LA Dodgers baseball team.
- **Does the stadium currently host any other events?** No, it only hosts soccer specific events and Chelsea FC is the only team that uses it.
- **Would the team consider moving to a different city?** No, they are wholeheartedly committed to staying in the city of London. Relocating outside of the London metropolitan area is not an option.
- **What is the area around the stadium like?** Stamford Bridge is tightly surrounded by residential homes in West London and is accessible by a nearby subway station.

Sample Framework

Stamford Bridge

How Should Chelsea FC Modernize Their Stadium?

I. Financial Considerations

Revenue Potential

- Matchday Revenue
  - Capacity
  - Utilization
  - Ticket Mix (General vs. Premium Seating)
  - Pricing
- Non-matchday Revenue
  - Concerts
  - Hospitality
  - Naming Rights
  - Stadium Tours

Costs

- Capital Expenditure
  - Upfront Construction Cost
- Disruption Costs
  - Temporary Relocation
  - Reduced Matchday Revenue
- Operating Costs
  - Labor Costs
  - Maintenance Costs

II. Qualitative Factors

- Timeline
  - How long would a renovation /rebuild/relocation take to complete?
  - When would the payback period be of each option?
- Fan Experience & Brand Value
  - What do our fans value?
  - What does the Chelsea brand represent?
  - Do customers value premium experiences?
- Competitive Positioning Versus Rivals
  - What are rival teams doing?
  - Are there recent stadium renovations that we can look at?
- Regulatory / Planning Feasibility
  - Are there any zoning restrictions in London that we need to be aware of?
  - What construction standards must we uphold during the renovation?
  - Are there any other limitations or local rules that would impact stadium construction

III. Strategic Options

- Possible Options to Look into:
  - Renovate current stadium (Stamford Bridge)
  - Demolish Stamford Bridge and build a new stadium at the current site
  - Relocate to new site

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Creative Question

Stamford Bridge

Case Creative Question #1:

Take a look at Exhibit 1. What stands out to you?

**** If the candidate is struggling, encourage them to compare each team's stadium capacity to their global social media following. What insight does this provide to Chelsea FC?*

Exhibit 1

Stamford Bridge

Stadium *(Country)*	Type	Team	Capacity *(in 1000s)*	Build / Reno Duration	Cost *(in Pounds)*	Team Social Media Following
Stamford Bridge *(England)*	N/A	Chelsea FC	40	Built in 1877	N/A	130 m
Tottenham Hotspur Stadium *(England)*	New Build	Tottenham Hotspurs	62.85	4 years	1.2 bn	90 m
Bramley-Moore Dock *(England)*	Relocation	Everton	53	5 years	900 m	15 m
Santiago Bernabeu *(Spain)*	Major Renovation	Real Madrid	83	5 years	1.7 bn	450 m
Spotify Camp Nou *(Spain)*	Major Renovation	FC Barcelona	105	4 years	1.6 bn	425 m

Case Creative Answer

Stamford Bridge

Case Creative Sample Answer:

There are many possible answers. A candidate may only highlight one of these options, but a great candidate will consider a variety of insights that would be valuable to the client. Here are some possible options.

Renovation Dates:

- Teams around Europe are renovating their stadiums in recent years. New builds, relocations, and major renovations all have taken about 4.5 years. Chelsea should be sure to factor this into any projections they develop for new stadium plans.

Fanbase:

- Chelsea's current fanbase is 130m and their stadium only holds 40,000. Compare this to Bramley-Moore Dock, Everton's stadium, which holds 53,000 people, despite the club only having 15m global followers on social media. Chelsea's fanbase is far larger than their current stadium allows them to serve. This mismatch justifies expansion or rebuilding to better monetize global support.

Case Math Question

Stamford Bridge

Case Math Question #1:

Using Exhibit 1, calculate the approximate cost per seat for each stadium project. How do they compare? What does this mean for Chelsea?

Case Math Answer

Stamford Bridge

Case Math Answer #1:

Note: Encourage the candidate to round numbers

- Tottenham: £1.2bn / 60,000 = £20k/seat
- Everton: £0.9bn / 50,000 = £18k/seat
- Real Madrid: £1.7bn/ ~85,000 = £20k/seat
- FC Barcelona: £1.6bn/105,000 = £15k/seat

Key Takeaway: New builds cluster ~£15-20k/seat. Renovation costs vary but can also be high due to complexity. Chelsea's options should be sanity-checked around the £15-20k/seat benchmark.

Case Math Question

Stamford Bridge

Case Math Question #2:

Chelsea FC are considering 3 options: renovating the current stadium, demolishing and rebuilding a new stadium at the current site, or relocating and building a brand new stadium. What are some pieces of information that you would need to assess which option is the best?

**** Lead candidate to think about annual stadium related costs and benefits for the 3 possible options. Encourage them to think about and calculate net present value.*

Case Math Question *Continued*

Stamford Bridge

Note for Interviewer: Provide these figures as the candidate mentions them

Item	Renovate	Rebuild	Relocate
Stadium Capacity	50,000	60,000	70,000
Average Ticket Value	£50	£50	£50
Number of Matches	25	25	25
Non-Matchday Revenue	£20m/year	£40m/year	£80m/year
Profit Margin on Matchday & Non-Matchday Revenue	75%	75%	75%
Stadium Naming Rights*	-	-	£30m/year
Stadium Investment Cost	£0.6b	£1b	£1.5b
Discount Rate	10%	10%	10%

**Naming rights are only available for the relocation option as Stamford Bridge would remain the name at the current site due to legal restrictions*

Case Math Answer

Stamford Bridge

Item	Renovate	Rebuild	Relocate
Matchday Revenue	50,000*£50*25 = **£62.5m**	60,000*£50*25 = **£75m**	70,000*£50*25 = **£87.5m**
Total Matchday + Non-Matchday Revenue	£62.5m + £20m = **£82.5m**	£75m + £40m = **£115m**	£87.5m + £80m = **£167.5m**
Total Profit	£82.5m * 75% = **£61.875m**	£115m * 75% = **£86.25m**	£167.5m * 75% = **£125.625m**
Add naming rights to Relocate Option. This is "pure profit"	-	-	£125.625 + £30m = **£155.625m**
Present Value of Profits (use standard perpetuity formula)	£61.875 / 10% = **£618.75m**	£86.25m / 10% = **£862.5m**	£155.625m / 10% = **£1,556.25m**
NPV = PV of Profits – Investment	£618.75m - £600m = **£18.75m**	£862.5m - £1,000m = **-£137.5m**	£1,556.25m - £1,500m = **£56.25m**

Case Math Answer #2:

The candidate should identify that the Renovate and Relocate options have positive net present values, so Chelsea should investigate these options. The Rebuild option has a negative NPV, which makes it much less attractive. If the candidate is doing well, the interviewer can ask them which assumptions they would like to stress test most.

Case Creative Question

Stamford Bridge

Case Creative Question #2:

Chelsea's management are particularly interested in the Renovate and Relocate options. Your findings have caught the attention of the marketing team. They just sent you an email asking, "Beyond the financials, how might each option impact Chelsea's fan experience and global brand?"

You have 10 minutes until you meet with them. How would you think about their question?

Case Creative Answer

Stamford Bridge

Case Creative Sample Answer:

Renovation = "tradition, loyalty, authenticity." Protects Chelsea's roots and strengthens the bond with local fans but has limited upside for global brand elevation.

Relocation = "growth, modernity, global reach." Creates a world-class landmark that elevates Chelsea's image worldwide but carries the risk of backlash among traditional supporters.

Balanced perspective = renovating emphasizes heritage, relocating emphasizes ambition. The right choice depends on whether Chelsea wants to lean into its historic identity or reposition itself as a global entertainment powerhouse.

****There are many possible ways to answer this question, and the candidate should be encouraged to recommend a thoughtful, yet creative approach. A great candidate will outline both the costs and benefits of either approach.*

Final Recommendation

Stamford Bridge

Final Recommendation:

You have just finished your research. Chelsea's owners are about to walk into the room and are eagerly awaiting your recommendation. What do you say?

Sample Recommendation

Stamford Bridge

Sample Recommendation:

- **Recommendation:** We recommend that Chelsea relocate to a new 70,000 seat stadium in London
- **Rationale:**
  - It offers the strongest upside, with the highest NPV of all 3 options at around £56m
  - In particular, the opportunity for "pure profit" from the naming rights deal is highly attractive
  - Relocation also elevates Chelsea's global brand to match rivals like Real Madrid and FC Barcelona
- **Risks and Mitigants:**
  - The key risk is losing heritage, so I'd suggest embedding elements of Stamford Bridge into the new design to honor heritage while securing the club's future
- **Next Steps:**
  - In terms of next steps, I'd suggest that the club look into finding suitable locations in London where a stadium of such magnitude can be built.

There are many possible final recommendations. A good candidate will be sure to follow the framework of "recommendation, risk, and next steps." A great candidate will leverage insights from the case, in addition to being forward thinking in their next steps.

CityCore REIT

McKinsey / Round 2

Investment Decision / Real Estate

Prompt & Case Overview

CityCore REIT

Case Prompt:

Our client is CityCore REIT, a publicly listed real-estate investment trust focused on urban offices. CityCore has approached our firm for help evaluating the conversion of a high-vacancy downtown office tower into multifamily apartments and designing the go-to-market leasing plan.

The industry is grappling with low vacancy rates due to a slowing economy and the work from home trend.

CityCore owns "One Market Plaza," a 30-story, 500,000 sq ft office tower in a US Sunbelt CBD (Central Business District). Following a wave of tenant downsizings, physical occupancy has fallen to 35% and market office rents are declining. CityCore is considering a full office-to-residential conversion to stabilize cash flows and unlock asset value.

CityCore's CIO engaged our firm to (1) assess feasibility vs. alternatives (hold/sell/partial conversion), (2) size the rent and occupancy needed to meet return hurdles, and (3) craft a leasing/amenities strategy to reach stabilized occupancy quickly.

- What key factors should CityCore consider when deciding whether to convert One Market Plaza from office to residential?

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **Are there any regulatory restrictions?** City zoning allows residential by right but requires 10% affordable set-aside at below-market rents.
- **How long would the conversion take?** The conversion process (from planning, getting permits, etc.) would take about one year.
- **Does CityCore have any internal capabilities to carry this out / manage the property upon completion?** CityCore has in-house asset management; development and general contracting would be third-party.

UNIVERSITY OF NOTRE DAME

Sample Framework

CityCore REIT

Convert One Market Plaza to Residential Building?

I. Commercial / Residential RE Market

- What are the growth rates for these two industries?
- How competitive are they?
- Recovery in commercial RE expected? What if many commercial RE buildings have the same idea and close?
- What are the demographics of this city/who would we want to target?

II. Operational Capabilities

- Have we done this before?
- What's the playbook, are there any new capabilities/teams we need to build up
- Do we have the expertise to manage a residential building (legal, financial, etc.)

III. Financial Considerations

- What vacancy rate do we need to break even? How does this compare to average vacancy rates?
- What are the costs of the conversion (opportunity cost of one year timeline included)
- What can we hope to charge for rent?
- Are there additional revenue opportunities (restaurants, gym etc.)

IV. Risks

- Is the building structurally suitable for residential conversion (floorplates, plumbing, natural light)?
- Is there sufficient residential demand to achieve the rents and occupancy needed to meet return targets?
- Could competing office-to-residential conversions lead to apartment oversupply and lower rents?

V. Alternatives

- Hold and hope for commercial RE recovery
- Sell off
- Other (Retail, commercial, mix of both ie. restaurants/shops on first floor and apartments above)

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

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Case Math Question

CityCore REIT

Case Math Question #1:

Based on the assumptions in Exhibits 1, what average monthly rent per unit is required at stabilization to meet the 10% yield target?

Exhibit 1

CityCore REIT

One Market Plaza Building Information & Conversion Cost Overview

	Metric	Value
Building Information	**Total Units**	500
	Average Unit Size	1,000 Square Feet
	Stabilized Occupancy	90%
	Bedrooms per Unit	2
Cost Information	**Conversion Cost**	$200/Rentable Square Foot
	All Other Updates (Communal Spaces, Lobby, etc.)	$24M
	Operating Expenses (Annual)	$3.8M

Case Math Answer

CityCore REIT

Case Math Answer #1:

Step 1: Calculate required yearly NOI

- Total cost = 500 * $200 * 1000 + $24,000,000 = $124,000,000
- Required NOI = ROI * Total Cost = $124,000,000 * 0.1 = $12,400,000

Step 2: Effective Rent Base

- Units = 500
- Occupied units = 500 * 0.9 = 450
- Because we are calculating monthly rent, we will multiply by 12 = 450 * 12 = 5,400 occupied rent months

Step 3: Calculate Required Gross Rent

- Operating expenses = $3.8M
- Required gross rent = NOI + Op. Ex. = $12,400,000 + $3,800,000 = $16,200,000

Step 4: Calculate Monthly Rent / Unit

- $16,200,000 / 5400 = $3,000 / month

Step 5: What do you think of this number?

- Remember, 2 BD / unit, so it would be ~$1500 per person per month) $16,200,000 / 5400 = $3,000 / month
- Don't forget that this is average; there are also required affordable units, as well as potentially higher-end more expensive units

Case Creative Question

CityCore REIT

Case Creative Question #1:

CityCore is confident it can achieve a 90% occupancy rate; however, it wants to exceed market expectations and hopes to achieve an above average occupancy rate in order to boost profitability. What would CityCore need to do (commercially and operationally) to achieve this?

Case Creative Answer

CityCore REIT

Case Creative Sample Answer:

Generating Demand / Informing the Market

- Aggressive pre-leasing (fill units before building is finished)
- Advertise new housing to current and incoming residents (local advertisements, reach college grads / new hires moving in)

Product & Amenities

- Ensure unit mix meets demand (studios, 1BR, 2BR), build as many luxury (and more expensive) units as needed
- Consider attractive amenities to draw in tenants (gym, pickleball courts, parking etc.) But also must consider additional costs

Operations

- Partner with top-tier third party contracting company to hire strong office staff (front desk, janitorial, etc.)
- Smooth move-in logistics and ease of building access
- Ensure tenants feel safe (invest in security, etc.)

Partnerships

- Explore local government support (tax incentives, grants, etc.)
- Partner with real estate brokerages / multifamily operators

Note: *Interviewee can say anything that makes sense as long as thought structure remains a priority (e.g. list buckets, internal and external, framework like structure)*

Final Recommendation

CityCore REIT

Final Recommendation:

CityCore's CIO has just walked into the room and wants your final recommendation based on your analysis today. Should the company convert One Market Plaza from office to residential, and if so, how should it proceed?

Sample Recommendation

CityCore REIT

Sample Recommendation:

Answer (Yes/No): Yes, CityCore REIT should convert One Market Plaza to a residential building

Reasoning:

- Declining commercial real estate market and opportunity to achieve above-market performance with sleek, new building that offers strong amenities.
- At 90% occupancy, we need to charge an average of $3,000 per unit; I would need more information on the average rent price in this city, but given that these are 2 BD units, this seems reasonable to me.
- I am confident in our ability to achieve above-market performance through a targeted marketing campaign, good management, and a newer building / more attractive amenities than competitors.

Risks:

- Residential market declines, regulations change, CityCore lacking operational expertise, market becoming more competitive as new entrants increase

Next Steps:

- Further research local commercial and residential RE markets, expected trends and regulations. Explore alternatives and see how profitable these investments would be. Ensure adequate funding is available for the conversion.

To Automate or Not to Automate

BCG | Round 2

Investment Decision/Operations Strategy | Distribution/Logistics

Prompt & Case Overview

To Automate or Not to Automate

Case Prompt:

After returning from a trade show, the CEO of a large grocery distribution center calls you. He enthusiastically describes a new technology which could be used to automate part of his company's process. He asks whether you think this would be a good idea for his business. Knowing this CEO is a tech-enthusiast who loves innovation for the novelty of it, you ponder the implications. How would you tackle this problem?

Clarifying Information:

Note: *Provide this information only if the candidate explicitly asks for it*

What does a grocery distribution center do? The company's distribution centers receive and pack grocery items before shipping finished goods to roughly 50 grocery stores in the immediate area. The company does 1M shipments each year.

Does the company have a specific goal? No specific goal. The CEO trusts our expertise and business judgement.

How much does it cost to automate? (1) One-time outlay of $4M, plus recurring overhead, training, and (2) additional maintenance costs totaling $1.0M annually (make candidate request both pieces of information).

Note: *This case was sourced from Darden 2018*

Sample Framework

To Automate or Not to Automate

Implement the New Technology?

I. Revenues

Price
- Ability to charge higher prices through higher quality service

Volume
- Effect of technology on production capacity

II. Costs

Existing
- Fixed: Rent, mortgage, lease, overhead, salaries
- Variable: Hourly employees, repairs & maintenance, inventory, holding, shipping

Incremental
- One-time: initial investment
- Recurring: Savings from efficiency, new servicing / repair costs

III. Company Capabilities

- Does our client have previous experience implementing a similar technology?
- What does the client's existing technological infrastructure and capabilities look like?

IV. External Factors

- Competitors' technical capabilities; would our client be falling behind if they fail to implement this technology?
- Customer preferences
- Are there other new technologies/alternatives that we should consider?

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

To Automate or Not to Automate

Case Math Question #1:

Note: *Show the candidate Exhibit 1*

Guidance for Interviewer:

- Help the interviewee visualize the process flow of goods (1) entering the center, (2) being processed, and (3) leaving to be shipped out
- Question(s) the candidate should be answering: **(a)** How many employees are needed in each function of the distribution center and **(b)** what is the total cost of labor based on this information?
  - Don't explicitly ask the interviewee this question; candidates should proactively convert the hours of time into total cost in dollars, but if a candidate is struggling, push them in this direction

Additional Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- Each employee works 40 hours per week
- Employee pay = $12/hour for Receiving; $17/hour for Holding & Packing; $14/hour for Shipping
- Once information is provided, ask candidate to calculate total number of employees required in each function and the annual cost of labor

Exhibit 1

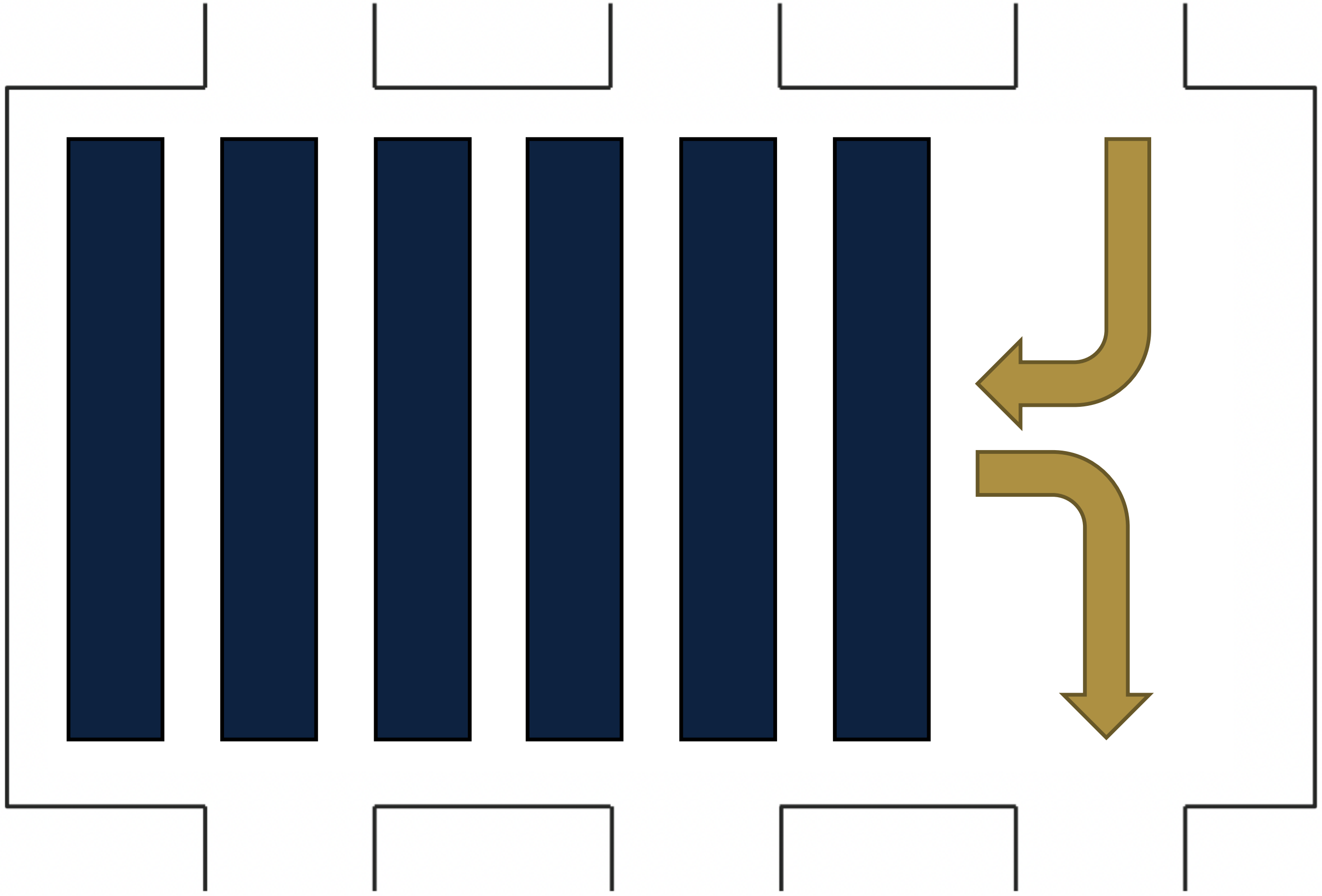
To Automate or Not to Automate

Distribution Center: Current State

Receiving:
2,000 Hours*

Holding & Packing:
10,000 Hours*

Shipping:
3,000 Hours*



** All units are in hours per week*

Case Math Answer

To Automate or Not to Automate

Process	Total Hours	Employees Required (a)	Cost per Hour	Cost per Week (b)
Receiving	2,000	2,000 / 40 = 50	$12	$12 * 2,000 = $24,000
Holding & Packing	10,000	10,000 / 40 = 250	$17	$17 * 10,000 = $170,000
Shipping	3,000	3,000 / 40 = 75	$14	$14 * 3,000 = $42,000
			Total Cost Per Week	**$236,000**
			Annualized	**$236,000 * 52 = $12,272,000**

Case Math Question

To Automate or Not to Automate

Case Math Question #2:

Note: *Now that the candidate has calculated the annual operating costs in the current state, they should proactively ask to compare current costs to the effect of the new technology; if they don't, push them in this direction before asking them the following question*

Based on the information in Exhibit 2, **(a)** what is the expected change in the number of employees required in each function and **(b)** how will this change annual labor costs if our client implements this new automation technology?

Exhibit 2

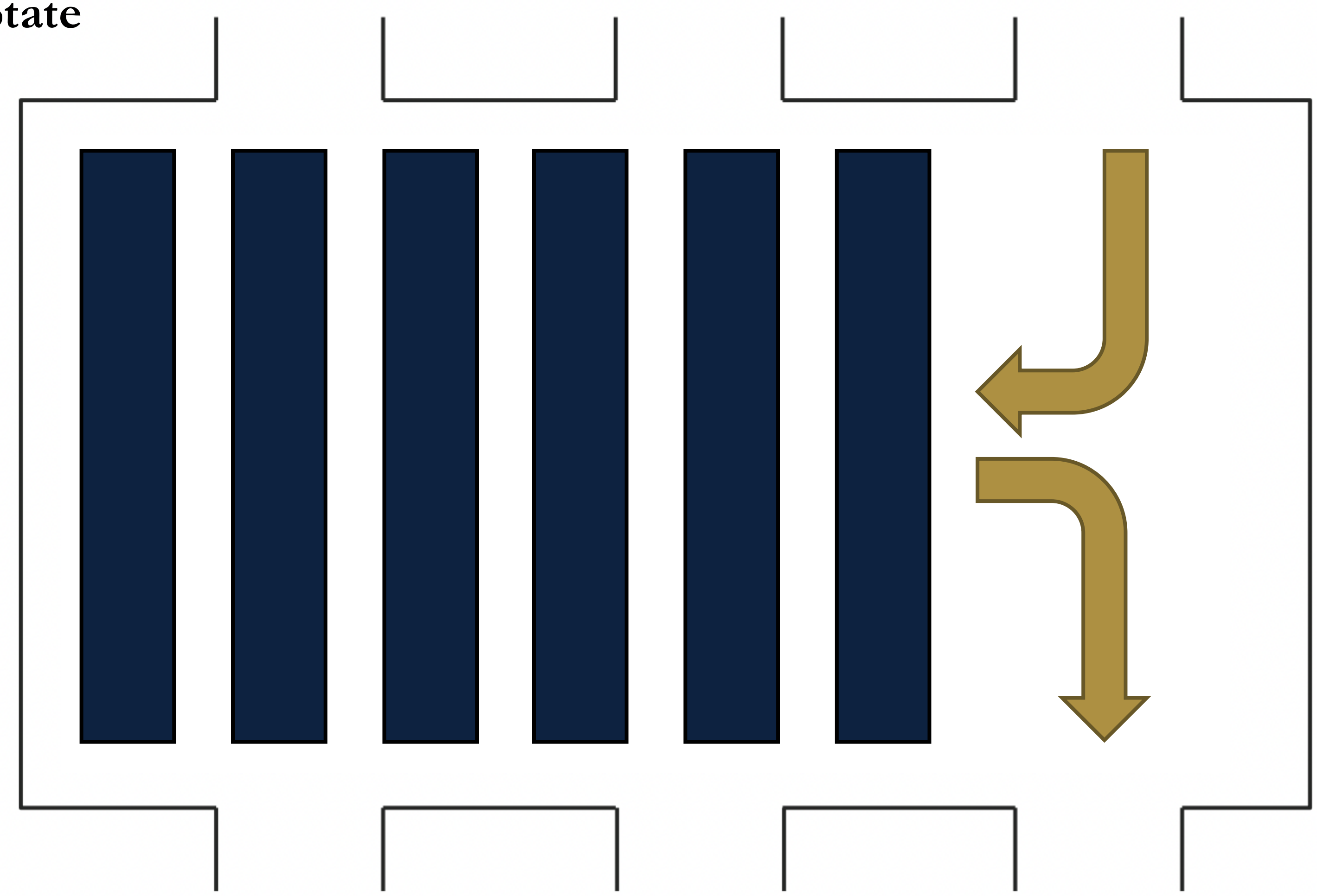
To Automate or Not to Automate

Distribution Center: Automated State

Receiving:
2,000 Hours*

Holding & Packing:
5,250 Hours*

Shipping:
6,000 Hours*



** All units are in hours per week*

Case Math Answer

To Automate or Not to Automate

Process	Total Hours	Employees Required (a)	Cost per Hour	Cost per Week (b)
Receiving	2,000	2,000 / 40 = 50	$12	$12 * 2,000 = $24,000
Holding & Packing	5,250	5,250 / 40 = 131	$17	$17 * 5,250 = $89,250
Shipping	6,000	6,000 / 40 = 150	$14	$14 * 6,000 = $84,000
			Total Cost Per Week	**$197,250**
			Annualized	**$197,250 * 52 = $10,257,000**

Case Math Answer *Continued*

To Automate or Not to Automate

Process	Change in Employees
Receiving	50 – 50 = 0
Holding & Packing	250 – 131 = 119
Shipping	75 – 150 = -75
Total Employee Reduction	**44**

Process	Change in Annual Cost
Existing	$12,272,000
With New Technology	$10,257,000
Total Annual Cost Saving	**$2,015,000**

Case Math Question

To Automate or Not to Automate

Case Math Question #3:

Note: *Strong candidates should now proactively ask about implementation costs and drive towards a breakeven calculation; if they don't automatically do this, steer them in this direction*

What is the breakeven period (in years) for this investment?

Additional Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- Up-front cost of implementing the technology = $4.0M
- Recurring annual costs of technology = $1.0M

Case Math Answer

To Automate or Not to Automate

Metric	Value
Annual Savings	$2,015,000
Annual Incremental Costs	$1,000,000
Annual Incremental Margin	$1,015,000
Upfront Cost	$4,000,000
Breakeven Period (Years)	**~3.9 Years (4 Years)**

Interviewer Note:

Ask the candidate if a 4-year breakeven period is attractive

Note: *There's no correct answer and the company does not have a specific period they look for.*

Final Recommendation

To Automate or Not to Automate

Final Recommendation:

Our client's tech-enthusiast CEO just walked into the room and wants to know your final recommendation based on the analysis you conducted today. What would you say to him?

Sample Recommendation

To Automate or Not to Automate

Sample Final Recommendation:

- **Recommendation:** The client should implement the automation technology
- **Rationale:**
  - The technology meaningfully reduces labor costs from $236,000 to $197,250 per week, generating approximately $2.0M in annual labor savings
  - Even after accounting for the $1M annual technology operating cost, the company still realizes about $1.015M in net annual savings
  - The project achieves a payback period of roughly four years, which is reasonable for a long-term operational improvement
  - Becoming early adopters of this technology could give our client a competitive advantage over other distributors
- **Risks:**
  - Implementation Risk: The automation system may take time to integrate, potentially disrupting operations during rollout
  - Cost Overrun Risk: Maintenance, training, or technology costs may exceed the projected $1M annually
- **Next Steps:**
  - Pilot the automation technology in one section of the distribution center to validate assumptions before full deployment
  - Create a workforce transition plan to retrain or redeploy employees affected by automation

Aeroengines Co.

Bain | Round 2

Digital Strategy & AI Implementation | Aerospace Manufacturing

Prompt & Case Overview

Aeroengines Co.

Case Prompt:

Aeroengines Co. is a mid-sized aerospace engine manufacturer based in the United States. They produce advanced jet engines for commercial aircraft and have annual revenues of $2.0B.

The aerospace industry is experiencing huge AI implementation demands from customers that require faster turnover and maintenance, because of this, many key players in the industry have already implemented AI into their value chains to reduce costs, improve engine reliability, and optimize operations.

The CEO believes AI is no longer a "nice-to-have" but a strategic necessity. He is considering a significant investment in AI tools to be deployed in three key parts of the value chain:

- Predictive Maintenance for engines in service
- Supply Chain Optimization (e.g., parts procurement and logistics)
- Demand Forecasting and Production Planning

You have been asked to help evaluate whether this AI investment makes financial and strategic sense.

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **What is our client's main goal?** Assess the potential financial return of the AI investment (cost savings, payback period), and evaluate the market share upside from increased operational efficiency
- **Does our client have AI expertise?** Our client does not possess much expertise but is open on investing in new talent that does

Sample Framework

Aeroengines Co.

Invest in AI?

I. Internal Assessment	**II.** Implementation Considerations	**III.** Market Assessment	**IV.** Potential Risks
• What do our financials look like? (Revenues, Costs, etc.) • What does our data structure look like? Is it capable of serving as a base for AI implementation? • How efficient are our processes? Where can AI be most helpful? • Do we have sufficient AI knowledge? Or should we bring in more talent? • Is our culture flexible to AI change?	• How much would the implementation cost upfront? • Would we have to incur additional annual operating costs? • What would be our potential cost savings with time? • How long would it take us to break even? Is this worth it?	• How big is the market and how much share do we have in this market? • What are the key players in the market and what are they doing? • What are the customers' needs? Would AI be able to fulfill them? • What would be our expected market share gain with this implementation?	• What are potential organizational risks? • Would employees be happy with our decision? • How much would it cost to bring in new talent? Would the costs outweigh the benefits of implementation? • Would data privacy concerns arise? How do we ensure compliance with existing legislation?

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Aeroengines Co.

Case Math Question #1:

Based on Exhibit 1, what are the net cost savings and revenue uplift in years 2 and 3?

When can the company expect to breakeven on this investment?

Exhibit 1

Aeroengines Co.

Aeroengines Co. Financials and AI Investment Assumptions

Metric	Value
Annual Revenue	$2 Billion
EBITDA Margin	12%
AI Implementation Cost	$60 Million over 2 years ($35M Y1, $25M Y2)
AI Operating Costs	$6 Million
Predictive Maintenance Cost Savings	$20 Million Y2, $30 Million Y3 onwards
Supply Chain Optimization Cost Savings	$10 Million in Y2, $20 Million Y3 onwards
AI Driven Productivity Gains	100 extra engines starting Y3
Engine Price	$5.25 M
Engine Variable Cost	$1.3 M

Case Math Answer

Aeroengines Co.

Case Math Answer #1:

Cost Savings:

- Y1= Capex $35M, no cost savings, net cash flow: -$35M
- Y2= Capex $25M, Partial cost savings = $30M- $6M= $24M, net cashflow: -$1M (-$36M cumulative)
- Y3= Cost savings= $50M - $6M= $44M

EBITDA Uplift:

- Productivity profit (100 engines): $395M
- Total EBITDA Uplift: $395M + $44M = $439M
- Cumulative: -$36M + $439M = $403 M

Breakeven Calculation:

- Y1= -$35M
- Y2= -$36M
- Y3= $403M
- Company will breakeven in beginning months of Year 3

Case Math Question

Aeroengines Co.

Case Math Question #2:

(a) What would be the revenue increase thanks to improved efficiency due to AI implementation?

(b) Would our client be able to capture more market share? If so, how much?

Case Math Answer

Aeroengines Co.

Case Math Answer #2:

Revenue Uplift From Extra Output:

- +100 engines/year * $5.25M = $525M additional revenue/year

Market Share Gain:

- $525M (revenue uplift) ÷ $35B (market size in terms of revenue) = 1.5% market share gain
- New market share = 5.7% ($2B / $35B; can also be rounded to 6.0%) + 1.5% = 7.2% total

Case Creative Question

Aeroengines Co.

Case Creative Question #1:

What might be some risks associated with this implementation? What should our client consider when implementing AI into their value chain?

Case Creative Answer

Aeroengines Co.

Case Creative Sample Answer:

Data Quality Structure

- Maybe our client's data systems are not well-organized or strong enough to support AI which might make our implementation timeline longer or even more costly

Expertise

- Our client does not possess AI expertise so bringing in new talent will make our client incur an extra cost, HR might also need further support

Culture

- AI might lead our client to lay off workers which might hinder the company's culture and require intense adaptation from employees that remain in the company

Market Response:

- Competition might also make their processes more efficient which might affect our market share growth projections, additionally customer response is quite important to consider as customers might be receptive or the opposite which might alter projections

Note: *Interviewee can say anything that makes sense as long as thought structure remains a priority (e.g. list buckets, internal and external, framework like structure)*

Final Recommendation

Aeroengines Co.

Final Recommendation:

Aeroengines Co.'s CEO has just walked into the room and wants your final recommendation based on your analysis today. Should the company invest in AI across its value chain, and if so, how should it proceed?

Sample Recommendation

Aeroengines Co.

Sample Recommendation:

Answer: Aeroengines Co. should implement this technology

Rationale

- Cost savings of $50M per year beginning in Year 3, with $30M in partial savings starting Year 2
- Company will breakeven in the first months of Year 3, with cumulative net cash flow of $403M by the end of Year 3
- AI will improve efficiency, enabling output of 100 additional engines per year, generating $395M in annual incremental gross profit
- This added output will capture an additional 1.5% market share, bringing Aeroengines Co from 5.7% to 7.2%, assuming the global engine market remains at $35B

Risks

- Implementation risks due to lack of in-house AI expertise and potential integration issues with legacy systems
- Data quality concerns — fragmented or unstructured internal data may reduce AI effectiveness and raise costs
- Cultural resistance and potential internal pushback due to automation or fear of layoffs

Next Steps

- Benchmark against competitors and research how similar aerospace firms have successfully implemented AI
- Conduct a phased rollout, starting with a predictive maintenance pilot (high ROI, low complexity)
- Invest in foundational data infrastructure and assess current data integrity and systems readiness
- Begin hiring key AI talent or form partnerships with vendors to fill immediate capability gaps
- Develop a change management plan to align employees and minimize internal resistance

Trucks, Trailers, and Tractors

BCG | Round 2

Profitability & Pricing Strategy | Manufacturing

Prompt & Case Overview

Trucks, Trailers, and Tractors

Case Prompt:

Your client is a large B2B distributor of industrial parts for vehicles like trucks, trailers, and tractors. They, along with their industry, are facing increasing costs due to tariff policies in the United States. Everyone in the company is unhappy. Salespeople on the ground are frustrated that customers seem to be more price sensitive, and the C-suite do not like that their margins are decreasing. How would you advise the client in proceeding?

Clarifying Information:

Note: *Provide this only if the candidate asks the corresponding questions.*

- **How does the client's business model work?** The client purchases industrial parts from suppliers, and then sells these parts to other businesses. The client's customers could be automotive repair shops, trucking companies, or other comparable businesses. They often have repeated contracts with long-term customers.
- **Does the client have a specific goal for increasing their margins?** Yes, before the tariffs the clients had margins of 25%-40% (depending on the product), but they have decreased to 20%-35%.
- **Who are their key competitors?** They have three main competitors who have similar business models and products.
- **Is there a time frame they prefer?** No.

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Sample Framework

Trucks, Trailers, and Tractors

How Should Our Client Combat Rising Costs?

I. Financial Considerations

Revenues
- Pricing Structure
  - Are bulk orders sold at a discount?
  - Are long-term contracts at a different margin rate?
- Margins by Product Type
  - How much do the margins vary by product type? Before the tariffs, which products were more marked up over their cost vs. not?
  - Would increasing prices be possible? For example, passing through the cost increases to the price?

Costs
- Fixed Costs
  - Administrative costs
  - Facilities, warehouses
  - Transportation costs (# of trucks in their fleet), shipping costs
- Variable Costs
  - Cost of each type of product
  - Have some suppliers increased prices more? Variable transportation costs, load per truck

II. Customer Relationships

Segments of Customers
- What is the purchasing behavior of different types of customers?
- Which ones provide more revenue to our client?

Contracts
- How many customers have long-term contracts?
- How many customers are one-time purchasers?
- Do we want to approach them in the different ways?

Price Sensitivity
- Which customers are the most price-sensitive?
- What are the types of products they are purchasing, and what is the price range of those products?

Preferences for Shipping Times and Availability
- Does having steady availability of products distinguish our client from competitors for customers?
- Does having fast shipping time distinguish our client from competitors for customers?

III. Future Opportunities

Differentiation of Current Capabilities
- Shift pricing strategy?
  - Increase the prices for some products/types of customers who seem to be less price sensitive?
- Could we increase the price while making shipping times or availability better?
- Expand product offerings?
- Strengthen e-commerce presence to reach new customers?

New Capabilities
- Create a private label product, source less from suppliers and start manufacturing own products?
- Create partnerships or acquire a competitor to create synergies?
- Lobby for tariff policy changes?

Disclaimer: *This framework provides considerably more detail than expected of an interviewee, as a reference for the many aspects they could include.*
Guide to looking at the price sensitivity of different customer segments (generally, how could our client increase prices on some products?)

CONSULTING CONNECT

Case Math Question

Trucks, Trailers, and Tractors

Case Math Question #1:

Based on the following exhibit, In dollars of profit to our client, how much is each customer segment worth pre-tariffs and post tariff?

Exhibit #1

Trucks, Trailers, and Tractors

	One-time purchaser	Repeat purchaser	Contracted purchaser
Price sensitivity	Low	Medium	High
Quantity purchased (in dollars sold)	$1,000	$12,000	$52,000
Purchases/year	1	4	12
Average profit margin (pre-tariffs)	40%	33%	30%
Average profit margin (post-tariffs)	30%	25%	18%

Case Math Answer

Trucks, Trailers, and Tractors

Key Assumption: Number of customers hypothetically has not changed

Interviewee should ask what percent of our client's business is each customer segment

Our client's annual profit is $12M (pre-tariffs). Contracted customers make up 45% of that, repeat purchasers 20%, and one-timers 35%.

Case Math Answer *Continued*

Trucks, Trailers, and Tractors

	One-time purchaser	Repeat purchaser	Contracted purchaser
% of profit pre tariff	35%	20%	45%
Profit dollars pre tariffs	4,200,000	2,400,000	5,400,000
Profit margin pre tariff	40%	33%	30%
Revenue pre tariff	10,500,000	7,200,000	18,000,000
Profit margin post tariff	30%	25%	18%
Profit $ post tariff	3,150,000	1,800,000	3,240,000
% of profit post tariff (new total profit is $8.19M)	38%	22%	40%

Case Math Question

Trucks, Trailers, and Tractors

Case Math Question #2:

Which customer segment could be a potential target to raise prices for? Why?

** Interviewee should then provide business reasoning and logic for which customer segment could be a potential target to raise prices for. There is not an explicitly right or wrong answer, but they must provide the logic behind their decision.*

Case Math Answer

Trucks, Trailers, and Tractors

Most logical answer, guide towards

Segment	Price Sensitivity	Strategic Fit for Price Increase	Risk Level	Rationale
One-time purchasers	Low	High	Low	Least loyal, urgent buyers; raise prices without major churn risk
Repeat purchasers	Medium	Medium	Medium	Some loyalty, can raise selectively or with value comms
Contract purchasers	High	High (financially), Low (loyalty)	High	Could recover more profit, but risk relationship & contract loss

Case Math Question

Trucks, Trailers, and Tractors

Case Math Question #3:

How much would the client have to raise that customer segment's prices (per purchase) to return it to its original profit?

Case Math Answer

Trucks, Trailers, and Tractors

One-time Purchaser	
Purchase price pre tariff	1,000
Margin pre tariff	40%
Profit per purchase	400
New margin post tariff	30%
New profit per purchase	300
Equation: What number is 400 30% of?	400/.3 = ~1,333 (increase prices $333 = ~33%)

Case Creative Question

Trucks, Trailers, and Tractors

Case Creative Question #1:

What are some things to consider with raising prices for these businesses purchasing industrial parts?

Case Creative Answer

Trucks, Trailers, and Tractors

	Key Considerations
Financial	Margin recovery, contract terms, elasticity, competitive benchmarks, volume risk
Non-Financial	Customer sensitivity, value perception, communication, relationship impact, sales enablement

Final Recommendation

Trucks, Trailers, and Tractors

Recommendation:

The CEO is walking down the hallway. What would you recommend they do based on the analysis you conducted today?

Sample Recommendation

Trucks, Trailers, and Tractors

Sample Recommendation:

Recommendation:
The company should **raise prices specifically for one-time purchasers**, who are the least price-sensitive customer segment and rely on speed and availability more than price shopping.

Rationale:
This approach allows the client to recover margin loss with minimal risk of damaging long-term customer relationships, since contracted and repeat buyers are more sensitive to price changes and more valuable over time.

Example Risks:
While this strategy supports a return toward pre-tariff profitability, there is a risk that some one-time buyers may switch to competitors.

Example Next Steps:
Price increases should be tested in small increments and paired with clear communication on value—such as reliable stock, fast shipping, and strong customer support—to maintain trust and capture urgency-driven demand.

SecureShield Admin Cost Optimization

BCG | Round 2

Operational Efficiency & Cost Reduction | Insurance

Prompt & Case Overview

SecureShield Admin Cost Optimization

Case Prompt:

Your client is the CEO of SecureShield Insurance, a national property & casualty insurance provider with $10B in annual premium revenue. While SecureShield's revenues have been relatively stable, their admin costs have risen to 12% of premiums, well above the industry benchmark of 8-9%. You have been hired to help your client identify ways to reduce administrative costs through operational efficiency, without hurting service quality or compliance.

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **What is included in administrative costs?** Think of this as all back-office functions: claims processing, call centers, IT systems, and general admin overhead. We'll get into a more specific breakdown of admin costs later.
- **Is there a specific cost reduction target?** Yes. The CEO wants to bring SecureShield's admin costs to be closer to the industry benchmark. Therefore, the CEO wants to reduce costs from 12% of premium revenue to 10% of premium revenue within 12 months.
- **Are there constraints around layoffs or outsourcing?** The client would like to minimize layoffs but is open to centralizing or offshoring non-customer-facing functions.
- **What is the timeline for achieving these savings?** The CEO is targeting a 12-month window for initial results. While full transformation can take longer, early wins are key

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Sample Framework

SecureShield Admin Cost Optimization

Admin Cost Optimization

I. Current Cost Structure	**II.** Identify & Prioritize Levers	**III.** Evaluate Feasibility	**IV.** Quantify Impact & ROI
Where are we spending? • Break down admin costs by function (claims, service, IT, legal, admin) • Identify highest cost areas and fastest-growing categories (CAGR) • Benchmark cost ratios against industry peers (e.g., cost per claim, service FTEs per customer)	*How can we cut spending?* • Explore function-specific levers: automation (claims), self-service (customer service), system consolidation (IT) • Identify cross-functional levers: centralization, shared services, offshoring • Focus on initiatives that avoid layoffs and protect customer-facing quality	*Can we implement these measures?* • Assess timeline to impact (focus on 12-month time horizon) • Evaluate operational and compliance risks for each initiative • Consider change management and systems readiness	*Is it worth it? How will costs decrease?* • Estimate one-time vs. recurring savings by initiative • Account for implementation and additional ongoing costs (e.g., compliance) • Prioritize initiatives based on ROI, speed to impact, and strategic fit

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

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Case Math Question

SecureShield Admin Cost Optimization

Case Math Question #1:

Exhibit 1 contains a breakdown of SecureShield's administrative costs. Could you calculate the percentage each function represents of total admin cost?

Follow-Up Question:

After the candidate finishes those calculations: Based on Exhibit 1, if SecureShield needs to reduce admin costs from 12% of premium revenue to 10% of premium revenue over the next 12 months, which functions would you prioritize to target?

Exhibit 1

SecureShield Admin Cost Optimization

SecureShield – Breakdown of Administrative Costs (Last Fiscal Year)

Function	Cost ($M)	% of Admin Cost	3-Year CAGR
Claims Processing	480	?	+4.5%
Customer Service	300	?	+2.0%
IT Systems	180	?	+6.0%
Compliance & Legal	120	?	+1.5%
General Admin (HR, Finance, etc.)	120	?	+3.5%
Total Admin Costs ***(12% of Premium Revenue)***	**1,200**	**100%**	--

Case Math Answer

SecureShield Admin Cost Optimization

Case Math Answer #1:

This exhibit is meant to help candidates diagnose and prioritize which admin costs their client should target.

Strong candidates will…

- Correctly calculate the % each function represents of total admin cost:
  - Claims Processing: 480/1,200 = 0.4 * 100 = **40%**
  - Customer Service: 300/1,200 = 0.25 * 100 = **25%**
  - IT Systems: 180/1,200 = 0.15 * 100 = **15%**
  - Compliance & Legal: 120/1,200 = 0.1 * 100 = **10%**
  - General Admin (HR, Finance, etc.): 120/1,200 = 0.1 * 100 = **10%**

Follow-Up Answer:

- Identify **Claims Processing** and **IT Systems** as top admin cost reduction targets (they have the highest cost and fastest growth)
- Recognize that reducing admin costs from 12% to 10% of premium revenue requires **$200M in savings**
- **A strong candidate may proactively** propose initial ideas such as automation, centralization, or offshoring in Claims Processing or IT Systems

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Case Math Question

SecureShield Admin Cost Optimization

Case Math Question #2:

Your client is interested in exploring automation opportunity in claims processing. Based on the data in Exhibit 2:

a) What would be the recurring annual savings from this automation initiative?

b) How long would it take SecureShield to recover the upfront implementation investment?

c) Based on your analysis, should they proceed with this initiative?

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Exhibit 2

SecureShield Admin Cost Optimization

Claims Processing: Current State vs. Automation Scenario

Metric	Current State	Automation Scenario
Annual Claims Volume	100 million	100 million
Average Cost per Manual Claim Processed	$4.80	$4.80
Average Cost per Automated Claim Processed	--	$3.00
% of Claims Eligible for Automation	--	60%
Implementation Cost *(One-Time)*	--	$50M
Time to Implement	--	6 months
Additional Compliance Cost *(Annual)*	--	$10M/year

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Case Math Answer

SecureShield Admin Cost Optimization

Case Math Answer: a)

Current cost of processing: 100M claims × \$4.80 = **\$480M**
Total cost of processing claims post-automation: **\$372M**
→ Automated claims: 60M × \$3.00 = \$180M
→ Manual remainder: 40M × \$4.80 = \$192M
Annual savings: \$480M – \$372M = \$108M
Less added compliance cost: \$108M – \$10M = **\$98M/year**

Case Math Answer: b)

One-time implementation cost: \$50M
Annual savings: \$98M
Payback period: \$50M ÷ \$98M ≈ **6 months**

Case Math Answer: c)

Yes, proceed. The initiative generates **\$98M in recurring annual savings** with only a **6-month payback period**, making it highly attractive financially. However, recognize this alone contributes only **~\$98M of the goal \$200M savings target**.

A Strong Candidate Will…

- Clearly distinguish between one-time vs. recurring costs without being explicitly prompted
- Recognize that not all claims are eligible for automation; only 60% of claims can be processed automatically
- Acknowledge short implementation window (6 months aligns with CEO's 12-month goal)
- Calculate the payback period without being explicitly asked
- Ongoing compliance costs are manageable relative to savings
- Recognize that claims automation alone is not sufficient to meet the CEO's goal of reducing SecureShield's admin costs from 12% to 10% of annual premium revenue--it contributes ~\$98M of the required \$200M annual savings target
- Transition naturally to discussing additional initiatives

Case Creative Question

SecureShield Admin Cost Optimization

Case Creative Question #1:

Automating claims processing would save SecureShield nearly $100M annually…but it's not enough on its own to meet the CEO's goal of reducing admin costs from 12% to 10% of premium revenue (a $200M target).

What are some other creative ways SecureShield could reduce administrative costs or improve efficiency, without harming service quality or compliance?

Case Creative Answer

SecureShield Admin Cost Optimization

Sample Case Creative Answer:

- Automating claims saves nearly $100M annually--but we need ~$200M in total savings. I would explore additional initiatives that improve efficiency without reducing headcount or harming service quality. These could include:
  - **IT Systems Optimization:** Rationalize legacy systems and migrate to cloud-based solutions
  - **Shared Services:** Centralize HR, Finance, and other admin across regions or divisions
  - **Customer Service Digitization:** Introduce chatbots, online self-service, and intelligent call routing
  - **Process Standardization:** Streamline back-office workflows (e.g., approvals, document handling)
  - **Vendor Consolidation:** Renegotiate contracts or reduce external support costs
- I would prioritize these based on ROI, implementation time, and alignment with the 12-month window our client's CEO is interested in.

A Strong Candidate Will…

- Frame their ideas by function or theme (e.g., IT, customer service, cross-functional levers); answer will be structured
- Tie back to the $200M cost reduction goal
- Focus on efficiency, not layoffs, in line with the client's constraints
- Suggest 2-4 practical, high-ROI initiatives
- Demonstrate structured thinking (grouping ideas, prioritizing based on feasibility)
- Mention implementation trade-offs (timing, complexity, change management)

Final Recommendation

SecureShield Admin Cost Optimization

Final Recommendation:

The CEO of SecureShield is now in the room and would like to hear your findings. Based on everything you've learned so far, how would you recommend the CEO reduce admin costs from 12% to 10% of premium revenue over the next 12 months?

Sample Recommendation

SecureShield Admin Cost Optimization

Sample Recommendation:

Recommendation:

- SecureShield should pursue claims automation as a first priority, which will generate ~$98M in annual savings with a fast 6-month payback

Rationale:

- This will cover nearly half of the $200M savings target

Acknowledge Gap Between These Cost Savings and $200M Target, Propose 1–2 Additional Initiatives to Close the Gap *(Great Candidate)*

- SecureShield could explore IT system optimization or customer self-service solutions to save the additional ~$100M in costs

Mention Feasibility and Alignment With Constraints:

- These initiatives can be implemented within 12-months without layoffs or customer disruption

Identify Potential Risks:

- There could be unforeseen increased compliance burden from automated claims processing (e.g., regulatory audits, data handling issues)
- *Example Mitigation:* SecureShield should involve legal and compliance teams early; ensure automation software meets insurance regulatory standards

Suggest Potential Next Steps:

- Launch claims automation pilot in one business unit
- Validate compliance protocols and monitor outcomes
- Begin feasibility assessment of next step initiatives like IT system optimization

Azul Beach Resorts

EY Parthenon | Round 2

M&A/Acquisition Decision | Hospitality

Prompt & Case Overview

Azul Beach Resorts

Case Prompt:

Our client is Azul Beach Resorts, a Spanish luxury hotel chain with 15 resorts across Spain, Portugal, and Italy. Azul is evaluating whether to enter the Mexican market by acquiring an existing beachfront hotel in Cancún.

The target is the Maya Bay Hotel, a 200-room resort located on Cancún's main hotel strip. Maya Bay has been underperforming in recent years, but Azul believes that rebranding under its luxury model may improve financials and help them compete with established resorts. The current owners are asking $42m for the property.

Azul has hired you to assess whether acquiring Maya Bay Hotel is a good idea.

Clarifying Information:

Note: Provide this only if the candidate asks the corresponding questions.

- **What is Azul's goal?** Azul wants to profitably expand outside Europe while strengthening its brand recognition in North America.
- **Why Cancún?** It is a top destination for US and Canadian tourists, with steady annual inflows.
- **What is the competitive landscape like?** Several large luxury resorts operate nearby with higher occupancy and brand strength.
- **What is Azul's concern?** Whether Maya Bay Hotel can deliver strong returns and compete after rebranding.
- **What is the acquisition structure?** Azul would purchase Maya Bay outright and assume operations.

Sample Framework

Azul Beach Resorts

Acquire Maya Bay Hotel?

I. Financial Implications	**II.** Company Capabilities	**III.** Competitive Landscape	**IV.** Market Attractiveness	**V.** Existing Synergies
• Revenue potential of Maya Bay vs competitors • Cost base of Maya Bay • Profitability and payback period	• Azul's ability to rebrand and reposition Maya Bay • Experience with all-inclusive luxury resorts • Marketing reach in North America	• Relative strengths of existing Cancún resorts • Positioning of Maya Bay on price and occupancy • Opportunities for differentiation (weddings, excursions, wellness)	• Growth in Cancún inbound tourism • Risks: hurricanes, currency swings, seasonality • Potential for regional expansion	• Operational synergies: shared procurement, contracts, staff training • Marketing synergies: loyalty program extension, joint campaigns • Cost synergies: leveraging existing back-office systems to reduce overhead • Revenue synergies: cross-selling packages across European and Mexican resorts

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Azul Beach Resorts

Case Math Question #1:

Based on the following exhibits, can you calculate the total annual expected revenue of the Maya Bay Hotel?

Exhibit 1

Azul Beach Resorts

Maya Bay Hotel Expected Revenue

Category	Expected Revenue
Room Sales	*See Exhibit 2*
Restaurants and Bars	Covers per occupied room = 2.0. Average check = $60. Outside guests uplift = +15%.
Wellness and Spa	35% of occupied rooms purchase one service per night. Avg service price = $130. Walk-in uplift = +10%
Meetings, Events, and Banquets	4 events per month Average revenue per event = $60,000
Gift Shop and Retail	Average retail spend per occupied room-night = $15.
Resort Fee	Fee = $20 per occupied room-night.
Total Annual Revenue	?

Note: On average, **148 rooms** are occupied per night. The resort and its amenities operates **360 days per year**.

Exhibit 2

Azul Beach Resorts

Maya Bay Hotel Expected Revenue From Room Sales

Room Sales Information	
Total Rooms	200
Ocean View Rooms	80
Ocean View Room Occupancy	80%
Ocean View Room Price Per Night	$400
Standard Rooms	120
Standard Room Occupancy	70%
Standard Price	$300
Operating Nights Per Year	360
Total Revenue	?

Case Math Answer

Azul Beach Resorts

Maya Bay Hotel Expected Revenue

Note: *While exact figures are calculated below, a strong candidate will reasonably round these numbers throughout the case*

Category	Expected Revenue
Room Sales	**$18,288,000 (See next slide for calculation breakdowns)**
Restaurants and Bars	2 * 148 = 296 average daily checks from hotel guests 296 * 60 = $17,760 daily revenue from hotel guests $17,760 * 1.15 = $20,424 daily revenue including outside guest upside $20,424 * 360 = **$7,352,640 annual revenue from restaurants and bars**
Wellness and Spa	148 * 35% = 51.8 average spa treatments purchased by hotel guests each day 51.8 * $130 = $6,734 daily revenue from hotel guest services $6,734 * 1.10 = $7,407.40 daily revenue including outside guest upside $7,407.40 * 360 = **$2,666,664 annual revenue from wellness and spa**
Meetings, Events, and Banquets	4 * 12 = 48 events per year 48 * $60,000 = **$2,880,000 annual revenue from meetings, events, and banquets**
Gift Shop and Retail	148 * $15 = $2,220 average daily spend by hotel guests $2,220 * 360 = **$799,200 annual revenue from gift shop and retail**
Resort Fee	148 * 20 = $2,960 daily resort fee revenue $2,960 * 360 = **$1,065,600 annual revenue from resort fees**
Annual Revenue NOT Including Room Sales	$7,352,640 + $2,666,664 + $2,880,000 + $799,200 + $1,065,600 = **$14,764,104**
Total Annual Revenue Including Room Sales	$7,352,640 + $2,666,664 + $2,880,000 + $799,200 + $1,065,600 + $18,288,000 = **$33,052,104**

Case Math Answer *Continued*

Azul Beach Resorts

Maya Bay Hotel Expected Revenue

Note: *While exact figures are calculated below, a strong candidate will reasonably round these numbers throughout the case*

Room Sales Information	
Total Rooms	200
Ocean View Rooms	80
Ocean View Room Occupancy	80%
Ocean View Room Price Per Night	$400
Standard Rooms	120
Standard Room Occupancy	70%
Standard Price	$300
Ocean View Room Revenue Per Night	80 * 0.8 * $400 = **$25,600**
Standard Room Revenue Per Night	120 * 0.7 * $300 = **$25,200**
Total Expected Revenue Per Night	$25,600 + $25,200 = **$50,800**
Operating Nights Per Year	360
Total Revenue	$50,800 * 360 = **$18,288,000**

Case Math Question

Azul Beach Resorts

Case Math Question #2:

Based on the following assumptions, can you calculate the breakeven for Azul Beach Resorts on this investment?

Assumptions *(provide these to candidate)*:

- Market Size (Cancún luxury beachfront hotels): $220M
- Maya Bay Market Share: 15% of segment
- Operating Margin: 28%
- Purchase price: $42M

Case Math Answer

Azul Beach Resorts

Case Math Answer #2:

- Revenue = **$33.052M**
- Operating profits: **$9.255M**
- Assume revenue and cost structure stays the same over the next few years
- Purchase price **$42M**
- Payback period: $42M/$9.255M = **4.5 years**

Note: *If the candidate previously rounded the total annual revenue, they may get a slightly different answer. If their breakeven calculation is correct based on the revenue that they calculated and is in the ballpark of 4.5 years, this is acceptable.*

Final Recommendation

Azul Beach Resorts

Final Recommendation:

The CEO of Azul Beach Resorts would love to hear your final recommendation based on your findings. Would you recommend that Azul Beach Resorts purchase the Maya Bay Hotel? Why or why not?

Sample Recommendation

Azul Beach Resorts

Sample Recommendation: If the candidate's recommendation is YES…

- Large and durable Cancún luxury demand
- Current metrics support return: revenue $33.1M, operating margin 28%, operating profit $9.3M
- Purchase price $42M gives simple payback about 4.5 years
- Risks: The hotel is not as profitable as these projections expect, and Azul Beach loses money/does not achieve their expected profitability
- Next steps: Confirm audited revenue and costs, validate occupancy and ADR with channel partners, negotiate seller protections or earn-out, launch 90-day rebrand and group-sales plan

Sample Recommendation: If the candidate's recommendation is NO…

- Payback extends beyond 5 years if audited profit falls below $8M or if price rises above $42M
- Potential distraction from higher-return projects in Europe
- Brand fit risk if upgrades required are extensive
- Risks: A competitor acquires the asset and strengthens its position in Cancún
- Next steps: Revisit only if price falls or anchor group contracts are pre-signed, evaluate a management contract option, screen two alternative properties with stronger baseline margins

HighRoad Expansion

Bain | Round 2

Market Entry/Geographic Expansion | Infrastructure

Prompt & Case Overview

HighRoad Expansion

Case Prompt:

With U.S. federal, state, and local governments significantly reducing investment in highway construction and refurbishment projects over the past years, HighRoad Infrastructure (a North American highway engineering and construction company) is facing stagnant growth. Despite strong cost optimization efforts and a solid market reputation, their profit is expected to remain flat for the next decade.

To drive top-line growth, the CEO is exploring geographic expansion, particularly into Latin America, which has been flagged as a potentially attractive market due to rising infrastructure budgets and public–private partnership (PPP) frameworks across geographies.

Should HighRoad expand into the Latin American highway construction market? If so, how?

Clarifying Information:

Offer no additional data in response to the questions the candidate asks, but push the candidate on why the questions matter.

Sample Framework

HighRoad Expansion

Should HighRoad Infrastructure Expand to Latin America?

I. Market Attractiveness

- Size of highway construction market
- Infrastructure spending trends
- PPP adoption and government funding
- Country-level variation in opportunity
- Long-term demand drivers (urbanization, trade corridors)

II. Competitive Landscape

- Presence of local vs global construction firms
- Market share concentration
- Bid processes and procurement structures
- Price competitiveness and margins
- Relationships with governments and concession operators

III. Company Capabilities/Fit

- Experience with large-scale highway projects
- Expertise in PPP project structures
- Ability to manage international projects
- Supply chain and labor availability
- Financial capacity to fund large projects

IV. Entry Strategy & Risk

- Entry options (partnerships, acquisitions, local subsidiaries)
- Country prioritization
- Political and regulatory risks
- Currency and financing risks
- Execution risks in large infrastructure projects

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Creative Question

HighRoad Expansion

Case Creative Question #1:

Before looking at data, what factors should HighRoad consider when deciding which Latin American country to prioritize for expansion?

Case Creative Answer

HighRoad Expansion

Case Creative Sample Answer:

Market Attractiveness

- Size of highway project pipeline (both new builds and refurbishments)
- Government commitment to PPP and concession models

Ease of Doing Business

- Transparency and permitting speed
- Contract enforcement and corruption risk
- Stability of legal frameworks

Competitive Landscape

- Number and type of incumbents (local vs. international)

Strategic Fit

- Cultural and linguistic proximity
- Logistical advantages (proximity to U.S. headquarters)
- Existing relationships and/or subcontractor networks.

Case Math Question

HighRoad Expansion

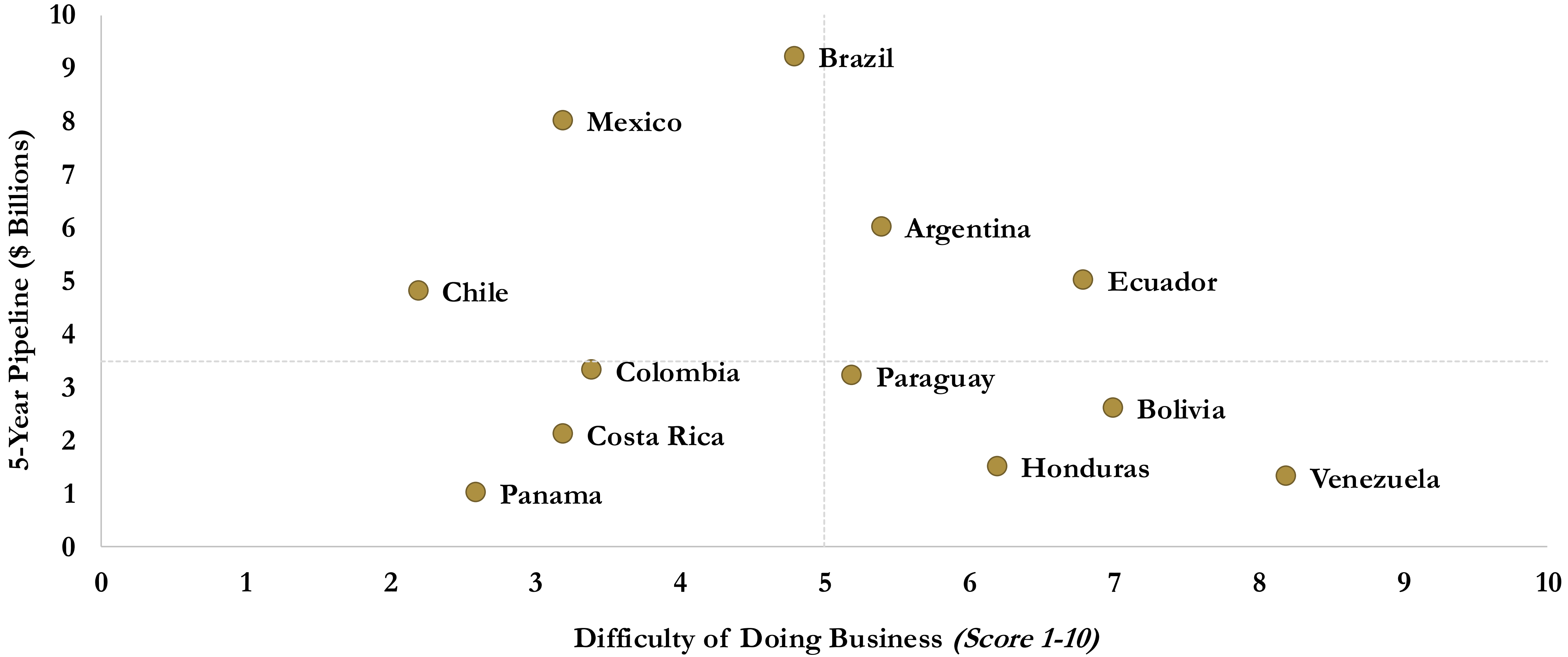
Case Math Question #1:

Using the data in Exhibit 1, which market or markets would you recommend HighRoad prioritize, and why?

Exhibit 1

HighRoad Expansion

5-Year Pipeline and Ease of Doing Business for Selected Countries



Case Math Answer

HighRoad Expansion

Case Math Answer #1:

Sample Interpretation:

- Mexico: Large project pipeline (~$8 B), moderate ease of doing business → best balance of scale and accessibility.
- Chile: Smaller pipeline (~$5 B), but most transparent and efficient procurement environment → low-risk option.
- Brazil: Massive potential (~$9 B) but high bureaucratic complexity and political risk → longer entry timeline.

Sample Conclusion: HighRoad should enter Mexico first due to its scale, proximity, and moderate regulatory barriers, while developing medium-term plans for Chile and Brazil as secondary expansions.

Case Creative Question

HighRoad Expansion

Case Creative Question #2:

Given the selected geography, what entry strategies should HighRoad consider, and what are the pros and cons?

Case Creative Answer

HighRoad Expansion

Case Creative Sample Answer:

Organic Growth

- Pros: Control over quality and safety; strong brand preservation.
- Cons: Slow entry; complex permitting and certifications.

Joint Venture

- Pros: Local relationships and government familiarity.
- Cons: Shared profits; possible governance friction.

Acquisition

- Pros: Immediate access to backlog, workforce, and licenses.
- Cons: Expensive; integration challenges.

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Case Math Question

HighRoad Expansion

Case Math Question #2:

As part of its preliminary market research, HighRoad's corporate-development team identified a mid-sized Mexican infrastructure firm, Constructora del Camino México (CCM), that specializes in highway and toll-road construction under public-private partnerships.

CCM has recently completed several federal and state concessions but is struggling with liquidity constraints due to rising material costs and delayed government reimbursements. Its board has signaled openness to a potential buyout by a strategic foreign investor with technical and financial strength.

Can HighRoad afford to acquire Constructora del Camino México (CCM) given its current financial position?

Key Assumptions

- HighRoad may use its cash reserves for the acquisition, but must maintain at least $3B post-acquisition
- HighRoad expects to finance 70 % of the deal in cash and 30 % via new debt (ignore any interest rate considerations)
- It can be assumed that HighRoad currently has $10B in cash on-hand

CONSULTING CONNECT

Exhibit 2

HighRoad Expansion

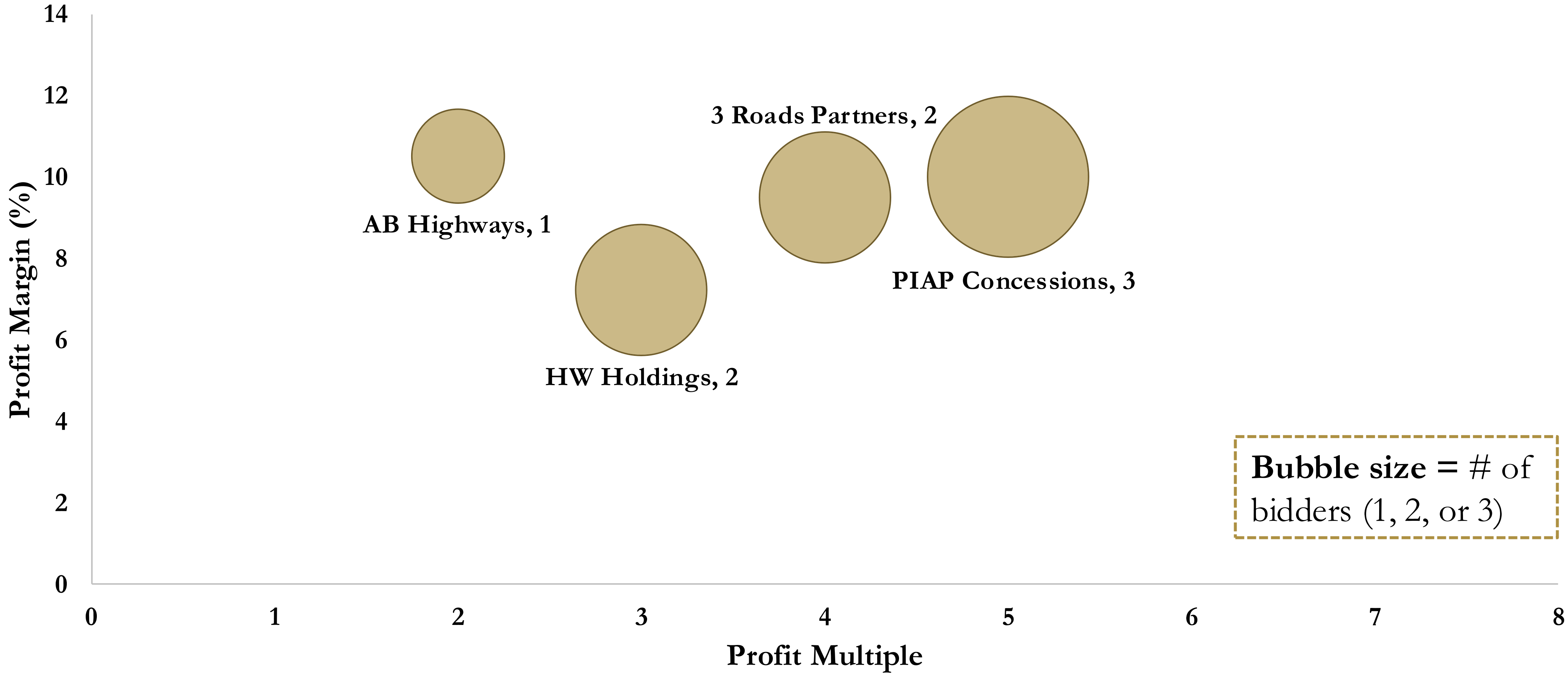
HighRoad and CCM Key Financials ($B)

	HighRoad	CCM
Revenue	35	26
COGS	17	15
SG&A	8	6
CapEx Depreciation	5	3

Exhibit 3

HighRoad Expansion

Historical LATAM Highway Acquisition Benchmarks



Case Math Answer

HighRoad Expansion

Case Math Answer #2:

Step 1: Compute Profits

- HighRoad profit: 35 – (17 + 8 + 5) = $5 B
- CCM profit: 26 – (15 + 6 + 3) = $2 B

Step 2 : Estimate Acquisition Price

- Using a 4.5× profit multiple (based on Ex 3): 4.5 * $2 B = $9 B purchase price.

Step 3: Determine Cash Requirement

- 70 % in cash → $6.3 B
- 30 % in debt → $2.7 B
- HighRoad cash on hand = $5 B * 2 = $10 B; must retain $3 B reserve, meaning usable cash = $7 B.

Conclusion: HighRoad can afford the deal while preserving its reserve buffer. (since $7 B - $6.3 B = $0.7 B, which is > 0)

Case Creative Question

HighRoad Expansion

Case Creative Question #3:

What are the main risks associated with the CCM acquisition, and how could HighRoad mitigate them?

Case Creative Answer

HighRoad Expansion

Sample Case Creative Answer:

Regulatory and Political

- Risk: Delays in concession approvals or contract renegotiations after political transitions; US-Mexico relations
- Mitigation: Structure projects under federal PPP law rather than state-level contracts

Integration

- Risk: Difficulty integrating project management systems, supply chains, and safety standards
- Mitigation: Establish a bilingual integration office; retain CCM's local engineering leadership

Currency

- Risk: Peso volatility affecting cost predictability.
- Mitigation: Hedge material imports in USD; secure multi-currency project financing.

Final Recommendation

HighRoad Expansion

Final Recommendation:

The CEO of HighRoad Infrastructure is curious to hear your final recommendation as to how they should proceed based on the analysis you conducted today.

Sample Recommendation

HighRoad Expansion

Sample Final Recommendation:

- **Recommendation:** HighRoad should acquire Constructora del Camino México to enter the Latin-American highway market.
  - The acquisition is financially viable (cost ≈ \$9 B vs. \$10 B cash on hand).
  - Mexico offers strong project scale, moderate bureaucracy, and proximity to HighRoad's U.S. operations.
  - Synergies: Shared equipment, design standards, and joint bidding capabilities.
- **Example Risks:**
  - HighRoad may face challenges integrating CCM's operations, management processes, and corporate culture.
  - Infrastructure projects in Latin America often depend heavily on government approvals and PPP frameworks.
- **Example Next Steps:**
  - Conduct pre-merger operational due diligence and evaluate CCM's project management processes, engineering standards, and procurement systems.
  - Conduct regulatory and policy due diligence.

Canyon Capital Partners

Bain | Round 2

Profitability | Financial Services

Prompt & Case Overview

Canyon Capital Partners

Case Prompt:

Your client is Canyon Capital Partners (CCP). CCP is a long-established hedge fund headquartered in Hartford, CT. Hedge funds make money mainly out of management fees and carried interests. Over the past two years, CCP's profits have been declining. Its CEO and founder has hired you to help her understand why are profits trending down and what she can do to restore the firm to a more profitable route.

Clarifying Information:

Note: *Provide this information only if the candidate explicitly asks for it*

- **What do hedge funds do?** Manage investors' money to yield above market returns. CCP only invests in US public stocks.
- **How much money does CCP manage?** Current assets under management (AUM) are $1.9 B. In the past three years, the fund has not had any new in or outflows of investor money.
- **What are management fees?** Fixed fees paid on the average balance of AUM. CCP's management fees were 2.0% per year, but were reduced to 1.5% since 2016 due to competitive pressure.
- **What is carried interest?** Share of investment performance appropriated by the fund's managers as additional compensation. CCP takes 20% of all investment gains in excess of the 15% annual hurdle rate.

Note: *This case was sourced from Darden 2018*

Sample Framework

Canyon Capital Partners

Why are CCP Profits Trending Downwards?

I. Revenues

Management Fees
- AUM levels
  - Investor inflows / outflows
  - Investment performance impacting AUM
- Management fee %

Carried Interest
- Investment performance
- Hurdle rates / high water marks

Other Revenue Streams?

II. Costs

Compensation
- Portfolio manager compensation
- Trader / analyst salaries
- Performance bonuses

Operating Costs
- Technology / trading systems
- Data subscriptions (Bloomberg, research)
- Legal / compliance
- Office costs

Fund Administration
- Custody
- Reporting
- Regulatory compliance

III. Drivers of AUM & Performance

Investor Dynamics
- LP redemptions
- Difficulty raising new capital
- Institutional fee pressure

Investment Strategy Performance
- Alpha vs benchmarks
- Risk management
- Strategy viability in current markets

Market Environment
- Market volatility
- Interest rates
- Competitive fund performance

Disclaimer: *This framework is not the only "right" answer. It is one example of a structured, logical approach that addresses the case objectives. Successful candidates may use different frameworks, as long as they demonstrate clear thinking, cover key themes, and tailor their approach to the client's goals and constraints.*

Case Math Question

Canyon Capital Partners

Case Math Question #1:

Note: *Don't initially offer any additional information or ask the candidate any formal questions; show them Exhibit 1 and after seeing this graph, they should proactively begin this analysis. If they are struggling, guide them in this direction.*

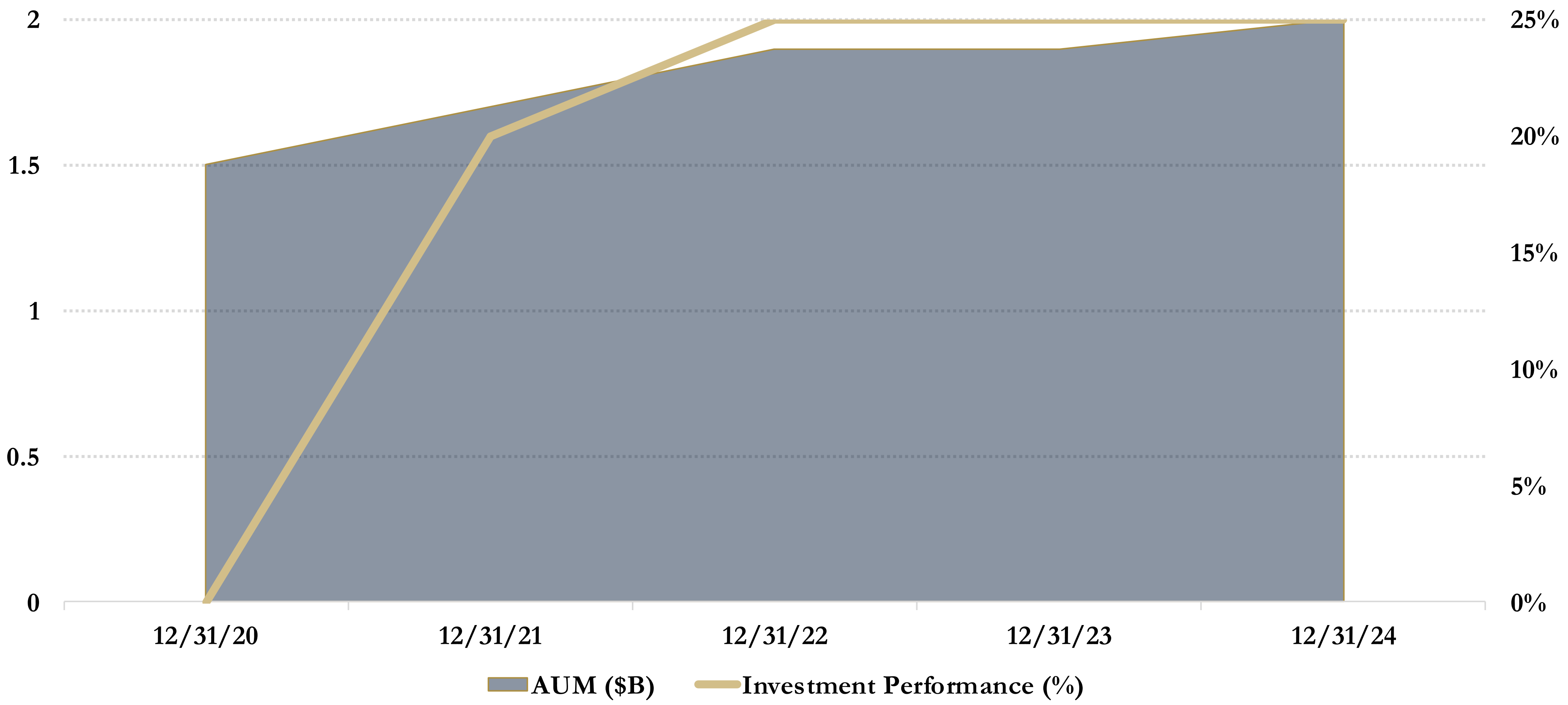
Based on Exhibit 1, the interviewee should interpret AUM and investment performance from the chart to drive towards a revenue calculation.

If they struggle to interpret it, coach them to find average AUM at year end (2014 AUM + 2015 AUM / 2 = Average 2015 year end AUM). Candidates should also remember investment performance is cumulative.

Exhibit 1

Canyon Capital Partners

Canyon Capital Partners AUM & Investment Performance



Case Math Answer

Canyon Capital Partners

	2021	2022	2023
Average AUM	(1.5 + 1.7) / 2 = $1.6 B	(1.7 + 1.9) / 2 = $1.8 B	(1.9 + 1.9) / 2 = $1.9 B
Management Fee (%)	2.0%	1.5%	1.5%
Management Fee Revenue	$32.0 M	$27.0 M	$28.5 M
Cumulative Performance	20%	25%	25%
Cumulative Hurdle Rate	15%	30%	45%
Excess Return	5%	0%	0%
Carried Interest Revenue *(Excess Return * Initial AUM * Share of Profits)*	5% * $1.5 B * 20% = $15.0 M	$0.0 M	$0.0 M
Total Revenue	**$32.0 M + $15.0 M = $47.0 M**	**$27.0 M**	**$28.5 M**

Key Takeaway: Revenue has declined despite AUM growth because performance no longer exceeds the rising cumulative hurdle, eliminating carried interest and leaving only management fees.

Case Math Question

Canyon Capital Partners

Case Math Question #2:

Note: *Don't initially offer any additional information or ask the candidate any formal questions; show them Exhibit 2 and after seeing this graph, they should proactively begin this analysis. If they are struggling, guide them in this direction.*

The candidate should begin calculating the total headcount for each year and should point out any trends that they notice in headcount for each position.

The candidate should then proactively ask about compensation structure, and if there is additional salary information for each position. Provide the information from the salary column on the table on the Case Math Answer slide.

Exhibit 2

Canyon Capital Partners

Canyon Capital Partners Employee Headcount

	2021	2022	2023
C-Suite	3	3	3
Portfolio Managers	3	3	4
Associates	7	10	16
Analysts	13	11	9
Traders	3	3	3
Support Staff	7	8	9

Case Math Answer

Canyon Capital Partners

	Salary ($)	2021	2022	2023
C-Suite	1,500,000	3 * 1,500,000 = $4,500,000	3 * 1,500,000 = $4,500,000	3 * 1,500,000 = $4,500,000
Portfolio Managers	500,000	3 * 500,000 = $1,500,000	3 * 500,000 = $1,500,000	4 * 500,000 = $2,000,000
Associates	250,000	7 * 250,000 = $1,750,000	10 * 250,000 = $2,500,000	16 * 250,000 = $4,000,000
Analysts	100,000	13 * 100,000 = $1,300,000	11 * 100,000 = $1,100,000	9 * 100,000 = $900,000
Traders	200,000	3 * 200,000 = $600,000	3 * 200,000 = $600,000	3 * 200,000 = $600,000
Support Staff	75,000	7 * $75,000 = $525,000	8 * $75,000 = $600,000	9 * 75,000 = $675,000
Total Salary Cost ($M)		**$10.175 M**	**$10.8 M**	**$12.675 M**

Key Takeaway: Salary costs are increasing, driven primarily by growth in higher-cost roles like associates and portfolio managers. For example, the number of associates has been increasing rapidly while the number of analysts has decreased in the same period.

Final Recommendation

Canyon Capital Partners

Final Recommendation:

The CEO of Canyon Capital Partners is eagerly awaiting the results of your analysis; why have their profits been declining over the past two years, and what are some steps they could take to increase profitability going forward?

Sample Recommendation

Canyon Capital Partners

Sample Final Recommendation:

- **Conclusion:** CCP's revenues have trended down because of lower management fees and poor investment performance relative to its benchmark. Costs have been up because of increasing headcount, especially as the ratio of associates to analysts has increased.
- **Sample Recommendation:**
  - Revenues: Increase management fee; increase AUM; explore new investment strategies; launch new products (Crypto, Venture, etc.)
  - Costs: Promote employee turnover through meritocracy; reduce number of associates and increase number of analysts
- **Risks:**
  - Increasing management fee could scare off investors
  - Employee morale could be hurt by letting go of associates and fund performance could be stalled by decreasing headcount
- **Next Steps:**
  - Create strategy for new round of fund raising
  - Determine which associates to let go; set rules for turnover and promotion
  - Explore new fund strategies