



WHAT THE BEST COMPANIES DO

Sample Case Interview

SITUATION

Company Alpha is a grocery store chain that is currently one of the leaders in the grocery store market in the Los Angeles area. It is currently considering whether it should enter the emerging Internet-based grocery shopping/delivery market in the Los Angeles area.

In the L.A. area, two competitors have emerged in the Internet/at-home grocery shopping business and are rapidly gaining market share. One of the companies that has already entered the marketplace is Company Alpha's major competitor in the traditional market (Company Delta). The other (Company Zulu) is a chain that does not currently have grocery stores in the L.A. area, but has entered the L.A. area with Internet shopping delivery services.

Should Company Alpha enter the market? If so, how and what concerns should they have? If not, how do they protect market share that is being threatened by the emerging Internet market?

"I would like to verify that I understand the problem. A leader in traditional **brick and mortar** grocery stores in the LA area is investigating whether to launch an Internet-based delivery service and what considerations should be considered with its choice. His current top competitor is one of two current online market leaders. Is that correct?"

"In order to assess whether Company Alpha should enter the Internet delivery markets, I would like to propose that we probe the market potential, the barriers to entry, and the current capabilities of the organization."

Top Tips

- Ask questions until you are confident you understand the question
- Listening is critical, take notes as needed
- Use a framework, and invest time in setting it up correctly
- Round numbers to quicken calculations
- Make clear conclusions and be sure to answer all question parts.

STEP ONE: UNDERSTAND THE QUESTION AND THE ASK

Goal: To exhibit your ability to listen actively, to understand business concepts, and to articulate a brief summary.

- Ask questions
- Don't rush. Ask for time, if needed
- Explain your understanding of the challenge

STEP TWO: PLAN YOUR ATTACK

Goal: To define the analysis framework and key areas of focus that will inform your conclusion. Investing time in appropriately scoping the exercise will improve the clarity of your methodology and response.

- Outline the process you will take to tackle the problem
- Distill your analysis into manageable concepts



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STEP THREE: TAKE IT IN PARTS

Goal: To comprehensively investigate each aspect of the framework you propose and react to the information you uncover.

- Execute on your plan, trust your framework
- Expect difficulty, stay calm, adapt as needed

Market Potential

“What are the customer bases for Company Alpha, Company Delta and Company Zulu? What are the demographics of the L.A. grocery market?”

“What is the current market size of the Internet channel? What are the demographics of the Internet grocery market?”

Barriers to Entry

“What are the relative market shares of the current major players in the Internet channel? How heavily penetrated is the market? What are the key differentiators between the three companies?”

“How much would it cost Company Alpha to enter the market? What would the margins look like? What is Company Alpha’s cost position relative to major competitors?”

Current Capabilities

“What would the impact of diversifying delivery channels be?”

“To what extent are Company Alpha’s core competencies (staffing, skills, technology) developed in a way that would facilitate entry into the Internet grocery business? Which capabilities would need to be developed/outsourced?”



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STEP FOUR: SUMMARIZE AND FORM YOUR CONCLUSION

Goal: To summarize what you have learned succinctly and what implications you have derived.

- Lean on your framework to structure your conclusion
- Use what you've learned
- End decisively
- Ensure you answer all of the questions
- Prepare for probing questions

“The market potential would seem to favor Company Alpha. They lead their market, which is fairly mature and growing slowly, and the company appears to be slowly losing market share. The Internet channel shows potential to reach a different demographic with strong growth potential.”

“There are significant challenges presented by competitors, particularly Company Delta. While their early entry to the Internet market introduces a difficult obstacle, their focus on low cost and high margins has resulted in insufficient capacity and potential quality of service degradation.”

“Company Alpha is in an advantageous capability position having invested in IT and ordering infrastructure in recent modernization efforts. They have a wide, under-capacity delivery network and staff.”

“I would recommend that Company Alpha pursue entering the internet market by leveraging its dominant position in technology systems.”

“If Company Alpha does pursue this market space, there are a number of considerations for minimizing risk and cost. In-house web development resources are likely the lowest-cost option but acquisition options ensures baseline market share and shorter time to market. Cross-platform promotions, bundled services and reward programs can ensure adoption from Company Alpha's excellent existing client base. Analytics from the existing clients in the Internet demographic segments can be used to design promotion campaigns. A thorough review of the buy vs. build options should be examined and a detailed implementation plan with the input from key functional stakeholders should be completed.”

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COMPONENTS TO THINK ABOUT DURING THE CASE

Customers

- What is the customer base for Company Alpha, Company Delta, and Company Zulu? What are the demographics of the L.A. grocery market?
- Growth ties to the Internet: Assessment of business opportunity associated with internet grocery business

Competitors

- Do others exist? What is their market share, value proposition, etc?
- Market share: What are the relative market shares of the current major players? How heavily penetrated is the market?

Cost

How much would it cost Company Alpha to enter the market? What would the margins look like? What is Company Alpha's cost position relative to major competitors?

Suppliers

Who are they? What would the impact of diversifying delivery channels be?

Core Competencies

To what extent are Company Alpha's core competencies developed in a way that would facilitate entry into the Internet grocery business? Which capabilities would need to be developed/outsourced?

Staffing

Do current staffing levels support entry into the internet business? How competitive is Company Alpha in the labor market?

Key Takeaways

- Listen to the interviewer and ask questions
- Structure the problem and develop a framework
- Take some time to organize your ideas; don't jump too fast to conclusions.
- Focus on high-impact issues
- Generate a hypothesis and explore options creatively
- Make quick and accurate calculations
- Synthesize your thoughts and draw conclusions from your analysis
- Don't rush into the analysis without developing an understanding of the problem
- Don't defend your solution at all costs