

NEXTEP MBB

FREE **PRACTICE** **CASES**

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TO PRACTICE CASES



+2 COMPLETE CASES

BEFORE STARTING

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Many thanks, and best of luck with your preparation!

INTRODUCTION

Welcome to NextEp MBB Case Studies!

You are currently exploring the free version of the "Crack the Case Interview" workbook by NextEp MBB, which is designed to help you practice cases both solo and with a partner.



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This free edition is **100% independent of the full version of Crack the Case Interview**. It contains a selection of complete cases explicitly created for practice, and does not overlap with the content of the full book available on Amazon.

Below, you'll find some key instructions to make the most out of this experience:

- 1. Read carefully:** Review each case thoroughly and ensure you understand all the details and questions posed.
- 2. Practice alone or with peers:** Use these cases to practice both on your own and with a partner. Each approach has its benefits, so make the most of both options.
- 3. Follow closing Instructions:** At the end of each case, follow the instructions for effective closure.
- 4. Request feedback:** After completing each case, consider seeking feedback from your practice partners or mentors.

HOW TO USE THE CASES

Each case begins with a detailed **Case Introduction**, setting the scene for your analysis. This is immediately followed by the **Case Flow for the Interviewer**, outlining the goals and a **Prompt Guide**, specifically useful when working with peers to structure your collaborative analysis.

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Industrial Dynamics

- Difficulty: Easy.
- Industry: Industrial.
- Capability: Supply Chain and Cost Reduction.

CASE INTRODUCTION

- **Industrial Dynamics** is a key player in the **electronic components** sector. As they strive to maintain their market position, they are looking to **address internal challenges** that may be hindering their **operational efficiency and profitability**.
- This case will explore strategic measures that can strengthen their business model

CASE FLOW FOR INTERVIEWER

- **Objective:** Direct Industrial Dynamics through a supply chain and cost reduction evaluation to enhance profitability. Focus on identifying areas of cost inefficiency within their electronic components manufacturing operation.
- **Timing:** A 40-minute case divided into three parts - assessment of plant utilization and fixed costs (10 min), cost bucket A (15 min), and cost bucket B (15 min).

PROMPT GUIDE

1. It begins with a **broad analysis of the company's cost structure** to identify areas of inefficiency. Look for patterns or anomalies in cost data.
2. Once critical areas are identified, delve deeper into the plant's operations to understand the implications of **space utilization on fixed costs** and brainstorm potential solutions.
3. You can expand the analysis to include the **company's distribution strategy**, evaluating current costs against industry benchmarks to identify areas for cost reduction.

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The core of each case consists of 1-3 **Prompts**. These sections are carefully structured to include:

- A clear **Prompt** with space designated for your analysis.

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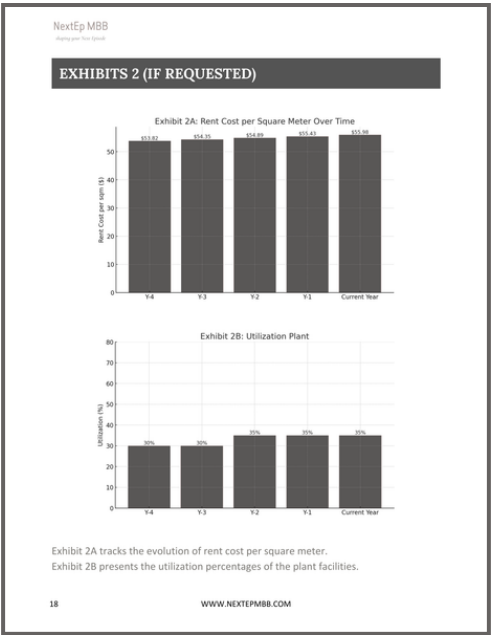
PROMPT 1

Welcome to the **Industrial Dynamics** case. As a **relevant electronic component manufacturer**, Industrial Dynamics is addressing challenges impacting its profitability and efficiency. Your main objective is to **uncover and solve cost inefficiencies within the company**. How would you start your analysis, and what areas would you prioritize to enhance profitability?

COMPLETE YOUR ANSWER

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- **Exhibits** that may need to be requested, providing real data for a comprehensive analysis.



- **Guidance and Incorrect Approaches** to direct your thinking and highlight common mistakes.

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GUIDANCE - PROMPT 1

For prompt 1, the candidate should identify cost inefficiencies within Industrial Dynamics' operations without delving into solutions. The approach would involve:

- 1. Examine Cost Trends and Benchmarks:** Use Exhibit 1A to review the company's cost trends and compare them with industry benchmarks. Plant Operations and Distribution are the areas with the most significant deviations as potential targets for further analysis.
- 2. Dissect Plant Operations Expenses:** Review Exhibit 1B, particularly the plant operations, to identify which components drive the most expenses compared to the benchmarks. In this case, Rent should be the priority.
- 3. Analyze Distribution Spending:** Through Exhibit 1C, evaluate distribution costs, especially noting any categories with high growth rates, to flag them for further investigation. The answer here would be Logistic Services.

The candidate should focus on gathering data and preparing for a deep dive into the specific areas of plant operations and distribution that present opportunities for cost optimization.

INCORRECT APPROACH - PROMPT 1

- **Surface-Level Cost Analysis:** Scanning Exhibit 1A for the highest costs without considering their context within industry benchmarks could lead to a misguided focus. Plant Operations and Distribution costs must be examined for their magnitude and alignment with industry norms.
- **Overlooking Cost Components:** Not delving into the specific components of Plant Operations costs in Exhibit 1B, such as rent, could cause the candidate to miss out on identifying the primary drivers of inefficiency.
- **Generalizing Distribution Issues:** Broadly attributing issues to the Distribution category using Exhibit 1C without pinpointing the exact problem areas, like the rapidly increasing costs in Logistic Services, would prevent a targeted approach to cost optimization.

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The case culminates with a **Prompt Conclusion**, allowing you to practice summarizing your insights and recommendations effectively.

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GUIDANCE - PROMPT 3

For prompt 3, the candidate must address the escalating distribution costs within Industrial Dynamics' supply chain. They should:

1. **Review Distribution Cost Trends:** Leverage Exhibit 3A to assess the trend in the number of logistics service suppliers over time. Observe the reduction in suppliers and reflect on the cost implications.
2. **Analyze Average Costs Per Supplier:** Use Exhibit 3B to review the average cost per supplier, noting any changes despite the reduced supplier base. This will provide a clearer picture of cost management about supplier consolidation.
3. **Evaluate Sourcing Processes:** With data from Exhibit 3C, evaluate the frequency of RFQs issued for logistics services. Consider how the procurement strategy might influence cost-effectiveness and competitive pricing in distribution.

INCORRECT APPROACH - PROMPT 3

- **Ignoring Supplier Reduction:** Not recognizing the decrease in logistics service suppliers over time may lead to a misinterpretation of Industrial Dynamics' efforts to consolidate suppliers and potential leverage for cost negotiations.
- **Misinterpreting Cost Constancy:** Overlooking the fact that average costs per supplier have not decreased in tandem with the reduction in supplier numbers might cause a misunderstanding of the company's cost control measures in the distribution area.
- **Overlooking RFQ Trends:** Failing to acknowledge the significant drop in RFQs could mistakenly suggest that Industrial Dynamics is still actively seeking competitive bids to manage distribution costs.

PROMPT - CONCLUSION

Imagine you're in an elevator with the **CEO of Industrial Dynamics** and he casually asks **how things are going**. What would you say? Draft a concise yet informative response that encapsulates the essence of your analysis without delving into specific details.

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IF YOU ARE PRACTICING WITH PEERS

When practicing with peers, it's crucial for the one taking on the role of interviewer to thoroughly familiarize themselves with all aspects of the case. This includes understanding and internalizing the case details, as well as comprehending the exhibits and potential responses.

By being well-prepared, the interviewer can provide effective guidance to the interviewee, identifying opportunities and facilitating constructive discussion. Additionally, it's beneficial to evaluate common mistakes and provide guidance on how to avoid them:

- **Forgetting the framework:** Emphasize the importance of maintaining a structured approach throughout the interview.
- **Asking for all the data:** Discuss the significance of prioritizing information and asking targeted questions to gather relevant data efficiently.
- **Losing the story:** Remind peers to maintain a logical flow in their responses and arguments. Encourage them to practice active listening and stay focused on the main narrative they are constructing.

- **Math mistakes:** Offer strategies for managing nerves and reducing the likelihood of math errors, such as double-checking calculations and taking a moment to calm down before proceeding.
- **Not listening during the case:** Stress the importance of active listening and encourage peers to pay close attention to any comments from the interviewer.
- **Not sharing the mental process:** Encourage peers to verbalize their thoughts and reasoning throughout the interview.
- **Poor closure:** Encourage peers to take their time and ensure that their closing statements are clear and impactful.

By being intimately familiar with every aspect of the case, the interviewer can lead the discussion effectively, ensuring that both parties benefit from the practice session. It's essential to remember that in a mock interview setting, the goal is mutual learning and improvement, and constructive feedback plays a vital role.

IF YOU ARE PRACTICING ALONE

Begin by focusing on the **case introduction**. This provides context for the problem you'll be addressing and helps you understand the key issues at hand. **Avoid reading the CASE FLOW FOR INTERVIEWER and the PROMPT GUIDE** at this stage to prevent any potential bias in your analysis.

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➡ READ

➡ SKIP

➡ SKIP

Now, **proceed with the normal flow of the case**. Review the prompt, develop your framework and hypothesis, establish the necessary data, and then analyze the exhibits provided.

As you work through the case, please maintain a structured approach, carefully considering each piece of information and its implications for your analysis.

Once you have finished your analysis, you can refer to the necessary answers to validate your conclusions and refine your problem-solving skills.

GUIDANCE FOR THE PROMPT CONCLUSIONS

As you wrap up your analysis, it's essential to provide an effective closure.

Remember, there's no perfect answer, but structuring your conclusion as follows can help ensure clarity and completeness:

- Key Conclusion: State your main conclusion succinctly.
 - Support Statement 1: Highlight a key piece of evidence or analysis that supports your conclusion.
 - Support Statement 2: Discuss another relevant factor that bolsters your conclusion.
 - Support Statement 3: Provide additional evidence or reasoning to reinforce your main point.
- (Optional) Re-state Conclusion: If necessary, briefly reiterate your main conclusion for emphasis.
- Next Steps: Offer insights into what additional analysis or actions you would take if given more time or resources.

Always feel free to ask for a couple minutes to gather your thoughts before delivering your conclusion.

ENJOY YOUR PRACTICE!

Virtual Plaza



- **Difficulty:** Intermediate.
- **Industry:** Retail.
- **Capability:** Strategy.

CASE INTRODUCTION

- **Virtual Plaza**, a leading online marketplace in ten Latin American countries, is strategizing to **launch a private label to stay ahead in the competitive e-commerce landscape**. With a significant customer base, the company aims to leverage its market position to introduce private-label products.

CASE FLOW FOR INTERVIEWER

- **Objective:** Assist Virtual Plaza in planning a private label launch to enhance profitability, focusing on carefully selecting product categories and supplier partnerships.
- **Timing:** Allocate 40 minutes, divided into three segments - first, a 10-minute analysis of potential categories for the private label; second, a 15-minute discussion on selecting products and suppliers; and finally, a 15-minute evaluation of the financial impact and growth potential of the private label.

PROMPT GUIDE

1. It begins by evaluating Virtual Plaza's current offerings to pinpoint **categories where a private label could boost profitability**.
2. It moves to choosing the **right products and suppliers for the private label**.
Consider whether sticking with existing suppliers or diversifying is better for a sustainable long-term strategy.
3. Concludes with **calculating the financial implications of the private label launch**.
Include sales forecasts and profitability analyses to craft a feasible plan for launch and growth.

PROMPT 1

Welcome to the **Virtual Plaza private label launch case**. As a dominant force in the Latin American e-commerce market, Virtual Plaza is venturing into launching a private label across ten countries. The main goal is to **increase profitability and market share**. How would you begin to **tackle this challenge**?

COMPLETE YOUR ANSWER

EXHIBITS 1 (IF REQUESTED)

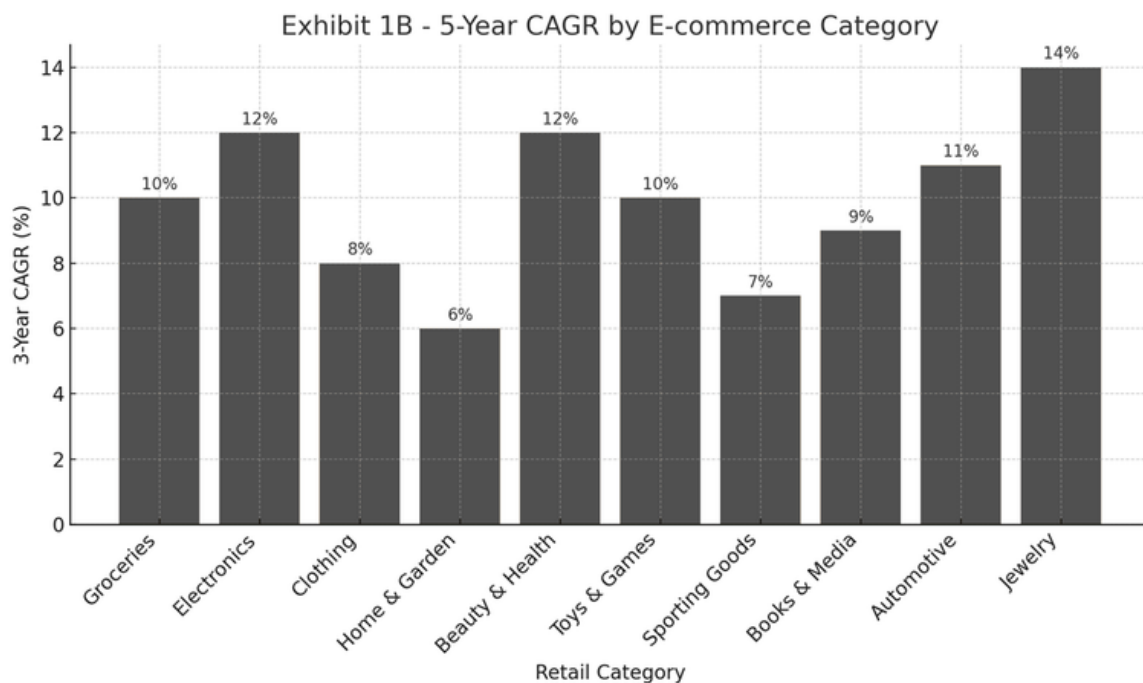
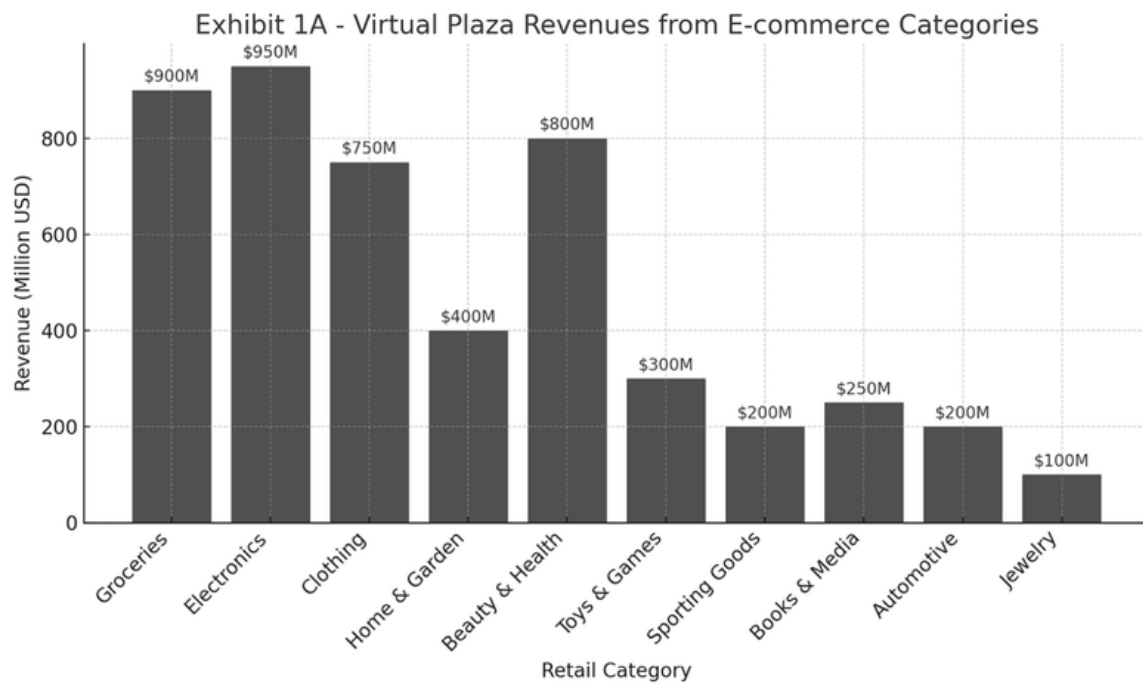


Exhibit 1A presents Virtual Plaza's revenue per category, revealing the e-commerce giant's financial intake across diverse market segments.

Exhibit 1B details the Compound Annual Growth Rate (CAGR) for each retail category over the past five years.

EXHIBITS 1 (IF REQUESTED)

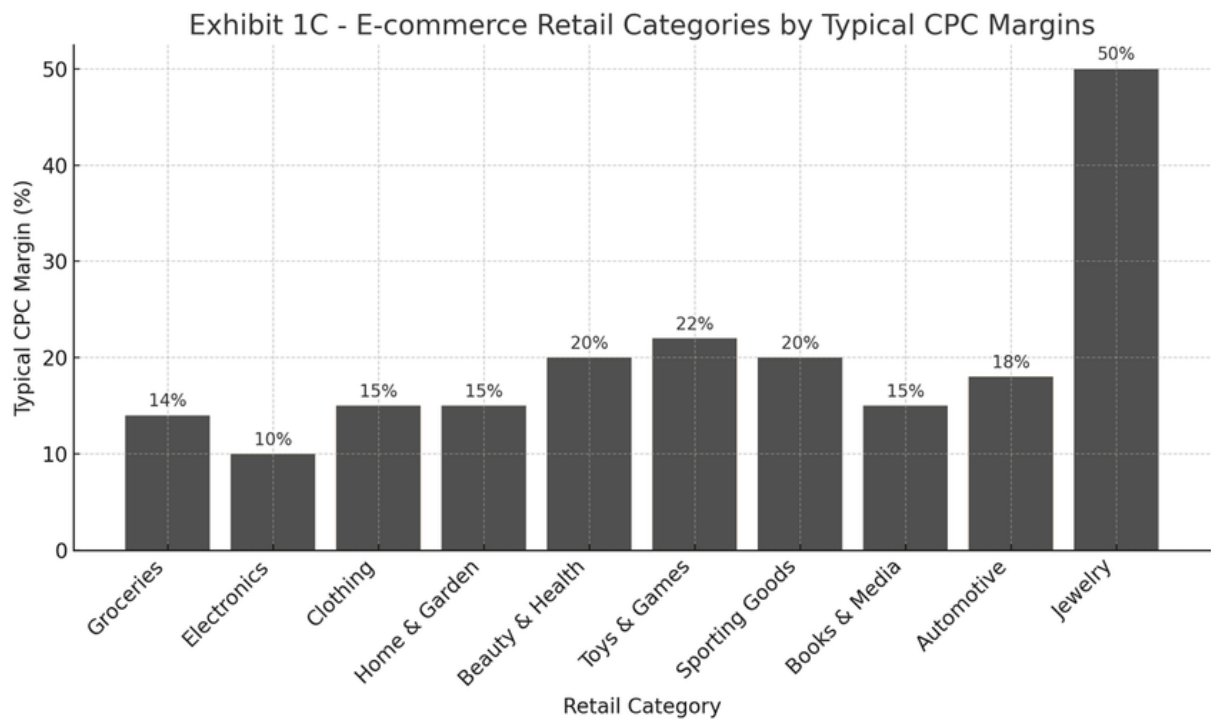


Exhibit 1C outlines the typical margins for Consumer Product Companies (CPC) across various e-commerce retail categories.

GUIDANCE - PROMPT 1

Given the data in the exhibits, the candidate's answer should logically identify the most promising categories for Virtual Plaza's private label launch. Here's how the answer would be structured based on the provided data:

1. Revenue and Growth Analysis:

- Groceries and Electronics are the top-grossing categories, signaling a strong market presence. However, Jewelry, while having lower overall revenue, shows the highest growth rate.

2. Profitability Evaluation:

- Jewelry and Beauty & Health stand out with the highest margins at 50% and 20%, respectively, which could translate into higher profitability for a private label.

3. Strategic Category Selection:

- Considering the balance of high revenue, growth, and profitability, Beauty & Health emerges as a strategic category. It offers a strong combination of substantial revenue, double-digit growth, and high margins.

4. Focused Recommendation:

- The recommendation would be to prioritize the Beauty & Health category for the private label initiative, given its market potential and financial attractiveness. However, due to Jewelry's significant growth and margins, it could be considered for a niche, high-margin private label as a secondary option.

INCORRECT APPROACH - PROMPT 1

- **Neglecting Revenue and Growth Analysis:** Ignoring the detailed revenue figures and CAGR provided in Exhibit 1A could cause a failure to recognize which categories have a solid foundation and growth trajectory.
- **Misjudging Profitability:** Making the mistake of selecting categories for the private label based solely on their revenue without considering the profit margins from Exhibit 1C. This could lead to favoring a high-revenue, a low-margin category like Groceries, which may not yield the desired profitability.
- **Overlooking Market Dynamics:** Not considering the comprehensive market trends and growth potential could result in disregarding categories that offer a sustainable and profitable expansion, such as those with a balance of healthy growth and high margins.

PROMPT 2

Based on your analysis from the previous section, you have pinpointed **Beauty & Health** as a strategic category for Virtual Plaza's private label launch. The marketing team has confirmed the viability of this category. How would you suggest Virtual Plaza **approach product selection and supplier partnerships** within the Beauty & Health category?

COMPLETE YOUR ANSWER

EXHIBITS 2 (IF REQUESTED)

Exhibit 2A - Integrated Product Analysis for Beauty & Health

Product	Annual Revenue	CPC Profit Margin (%)	5-Year CAGR (%)	Entry barriers (1-10)
Skincare	300	20%	7%	9
Makeup	250	23%	10%	10
Haircare	100	16%	6%	5
Fragrances	50	21%	9%	9
Personal Care	60	18%	7%	7
Wellness Products	40	18%	12%	7

Exhibit 2B - Supplier Analysis for Private Label

Supplier Name	Quality (1-10)	Cost-Effectiveness (1-10)	Lead Time (1-10)	Flexibility (1-10)
BelezaPura Suppliers	9	6	4	8
SaúdeVida Co.	9	3	4	10
VivaEstética Solutions	6	8	8	6
DermGlow Partners	7	8	3	3
NaturalEssence Vendors	6	9	7	5
BioCare Manufacturers	9	5	6	10

Exhibit 2A evaluates the viability of products within the Beauty & Health category for Virtual Plaza's private label. It compares annual revenue, CPC profit margins, and growth potential against the barriers to entry for each product segment.

Exhibit 2B assesses potential suppliers for the private label on critical performance indicators, such as quality, cost-effectiveness, lead time, and flexibility.

EXHIBITS 2 (IF REQUESTED)

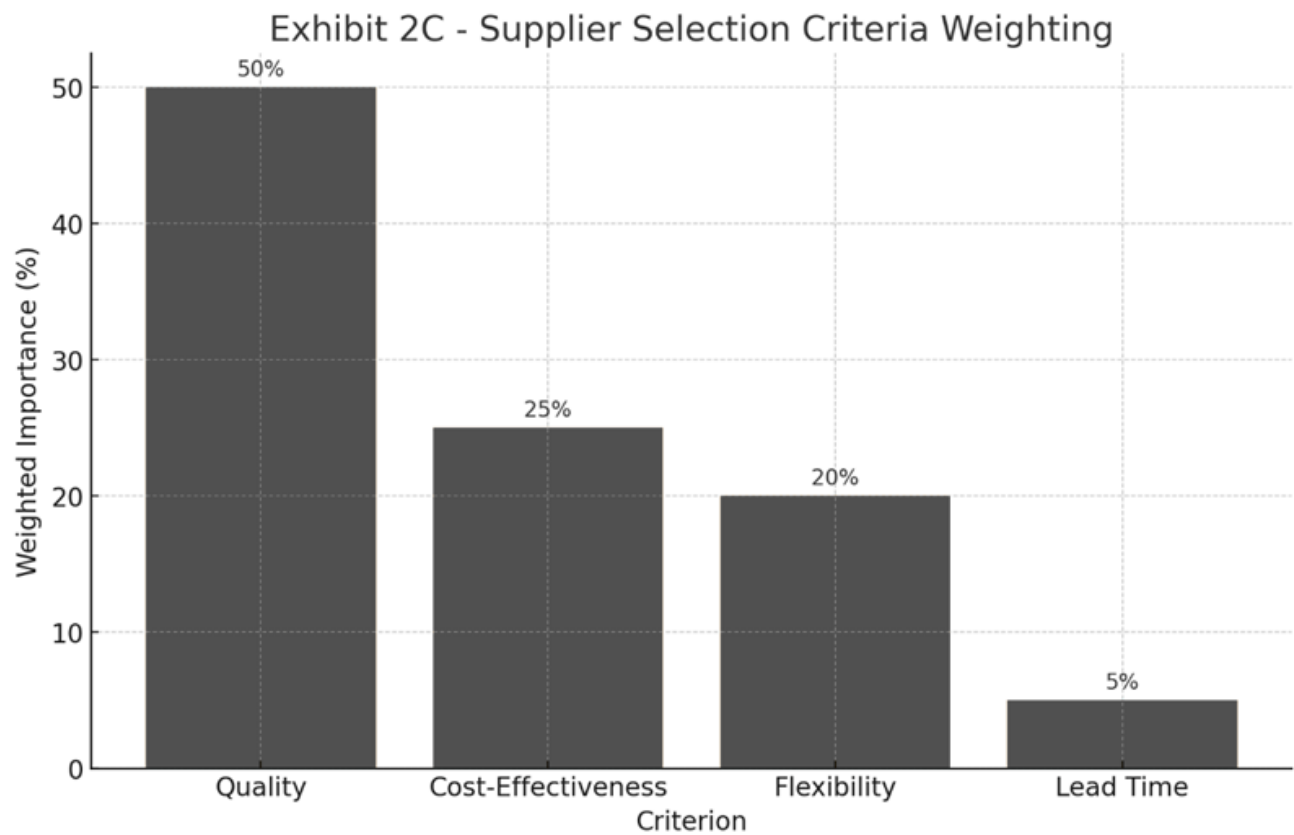


Exhibit 2C illustrates the weighted importance of the performance metrics used in Exhibit 2B. It reflects Virtual Plaza's strategic priorities when selecting suppliers.

GUIDANCE - PROMPT 2

Approach:

- For the **product analysis**, we're looking at size, profit, and growth. We need to know how much we'll sell, how much we'll earn, and how quickly each product can grow. High barriers mean tough competition and a chance to stand out with quality.
- Choosing **suppliers** is about getting the best quality without overspending, finding partners who can keep up with demand, and ensuring they can deliver on time. We'll use set criteria to pick suppliers that fit our private label's goals perfectly.

Product Selection:

- Considering the entry barriers, CPC profit margins, and growth rates, **Haircare** emerges as a strategic choice for Virtual Plaza's private label.
- Despite its lower revenue than Skincare and Makeup, Haircare presents an opportunity due to its moderate entry barriers. This makes it a more accessible market for a new private label, coupled with a decent profit margin and a stable growth rate.

Supplier Selection Answer:

- To determine the best suppliers for Virtual Plaza's private label, we'll perform a weighted score calculation for each supplier using the provided criteria weights:
 - For BelezaPura Suppliers: Total
 $\text{Score} = (9 \times 0.50) + (6 \times 0.25) + (4 \times 0.05) + (8 \times 0.20) = 4.5 + 1.5 + 0.2 + 1.6 = 7.8$
 - For SaúdeVida Co.: Total
 $\text{Score} = (9 \times 0.50) + (3 \times 0.25) + (4 \times 0.05) + (10 \times 0.20) = 4.5 + 0.75 + 0.2 + 2 = 7.45$
 - For BioCare Manufacturers: Total
 $\text{Score} = (9 \times 0.50) + (5 \times 0.25) + (6 \times 0.05) + (10 \times 0.20) = 4.5 + 1.25 + 0.3 + 2 = 8.05$
- The calculations indicate that **BioCare Manufacturers** have the highest total score of 8.05, followed by **BelezaPura Suppliers** with a score of 7.8. Thus, BioCare Manufacturers and BelezaPura Suppliers are the most suitable suppliers for Virtual Plaza's private label, balancing quality, cost-effectiveness, flexibility, and lead time in line with the company's strategic priorities.

INCORRECT APPROACH - PROMPT 2

- **Ignoring Market Size and Growth:** Focusing solely on profit margins without considering each product category's size and growth potential could lead to missed opportunities in more significant, rapidly expanding markets.
- **Underestimating Entry Barriers:** Not factoring in the challenges of entering highly competitive segments might result in underprepared market entry strategies and higher costs.
- **Overlooking Supplier Dynamics:** Choosing suppliers based solely on one metric, like cost or quality, without balancing all key performance indicators can jeopardize the supply chain and the private label's market position.

PROMPT 3

Building on your initial analysis and projections, you've identified Haircare as the strategic product category for Virtual Plaza's private label, with BelezaPura Suppliers and BioCare Manufacturers as the chosen suppliers. To move forward, **let's review the team's earlier work and use it to quantify the potential financial impact**. Can you calculate the anticipated **revenue boost and profit improvement** for Virtual Plaza following the successful introduction of the private label Haircare line?

COMPLETE YOUR ANSWER

EXHIBITS 3

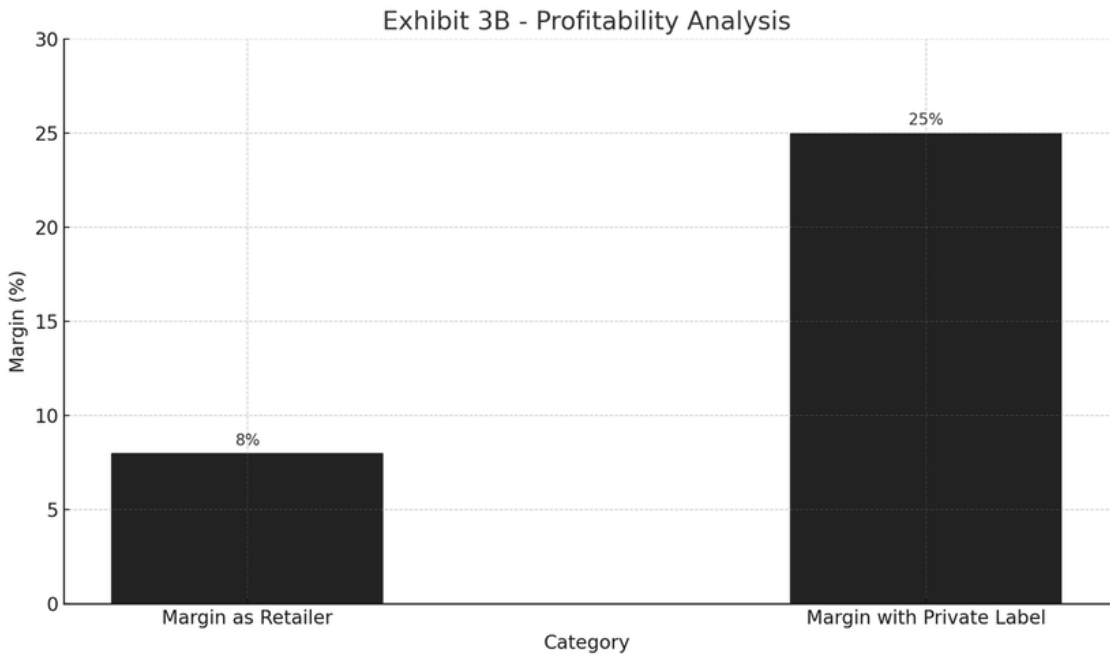
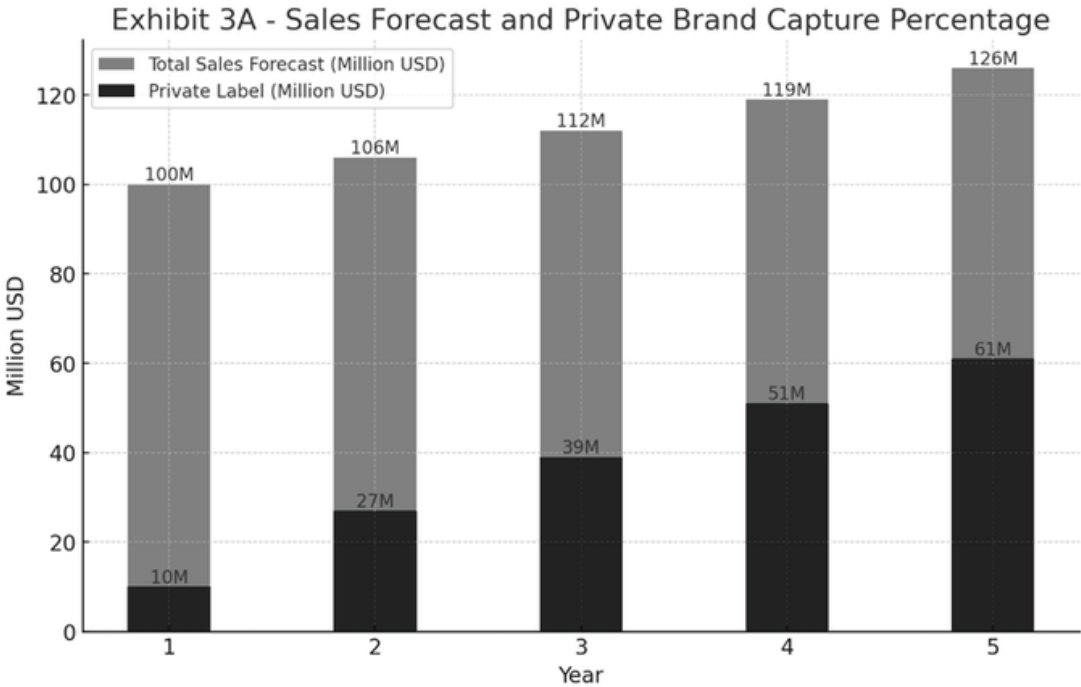


Exhibit 3A projects the total sales for Virtual Plaza's Haircare category over the next five years and the expected revenue from the private label.

Exhibit 3B compares the current profit margins for Virtual Plaza's retail operations in the Haircare category with the projected profit margins from the new private label line. The analysis takes into account supplier costs.

GUIDANCE - PROMPT 3

Based on the data provided in Exhibits 3A and 3B, here's how the candidate should approach calculating the potential profit for the 1st, 3rd, and 5th years after the private label launch in Haircare:

- **Year 1 Incremental Profit Calculation:**
 - **Incremental Margin:** Calculate the difference in margin between selling as a retailer and selling the private label, which is $25\% - 8\% = 17\%$.
 - **Revenue from Private Label:** Take the forecasted private label revenue for year 1, which is \$10 million.
 - **Additional Profit Calculation:** Multiply the revenue by the incremental margin to find the additional profit: $\$10 \text{ million} \times 17\% = \1.7 million .
- **Year 3 Incremental Profit Calculation:**
 - **Revenue from Private Label:** Use the forecasted private label revenue for year 3, which is \$39 million.
 - **Additional Profit Calculation:** Again, multiply the revenue by the incremental margin: $\$39 \text{ million} \times 17\% = \6.63 million .
- **Year 5 Incremental Profit Calculation:**
 - **Revenue from Private Label:** Take the forecasted private label revenue for year 5, which is \$61 million.
 - **Additional Profit Calculation:** Multiply the revenue by the incremental margin: $\$61 \text{ million} \times 17\% = \10.37 million .

These calculations will estimate the **additional profit that Virtual Plaza could realize in the 1st, 3rd, and 5th years** of the private label's operation, emphasizing the financial impact of introducing the private label to the market.

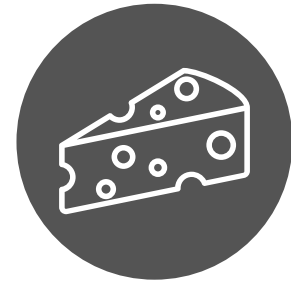
INCORRECT APPROACH - PROMPT 3

- **Miscalculating Incremental Margins:** An error would be to use the private label margin without accounting for the existing retailer margin as a baseline. This would falsely inflate the perceived incremental benefit of the private label.
- **Ignoring Revenue Attribution:** Simply taking the total revenue projected for the private label and applying the higher margin across the board, without considering the incremental nature of the profits over the baseline retail operations, would misrepresent the actual additional profit.
- **Static Growth Assumption:** Another mistake would be to assume a constant market capture rate or profit margin for the private label throughout the forecast period, disregarding the planned growth in market share and potential changes in profitability as the brand scales.

PROMPT - CONCLUSION

Given the insights from our comprehensive analysis, imagine you're in an **elevator with the CEO of Virtual Plaza**. You have a **brief moment to communicate the core findings and the potential impact** of the private label initiative. How would you concisely present the private label's opportunity and strategic value?

Fromagerie Délicatesse



- **Difficulty:** Intermediate.
- **Industry:** Consumer Products.
- **Capability:** Strategy development and market entry.

CASE INTRODUCTION

- **Fromagerie Délicatesse** stands as a beacon of excellence in the French **gourmet cheese industry**. Renowned for its dedication to quality and innovation, the company is now setting its sights beyond the borders of France, aiming to capture **new markets with a keen interest in South Africa**.

CASE FLOW FOR INTERVIEWER

- **Objective:** Guide Fromagerie Délicatesse through a market entry strategy into the South African gourmet cheese market. The focus will be on evaluating the market size, identifying strategic acquisition targets, and assessing the suitability of these targets.
- **Timing:** A 40-minute case divided into three parts - market sizing and growth potential assessment (10 min), development of acquisition target evaluation framework (15 min), and analysis and selection of the optimal target (15 min).

PROMPT GUIDE

1. Conduct a **market sizing of the gourmet cheese market in South Africa** to identify its size and potential for growth.
2. Create a **framework** focusing on financial health, market position, and operational capabilities of **potential acquisition targets**. This step should guide the identification of synergies and gaps.
3. Using the framework, **assess the fit and strategic value of five pre-selected candidates**. Concentrate on how each target aligns with Fromagerie Délicatesse's goals for market entry and growth in South Africa.

PROMPT 1

Welcome to the Fromagerie Délicatesse case. As a leading producer of French gourmet cheeses, Fromagerie Délicatesse is keen on exploring the **expansion of its market footprint into South Africa**. Your primary task is to **evaluate the market's potential for gourmet cheeses**. Begin your analysis by estimating the current size of the gourmet cheese market in South Africa. What factors will you consider to project its growth over the next five years?

COMPLETE YOUR ANSWER

EXHIBITS 1 (IF REQUESTED)

Exhibit 1A - Gourmet Cheese Market Size Analysis Data Table

Category	Data Point	Unit	Values
Market Size Estimates			
Population	Total Population	Number	60,000,000
Target Demographic	Population Earning Above Median Income	%	45
Cheese Consumption	Weekly Per Capita Cheese Consumption	kg/week	0.1
Number of Weeks	Weeks per Year	Number	52
Gourmet Cheese Market Share	Percentage of Total Cheese Market	%	10
Price Analysis			
Average Retail Price	Gourmet Cheese Average Price	\$/kg	25
Growth Projections			
Historical Growth Rate	Cheese Market CAGR (2016-2021)	%	9.3
Projected Market Growth Rate	Gourmet Cheese Market Growth Rate (Next 5 Years)	%	7

Exhibit 1A quantifies the South African gourmet cheese market, detailing demographics, consumption, and pricing, alongside past and forecasted growth rates, essential for Fromagerie Délicatesse's strategic planning.

GUIDANCE - PROMPT 1

Calculations and Results:

- Target Consumer Base:
 - $60,000,000 \text{ (Population)} * 45\% \text{ (Target Demographic)} = 27,000,000 \text{ potential consumers}$
- Annual Consumption Volume:
 - $0.1 \text{ kg/week} * 52 \text{ weeks} = 5.2 \text{ kg/person/year}$
- Gourmet Segment Volume:
 - $27,000,000 \text{ consumers} * 5.2 \text{ kg/person/year} * 10\% \text{ (Gourmet Cheese Market Share)} = 14,040,000 \text{ kg/year}$
- Gourmet Market Segment Value:
 - $14,040,000 \text{ kg/year} * \$25/\text{kg} = \$351,000,000/\text{year}$
- Projected Gourmet Market Size in Five Years:
 - Year 1: $\$351,000,000 * (1 + 7\%) = \$375,570,000$
 - Year 2: $\$375,570,000 * (1 + 7\%) = \$401,859,900$
 - Year 3: $\$401,859,900 * (1 + 7\%) = \$429,990,093$
 - Year 4: $\$429,990,093 * (1 + 7\%) = \$460,089,400$
 - Year 5: $\$460,089,400 * (1 + 7\%) = \textbf{\$492,295,658}$

INCORRECT APPROACH - PROMPT 1

- **Inadequate Market Sizing:** Merely glancing at population numbers without applying the gourmet cheese market share percentage, or failing to account for the specific demographic likely to purchase gourmet products, would lead to an inaccurate market size estimation.
- **Neglecting Key Data Points:** Not requesting or disregarding crucial data such as the per capita consumption rate and the average retail price of gourmet cheese would result in a flawed financial analysis.
- **Miscalculating Market Value:** Incorrectly applying the market share or overlooking the compounding effect of growth when projecting the market size over the next five years would lead to erroneous conclusions about the market's potential.

PROMPT 2

Given your understanding of the market size and growth potential in South Africa, propose a **framework for Fromagerie Délicatesse to evaluate potential acquisition targets** in the region.

COMPLETE YOUR ANSWER

GUIDANCE – PROMPT 2

Proposed framework:

1. Performance

- Financial Health:
 - Revenue trends and profitability
 - Cost structure analysis
 - Liquidity and cash flow positions
- Operational Efficiency:
 - Production capabilities and capacity utilization
 - Supply chain robustness and distribution networks

2. Potential

- Growth Opportunities:
 - Market expansion potential, both domestically and regionally
 - Ability to scale operations and increase production
 - Opportunities for product line diversification
- Strategic Positioning:
 - Brand strength, market positioning and customer base and loyalty
 - Competitive advantages and USPs (Unique Selling Propositions)

3. Fit

- Cultural and Organizational Alignment:
 - Compatibility of corporate cultures
 - Alignment of vision, values, and business practices
- Synergy Realization:
 - Cost synergies (e.g., economies of scale, cost-saving opportunities)
 - Revenue synergies (e.g., cross-selling, new customer segments)
- Integration Complexity:
 - Ease of integration in terms of operations, systems, and personnel
 - Risks associated with the integration process

4. Risks

- **External:** Consider market stability, competitive pressures, consumer preferences, and regulatory environments.
- **Internal:** Evaluate risks related to supply chain, integration complexities, and cultural alignment.

INCORRECT APPROACH - PROMPT 2

- **Overlooking Key Evaluation Elements:** Neglecting to thoroughly assess each element of the framework, particularly performance, potential, and fit, could result in missing critical insights into an acquisition target's true value and compatibility, leading to poorly informed strategic decisions.
- **Neglecting Risk Analysis:** Failing to properly assess both internal and external risks, such as market volatility, regulatory changes, and cultural integration challenges, could result in an incomplete due diligence process and unforeseen complications post-acquisition.

PROMPT 3

Based on the evaluation framework you've previously established, we have identified **five potential targets for acquisition in the South African gourmet cheese market**. One of our teams has conducted an initial analysis of these targets. Please **review their analyses and determine which target is best** for Fromagerie Délicatesse to acquire.

COMPLETE YOUR ANSWER

EXHIBITS 3 (IF REQUESTED)

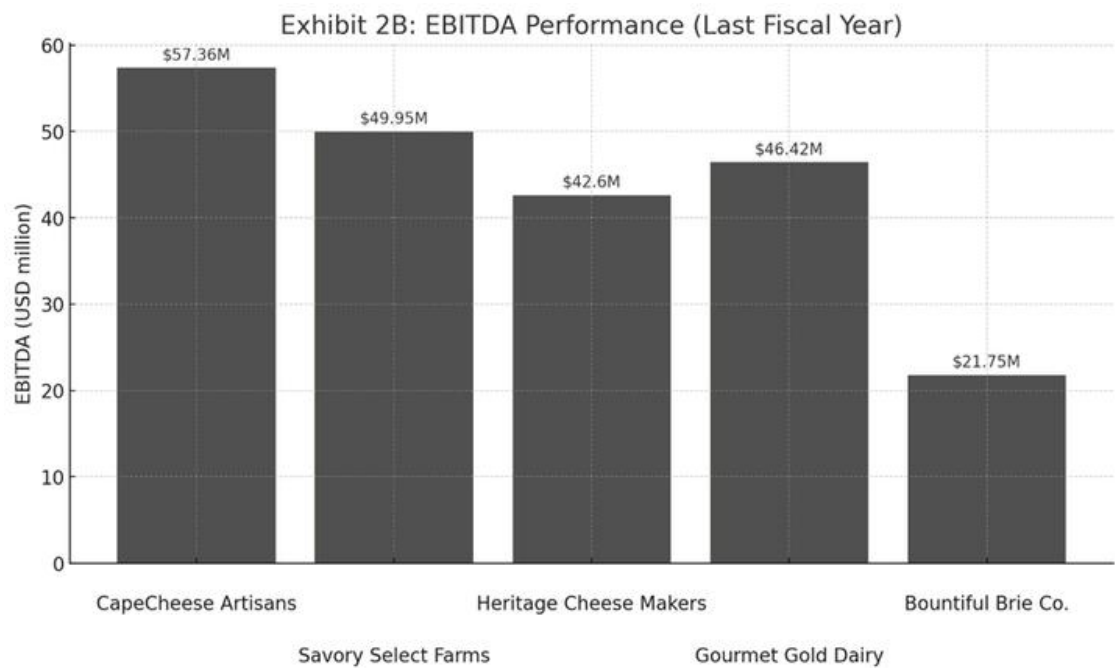
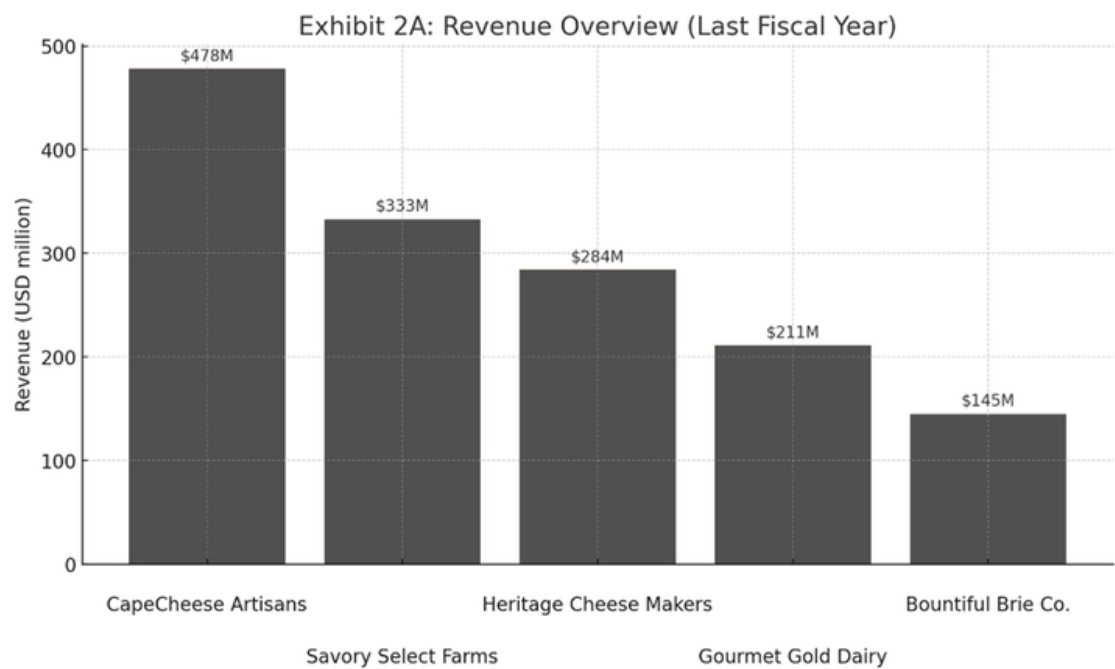


Exhibit 2A details the annual revenues of the five potential acquisition targets, providing insight into their market performance and financial scale. Exhibit 2B shows the EBITDA for each company.

EXHIBITS 3 (IF REQUESTED)

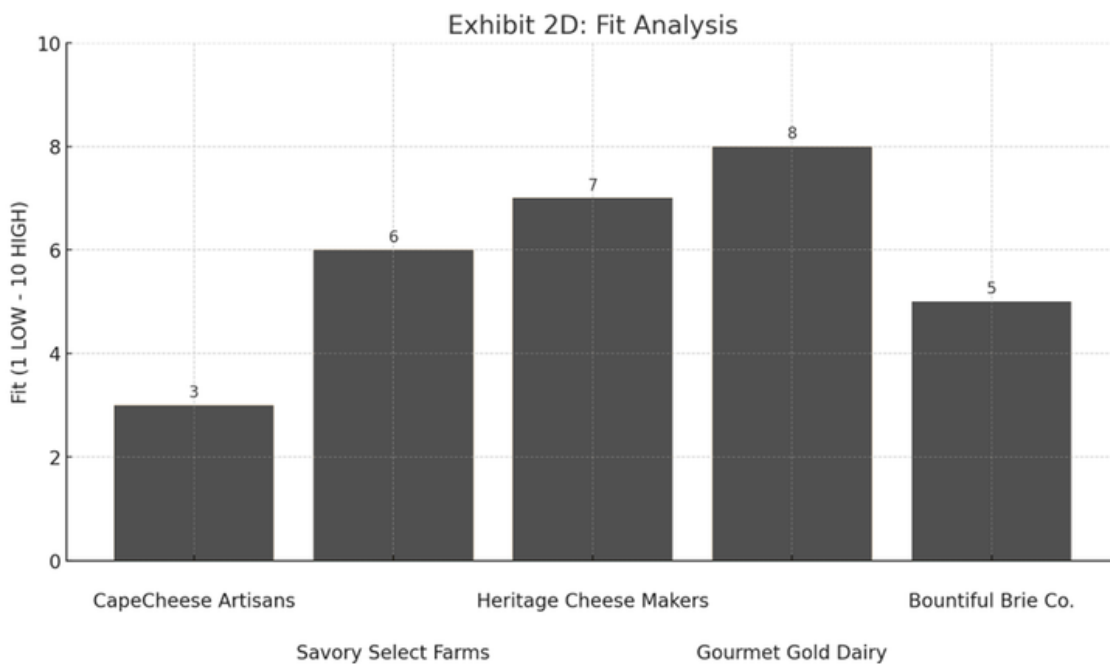
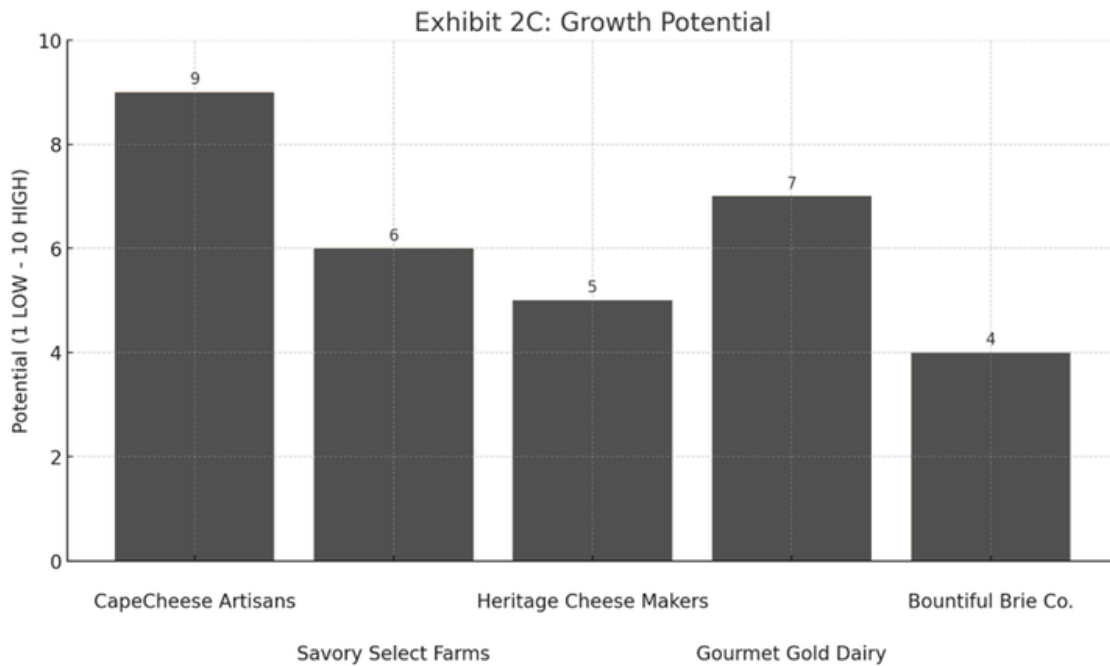


Exhibit 2C rates the potential for growth of each target on a scale from low to high. Exhibit 2D assesses how well each potential acquisition aligns with Fromagerie Délicatesse's strategic objectives and culture.

EXHIBITS 3 (IF REQUESTED)

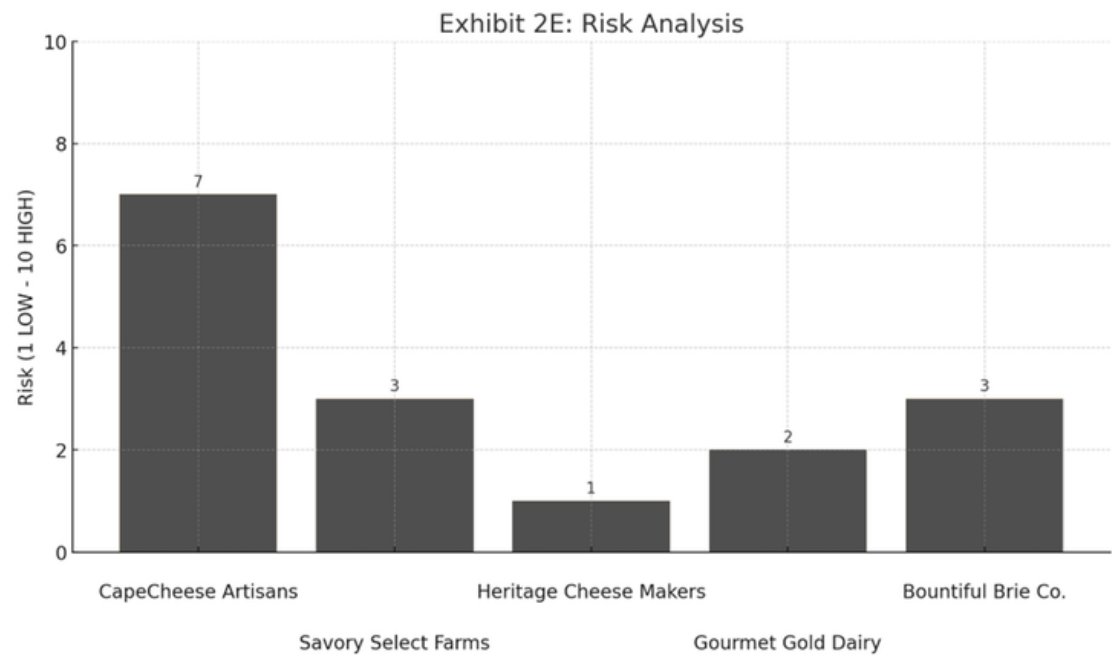


Exhibit 2E evaluates the risk profile of each company.

GUIDANCE - PROMPT 3

Review Financial Health and Market Position:

- Use Exhibit 2A to assess revenue trends across the potential targets, understanding the market share and financial scale each company holds.
- Utilize Exhibit 2B to analyze EBITDA margins, which may indicate operational efficiency and cost management capabilities.

Assess Growth and Strategic Alignment:

- Leverage Exhibit 2C to gauge the growth potential of each target, considering how this aligns with Fromagerie Délicatesse's expansion goals.
- Apply Exhibit 2D to evaluate how well each company fits with Fromagerie Délicatesse's strategic direction and values, preferring targets with higher fit scores.

Mitigate Risks:

- Review Exhibit 2E to understand the risk profiles of the acquisition targets. A high risk could undermine the investment's stability and long-term success even if a company shows solid financials and growth potential.

By synthesizing insights from these exhibits, the candidate will not only identify which company is the best acquisition target based on current performance but also which holds the most promise for strategic alignment and growth with an acceptable level of risk.

Highlight how **Gourmet Gold Dairy**, despite not being the top revenue earner, presents a balanced profile with high EBITDA efficiency, strong growth potential, strategic alignment, and low-risk factors, making it the optimal acquisition target.

INCORRECT APPROACH - PROMPT 3

- **Overemphasizing Revenue Figures:** Making a decision based solely on the revenue figures from Exhibit 2A could lead to selecting a company like CapeCheese Artisans without considering its high risk and low fit scores.
- **Disregarding EBITDA Margins:** Ignoring the profitability and operational efficiency indicated by EBITDA margins in Exhibit 2B, thus failing to recognize that Gourmet Gold Dairy, although not the highest in revenue, has a solid financial foundation.
- **Undervaluing Strategic Fit and Risk:** Not adequately weighing the strategic fit and risk evaluations from Exhibits 2D and 2E could result in overlooking a target like Gourmet Gold Dairy that scores well in both areas and represents a balanced, strategic acquisition.

PROMPT - CONCLUSION

Imagine you're in an elevator with the **CEO of Fromagerie Délicatesse**, and she inquires about the progress of the acquisition search. What would you say? **Compose a brief but informative response that summarizes your findings.**

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ADDITIONAL RESOURCES

CRACK THE CASE INTERVIEW

Crack the Case is the best workbook for preparing and practicing complete interview cases for consulting.

Case interviews are demanding, and the only way to master them is by practicing. That's why we've created this workbook with 20 original cases that will allow you to train in depth, both on your own and with other candidates.

Each case is designed to help you better structure your ideas, gain fluency in framing, and advance safely in the analyses. Whether you're just starting or want to fine-tune the last details before your interviews, here you'll find exercises that realistically simulate what you'll encounter in the process.

What will you find inside?

- 20 original and complete cases, ready to practice.
- A clear and realistic statement in each case.
- Guide to practicing alone or with other candidates.
- Graphics and exhibits like the ones you will see in real interviews.
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CRACK THE TEST WORKBOOK

Crack the Test is the most practical tool for preparing for GMAT-type tests that many consultants use before moving on to interviews.

The vast majority of firms use numerical, logical, or critical reasoning evaluations to filter candidates in the early stages. Although they are not always given the importance they deserve, passing these tests is essential to moving forward in the process.

This book helps you practice exactly what you need: multiple-choice problems, very similar to the real ones, with clear explanations and tips to gain speed and accuracy.

It is designed to help you train efficiently, understand the most common mistakes, and arrive prepared for the test day.

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- 12 business case questions that will test your decision-making with limited information.
- 30 integrated reasoning exercises with graphs, tables, and verbal-quant questions.
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CRACK THE FRAMEWORKS

Crack the Frameworks is the most practical guide to help you master the most critical step of the case interview: the beginning.

The first minutes of a case are where interviewers decide whether you can think clearly, generate a solid hypothesis, and build a structured plan to solve the problem. That moment is called framing, and most candidates get it wrong.

This book teaches you how to structure your thinking from scratch using issue trees and custom frameworks. Whether you're just starting or already practicing live cases, this workbook helps you improve clarity, logic, and confidence when opening any case.

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- A step-by-step guide to build issue trees and structure your analysis.
- Visual breakdowns of consulting frameworks: Profitability, Market, Pricing, Investment.
- Practical explanations of when and how to use each approach.
- 20 exercises to practice the case opening and sharpen your framing.
- Sample solutions to help you reflect and improve your logic.



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CRACK THE FIT INTERVIEW

Crack the Fit is the ultimate guide to help you confidently prepare for and overcome personal consulting interview questions.

Fit interviews aren't just about "breaking the ice": they're a central part of the process. This is where interviewers value your ability to communicate, your experience, and your alignment with the role of a consultant.

This book provides a structured approach, high-level examples, and practical tips for crafting your answers without sounding rehearsed. It is designed to allow you to work on your personal story from scratch or refine the answers you already have.

Whether you're faced with questions about your journey, your motivations, or your accomplishments, this book will help you answer with confidence, authenticity, and focus.

What will you find inside?

- A transparent methodology for preparing personal interviews.
- Examples of robust responses, with the level expected by firms.
- Templates and outlines to structure your stories with impact.
- Frequently asked questions and how to address them without sounding generic.
- Tips to practice, gain naturalness, and avoid common mistakes.



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CRACK THE MATH

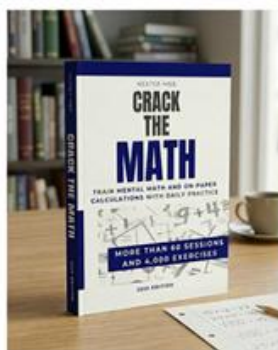
Crack the Math is our most intensive tool for training your speed, accuracy, and mental agility, all essential skills for high-pressure problem-solving.

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- Benchmarks, space to track time and errors, and structured layouts to measure your progress.



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FINAL NOTE

CONGRATULATIONS!

You've reached the end of the workbook, which means you're one step closer to mastering your consulting readiness.

We now recommend continuing with the NextEp MBB journey. In the **Additional Resources** section, you'll find other books and workbooks designed to help you prepare for the remaining key areas of the consulting selection process.

Additionally, if you join [our FlashTips](#), you'll receive short, practical insights focused on helping you improve every day, straight to the point and easy to apply.

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FEEDBACK

If you also have any constructive [feedback](#) that you think we should include in future editions, feel free to share it using the QR code below.



THANK YOU, AND BEST OF LUCK WITH THE REST OF YOUR PREPARATION.

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Shaping your Next Episode