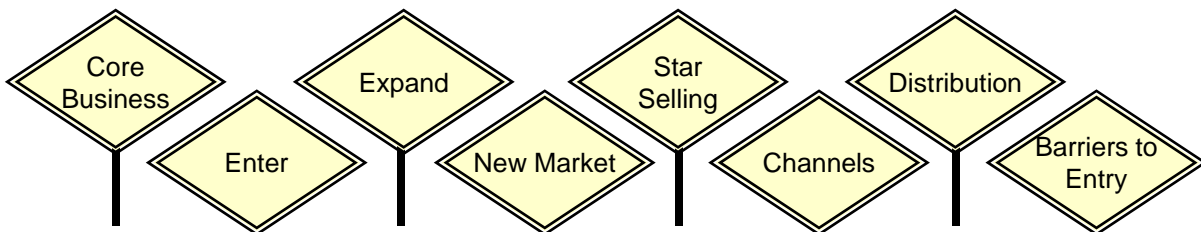


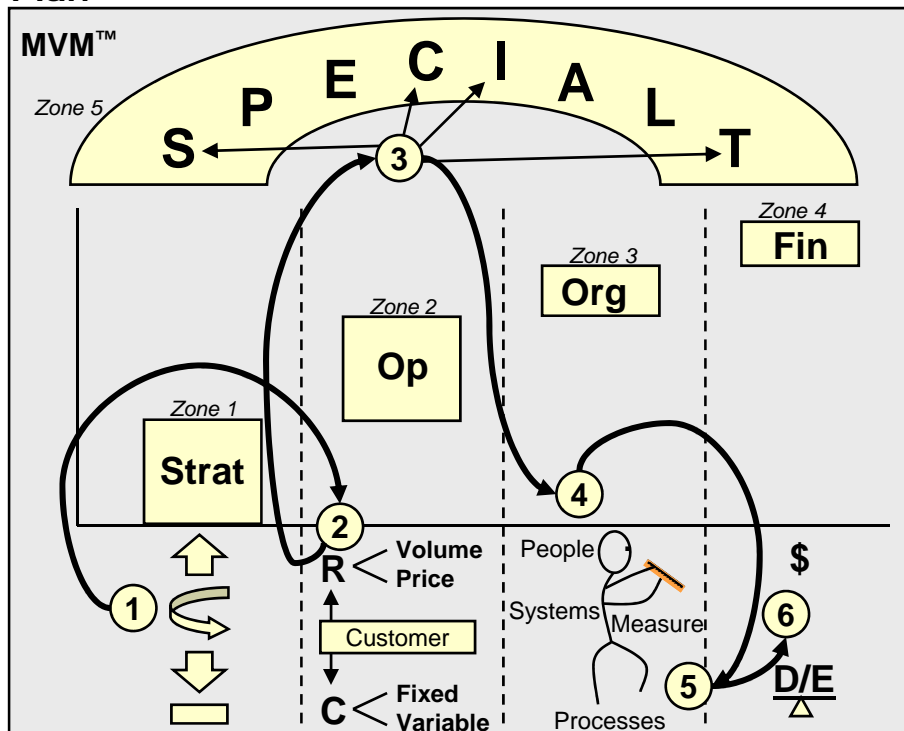
Enter A New Geography or Market

- “My client wants to start selling their product line in Asia. Is that a good idea?”
- “ABC Co. is ready to open seven new retail locations in Texas. What kind of issues do you think they’ll face?”
- “I have a construction company client that wants to begin opening restaurants. How would you advise them?”

Sign Posts - Listen for These Key Terms



Form a Plan



MVM™ Roadmap

Similar path to introducing a new product.

1. **Strategy, Change Direction** – Our client is starting something in a new location.
2. **Operations** – What’s the demand? What can we charge? How do we build awareness?
3. **External Forces** – Will suppliers have enough raw materials? How does our product compare to the competitors? How does our market share compare? Are there barriers to this industry in our new countries?
4. **People** – How good are our people?
5. **Distribution** – How will we distribute?
6. **Financing** – What will happen with the company’s debt/ equity?

Sample Plan

“Our goal is to enter a new country so I want to determine which countries offer the best revenue and ease of entry. Issues like suppliers, competitor response and industry barriers will be important. Time permitting, I also would like to discuss internal support issues like our team, marketing, distribution and financing. Before I go down this path, does management have any specific goals for our team? For instance, the number of countries or revenue or profit targets?”

Enter A New Geography or Market

Read Your Audience

Look!

- **Boredom** – You may go down the wrong path and talk too long. Look for broken eye contact, a glazed stare or scribbling and drawing.
- **Agitation** – Interviewer may want to move you to another area. Look for squinting, a furrowed brow, crossed arms or restlessness.
- **Interest** – Interviewer may want to see you go deep in one area. Look for wide eyes, steady nodding or leaning forward.

Listen!

- **Curiosity** – “What else would you consider?” Move to your next topic.
- **Skepticism** – “Why is that important (“so what”)?” Explain your thinking by tying back to your hypothesis or your overall plan.
- **Interest** – “Let’s talk about that some more.” Be prepared to go deep.
- **Frustration** – “Let’s move on.” Begin to pick up the pace.

MECE Mode!

- **If you are pushed to be more MECE, emphasize these points:**
- **Revenue assessment**
 - Estimate the total revenue by time and geography (or market).
 - Outline risks that could limit revenue.
- **Cost management**
 - Estimate total costs of the venture.
- **Organization and Funds**
 - Discuss unique aspects to the venture.

Anchor a Hypothesis

In addition to the fallback, “go/no go” approach, here are some more specific hunches:

The Asian marketplace will be receptive to this product line.

The competitor landscape will determine the success/failure of the new retail stores.

Without domain experience, the construction company should not open restaurants.

Mine for an Answer

Areas to explore include, but are not limited to, the following:

Demand

- Do we have evidence that people want this product?
- Can we estimate demand? How about price?
- Where (geography/ market) do we see demand to be highest?

Product

- How will the product attributes fit the geography?
- How will the product need to be modified to best fit the new market?

Internal Support

- What are the distribution and sales plans by geography?
- Does our team have international experience?
- Is our financing in place?

Competitors

- How will competitors respond?
- Are they developing any new products or strategies that will beat us in terms of timing, price or design?

Geography Challenges

- How different is this new geography or market from the areas we serve today?
- What items do we need to respond to in the near term (e.g. language barriers)?

Your Notes

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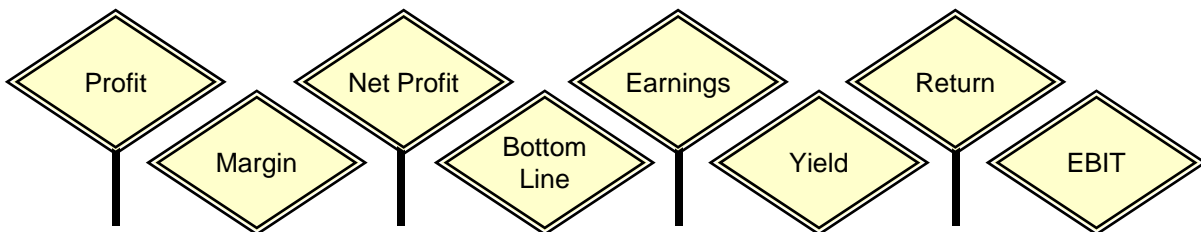
End the Case

- Be prepared to give a go/no go decision.
- Be concise with your reasons, reflecting on your hypothesis tree and the facts you found in your discussion.
- Do not underestimate the hidden challenges with a new country or market that your team may not understand.

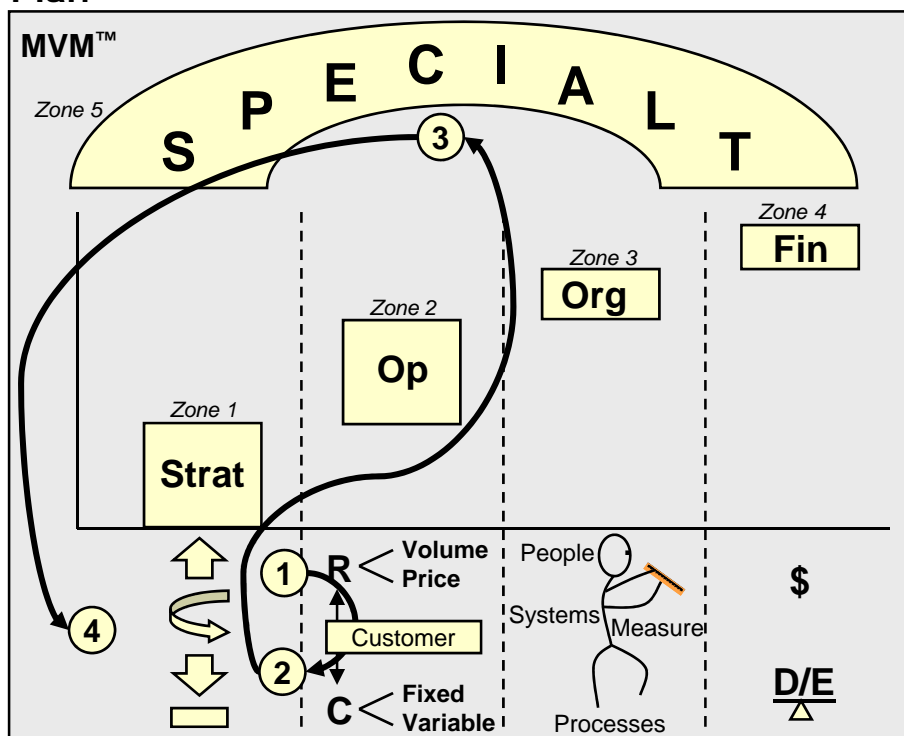
Maximize Profit (increase revenue, reduce costs)

- “The San Francisco Opera is losing money. Tell me why.”
- “My client is looking for ways to increase revenue in hopes of increasing profit. I think that reducing costs is the only way to impact profit in this case. Can you break the tie?”
- “External investors are trying to make my client as profitable as possible so they can sell them off. What would you suggest the investors do?”

Sign Posts - Listen for These Key Terms



Form a Plan



MVM™ Roadmap

Look for additional layers in a basic profit case.

- 1. Revenue** – How do we make money (break it down across product, geography)? What’s our market share? How have we been trying to increase revenue (price, volume, new stuff)?
- 2. Costs** – How have the main cost categories performed over time? What portion is fixed vs. variable? How do we compare with benchmarks? Is outsourcing an option?
- 3. External Issues** – How do we compare to competitors on revenue and costs?
- 4. Strategy** – Are there any significant actions we need to take to increase revenue and reduce costs? What is the best mix of V, P and C?

Sample Plan

“We are trying to maximize profit so I would like to spend most of my time focused on the operations of the business. It will first be important to understand how we make money and whether or not volume or price can be increased. There will be a trade-off between the two. Secondly, costs also may be reduced to maximize the profit. Lastly, I would like to review how competitors are performing and whether or not there is some kind of strategic action we need to take to increase profit. I would like to start with revenue unless you prefer we begin elsewhere.”

Maximize Profit (increase revenue, reduce costs)

Read Your Audience

Look!

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- **Interest** – “Let’s talk about that some more.” Be prepared to go deep.
- **Frustration** – “Let’s move on.” Begin to pick up the pace.

MECE Mode!

- **If you are pushed to be more MECE, emphasize these points:**
- **Revenue assessment**
 - Calculate the revenue estimates, breaking down the volume and price.
- **Cost assessment**
 - Calculate the total costs, breaking out the variable costs and the fixed costs.
- **Other factors**
 - Group additional items like competitors and industry trends to focus your actions.

Anchor a Hypothesis

In a profit maximization case, keep in mind price elasticity, the competitor landscape, and market share and size.

Profit can be maximized by cutting costs.

Profit can be maximized by increasing volume.

Profit can be maximized by raising prices modestly.

Mine for an Answer

Areas to explore include, but are not limited to, the following:

Volume

- What has volume been over time? Do we have it by product line or sub-category?
- What are the reasons for the change?

Prices

- How have prices changed over time? Why are they constant?
- What are the risks if we make price changes?
- What are the expected trade-offs between volume and price?

Niche Markets

- Are there niche markets where we undersell or do not sell?
- Do we have the skills to reach these customers?
- How long will it take to mobilize and begin selling?

Variable Costs

- Are there obvious variable costs that can be reduced?
- Which variable costs will be harder to reduce?
- What variable cost reductions have been made thus far?

Fixed Costs

- Are there any fixed costs (e.g. lease) where the contract is almost complete?
- Are there any fixed costs that we can slow (e.g. replacing equipment) or eliminate?

Your Notes

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End the Case

- Answer the main question directly: “I would increase profit by . . . “
- Be concise with your reasons, reflecting on your hypothesis tree and the facts you found in your discussion.
- Profit maximization cases tend to seem basic but have several layers you’ll need to tie together. If pushed to be very MECE, just stick to revenue and costs.