

Chapter 3

The Maximum Value Model

“Everything should be made as simple as possible, but not one bit simpler.”

- Albert Einstein

The Maximum Value Model, or MVM™, is the heart of *Crack the Case*'s approach to solving business cases. This model captures the basic elements or “zones” of a business, and presents them in a graphic format that is easy to understand and remember. I designed this model to address head-on three pervasive problems I witnessed in the candidates I interviewed:

- Heavy reliance on well-known business frameworks
- The inability to stay calm under pressure
- The lack of an integrated, holistic view of how businesses work

Before I introduce you to the Maximum Value Model™, I want to share some thoughts on these issues.

The Case Against Frameworks

Instead of helping you land your dream job, using a well-known business framework can actually hurt your chances of succeeding on your case interviews. There are three major reasons to avoid them.

Everyone knows them

Do you think your interviewers are familiar with Porter's 5 forces, the Seven S's and the 4 P's? Of course they are. They are also familiar with Relative Market Share analysis, Experience Curves, High Road/Low Road analysis, and several other concepts that you may have learned in B-school. These frameworks are like a consultant's hammer and saw: familiar tools used on a daily basis. Don't expect to dazzle an interviewer with a recitation of a basic framework. He has heard it all before.

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I often interviewed candidates who didn't know how to get started. After hearing my case question, they panicked and slapped a formulaic framework onto the case. (I call this the "throw it out there and see if it sticks" approach.) This random selection didn't produce much confidence in them or in me. I immediately questioned their logic, depth of thought, and creativity. I am not alone in my view. Consider what a few of the top firms have to say:

"A good case interview should be an enjoyable and thoughtful discussion of business issues and problem-solving techniques. We are not looking for a "right answer" or asking you to spit back memorized business terms, current events or **well-known frameworks**. Rather, we hope to see a good dose of problem-solving skills, creativity and common sense."

- Bain & Company website

"Some Common Mistakes: ...**Force-fitting familiar business frameworks** to every case question, whether they are relevant or not, or misapplying a relevant business framework that you do not really understand, rather than simply using common sense."

-McKinsey & Co website

They are too narrow

One framework never quite does the job of hitting all the relevant issues of the case. Like most real business problems, cases are complicated. It is difficult to pick a framework that will exhaust all of the avenues of a case question. Interviewers expect you to handle the twists and turns of the case without getting lost. One basic framework will not help you change gears when the case changes direction.

You need a holistic framework that gives you flexibility as the case proceeds. For example, if you select the 4 P's (price, product, position and promotion) for a new product launch case, you might not remember to consider issues around the organization's internal capabilities or launch financing. Before long, most interviewers will move you off the framework and into areas where you no longer have a road map. Bored interviewers especially love to shake you up.

They make you sound robotic

As an interviewer, one of my favorite cases was the operational question, "How can my client improve its profit?" Along with this question, I gave the candidate a slide with several bullets on industry conditions and some specifics about the company (similar to the DuraMed slide from Chapter 1). I expected successful candidates to lay out an approach for evaluating revenue and cost, the two major levers of profitability. I wanted them to give me a roadmap of where they were taking the discussion. Whether it was nerves, the information on the slide, or just my intimidating presence, I'd say that about 20% of the candidates could not formulate this basic framework. These were students from the MBA and undergraduate programs of Wharton, Harvard, Northwestern, Michigan and the University of Chicago.

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Of the remaining candidates who made an attempt at framing the discussion, most sounded like this: "Ummm . . . profit . . . well revenue minus costs equals profit so . . . I would like to talk about each of these . . . do you have any more information about revenue?" It sounds robotic and shallow. I wondered if they were cramming frameworks on flashcards the night before and were now reading them off the backs of their eyelids.

The candidates who caught my attention said something like this: "Since we're focusing on profit, I'd naturally like to understand what's happening with your client in the areas of revenue and costs. My hunch is that competitors in this industry tend to differentiate more on price and less on costs so I'd like to start with revenue. I would also like to talk a little more about the industry barriers and competitor landscape. To get started, do you have any information on total sales for the last couple of years?" Wow! Not only is this person relaxed and confident, she sounds like a Business Advisor. She made a great first impression.

The Power of Nerves

Memorizing is one thing—keeping it all straight is another matter entirely. To really take advantage of your memorized material, you need to recall the right information at the right time. But how?