

FREE CASE

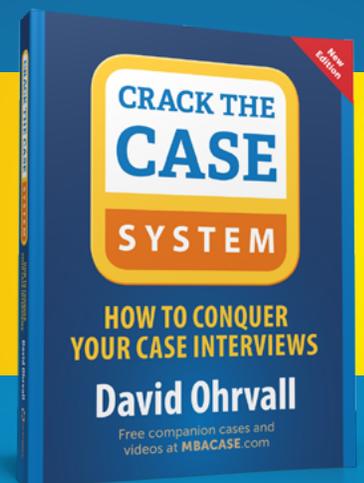
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CASE **402** *I ♥ JIT*

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FOUNDER OF MBACASE.COM



**STOCKHOLM CITY
FACTS**

- ▶ Stockholm, known as the "Venice of the North," is one of the world's cleanest cities due to strictly limited heavy industry
- ▶ 30% of the city consists of waterways; another 30% consists of parks and gardens
- ▶ The service industry accounts for 85% of the jobs in Stockholm



TRAIN Profile

Type	Region	Analysis	Industry	Number
	<p>STOCKHOLM, SWEDEN Population: 829,000 Currency: Swedish Krona, SEK</p>	<p>Competitor Attack</p>	<p>Advertising</p>	

Solo Practice with Video Assist

1. Find your videos
2. Set up
3. Listen to question
4. Recap
5. Create your plan
6. Present your plan
7. Stop and study
8. Reinforce



20 minutes

Partner Practice

1. Set up
2. Present the case question
3. Recap
4. Create your plan
5. Present your plan
6. Stop and study
7. Reinforce

Interview Guide

Case Situation and Question

I ♥ JIT (Just In Time) is an online shopping site focused on girls ages 18 to 25 years-old. These young women regularly purchase trendy clothes and a variety of accessories.

I ♥ JIT's appeal lies in its ability to buy high-fashion goods directly from the boutiques and fashion houses. I ♥ JIT stirs up demand by offering new goods each day at 4 P.M. A timer shows how fast each product is selling out. This approach creates addiction and daily competition among customers.

I ♥ JIT has a new online competitor with a fresh website and edgier products. I ♥ JIT wants to protect themselves by bulking up their revenue. One idea entails joining forces with a gossip blog heavily trafficked by teens. Another idea is an increase in advertising.

What should they do? What are their options?

Case Twist

How would your answer to this case change if I ♥ JIT were a potential acquisition? Assume that the deal would go through in the next 6 months.

Click or scan QR to see video.

Feedback

Physical Skills	Weak	Strong
Body Language	①	② ③
Verbal	①	② ③
Listening	①	② ③
Thinking Skills		
Hypothesis Generation	①	② ③
Comfort with Ambiguity	①	② ③
Initial Plan & Output	①	② ③
Data Gathering	①	② ③
Data Analysis	①	② ③
Basic Business Intuition	①	② ③
Integration	①	② ③
2nd Level Insights	①	② ③
Creativity	①	② ③
Recommendation	①	② ③

Total Score _____ / 39

Intro Facts (Tell the Candidate if Asked)

Management's Perspective: The management team wants to develop several separate options and evaluate which one will bring in the most net profit to I Heart.

Gossip Blogger: Coco Finesse is the name and website of a famous blogger. His snarky comments keep the traffic coming. The blog attracts over 1 million visitors per month.

Customer Time on Website: I Heart boasts about 1.5M visitors per month. The average stay on the site is between 12–15 minutes per visit with 8–10 page views.

Timing: I Heart wants a new option in place within 6 months.

Key Insights (Do Not Tell the Candidate)

Developing the Options: Good candidates will: 1), come up with a title and clear definition for each option 2), think of the attributes that make that specific option special and 3), identify the data that you need to monetize the option. Typically, the data would include revenue and cost drivers and some calculations for profitability.

Small Changes Mean Big Impact: Core customers are critical to I Heart's success. Losing 10% of them with Option 2 would drastically impact profit and not be fully offset by increased advertising revenue. I Heart should be careful with loyal customers and keep their consumer base strong.

Mid-case Data (Tell Only at Appropriate Time)

After Start: After hearing the candidate's initial structure and approach, ask him to lay out the high-level options. Use the Potential Plan and Output page to ask about missing pieces or options that are unclear.

Provide All the Data: If necessary, hint at the topics that the candidate needs to ask about. The candidate will need all the data in order to accurately compare the options. Also, since this is a case heavy on logic and quick math, you want to test both skills.

I Heart JIT Profit: no information

Case Flow and Milestones

1 Present Main Question

Interviewer should read through the case and know the timing for questions, data, charts, and hints. Take on a personality (friendly, firm, or foe). Present the case question. Candidate should then begin to recap and clarify, ask for time to think, form a plan on paper, and present his plan.

2 Assess Structure

Review the Potential Plan and Output page. The answer shown is only one way to approach the problem. Using logical options is an excellent way to determine what to calculate quickly.

3 Look for Specifics

Since timing is tight (6 months), ask and listen for the candidate to be focused on the option that will pay back quickly. Ask questions about any option that does not make sense, or any missing key costs or revenue elements.

4 Guide Discussion

Test the candidate's ability to do detailed math by asking for precise profit comparisons. You will be asking questions and giving data throughout the entire section.

GIVE DATA

5 Get Recommendation

Be exacting and expect a clear recommendation and option from the candidate. Say that you must have an answer and ask for profit numbers and supporting reasons.

Interviewer's Data Guide

Step 1 – Ask the candidate for options

- Ask: "How would you describe the separate options they are facing?"
- Let the candidate talk through his approach and options. Give hints if necessary. The options below are necessary for analysis. Say, "I like the options you laid out. I Heart came up with similar ones. Let me explain how they defined them."

Option 1		Option 2		Option 3	
Tweak & Freshen Up		Ad Plus		Blogger Force	
Add features to website to compete		Look into advertising avenues		Join forces with the gossip blogger	
Freshen up the image and overall look		Look for other traffic sales opps		Build joint brand	
Base traffic/month in M	1.5	Base (same)	1.5	Base (same)	1.5
Increase	15%	Decrease	5%	Increase	70%

Step 2 – Ask for the estimated monthly traffic for each option

- Don't give the numbers unless the candidate is stuck. Calculation = Base traffic/month x Increase or Decrease

New Traffic	1.725	New Traffic	1.425	New Traffic	2.55
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Step 3 – Ask about revenue potential

- Say, "What could be the drivers of additional revenue, if any?" Give the data below after your discussion.

Attract same type of customers		Attract same type of customers		Attract many non-buyers	
Cust. gross marg. / mo.	\$5	Cust. gross marg. / mo.	\$5	Cust. gross marg. / mo.	\$4
		Monthly ad revenue	\$750,000		

Step 4 – Measure additional costs

- Say, "What could be the drivers of additional costs, if any?" The candidate will likely have a long list of ideas. Give the data below after your discussion.

Website overhaul, 1 X	\$500,000	Ad mgmt. per month	\$30,000	Annual fee to blogger	1.5M
Monthly maintenance	\$30,000				

Step 5 – Calculate the net margin to I Heart JIT

- Say, "Please calculate the net margin in dollars for each option." Don't give these equations (they are for your own reference):
 - Annual revenue in M = traffic per month x Avg. net margin/month x 12 months
 - Additional customer costs = 1 time charge + monthly charges x 12 months

Annual cust. gross marg.	\$113	Annual cust. gross marg.	\$95	Annual cust. gross marg.	\$107
Annual costs	\$860,000	Annual costs	\$360,000	Annual costs	1.5M
Net	Over \$111M	Net	Over \$94M	Net	Over \$106M

Step 6 – Ask for a final recommendation

- Ask: "What does your analysis say at this point? How does this factor into your final recommendation?" Check for clean options that use data.

Post Case Review

Case Insights & Takeaways

- **Protect Your Customers:** Not all customers have the same profile. A new customer may not act like a previous customer. When making changes to a company, be sure to understand the core customers and how much money they will bring.
- **Consider Stress on the Organization:** Each option has a different impact on the organization. Options 1 and 2 require little additional change. But Option 3 would have a large impact on almost everything. Always consider how changes may affect your team and their time.

Math Tips

- **Make Clean Options:** Practice structuring your options in columns and your data needs in rows. Look for common variables. Practice laying this out several times so that it will come easily in a new case with options.
- **Data Gathering:** Talk to your interviewer about how the team might gather specific data to prove an option.
- **Look for Estimates:** First make estimates for your numbers. By “ball parking” the numbers quickly, you can determine whether or not an option is going to be successful. You can also consider using ranges.

What to Expect with Cases Like These

- When you have to make a quick decision, try to lay out outcomes or options. Having a few clear “points” on which to lay your recommendation will help you sound more supported and confident.
- Break up the HDDM (Head Down Doing Math) sections by talking to the interviewer and letting him know what you are doing. Learning how to talk through the math will also help you with the phone interviews.
- Stick to your numbers! It is important that you end with crisp data to support what you believe.

My Takeaways

To build skills and improve, you must apply what you learned to future cases. Take a few moments and review the interviewer feedback and jot down some key insights about your performance in the space below.

Thinking Skills

My top 2 strengths are:

My top 2 soft spots are:

To address these problems I'll begin to:

Click or scan QR to see video.

My Performance During the Case

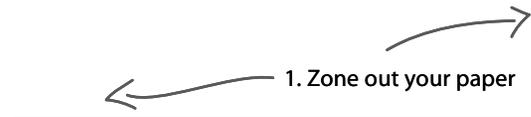
Add up your points. → Total Score: _____ / 15

F	Form A Plan	R	Read My Audience	A	Anchor a Hypothesis	M	Mine for Answers	E	End the Case
points	<ul style="list-style-type: none"> ③ Structured, clean ② Somewhat organized and logical ① Messy, overlapping ideas 	points	<ul style="list-style-type: none"> ③ Good back & forth, caught clues ② Awkward, trouble with interviewer style ① Interviewer not interested, couldn't follow 	points	<ul style="list-style-type: none"> ③ Solid hunch, pursued clue ② Partial direction ① No hypothesis at all 	points	<ul style="list-style-type: none"> ③ Specific questions, solid analysis ② Missed some questions, some math mistakes ① Vague questions, weak math, no linkages 	points	<ul style="list-style-type: none"> ③ Used facts and data, connected the dots ② Some data, mostly understood connections ① No data, no passion, no connections

Today's date:

2. Be original with your data

4. Leave ample room for a structure and additional notes as the case progresses



3. Take clean and simple notes

I Heart JIT - Just In Time
online shopping site
girls 18 to 25 years-old
trendy clothes & accessories
Buy direct high fashion houses
✓ 4 p.m. - new products / timer
shows
Addiction / competition
(like eBay?)
New competition fresh
website / edgier products
Protect & bulking up their revenue
Gossip blog / increase in advertising?
What to do? Options?"

Rev. - no data (bulk it up)

Costs - no data, may

increase with new

website

How should JIT compete?

New comp. / better prods / better website

Revenue

Price

- Keep low?
- Need to stay competitive
- New competitors - other actions

Volume

- Pump up advertising?
- Easier, more attractive website
- More variety?
- Blog partnership - but will they buy? Same people 18-25 years may be too old

Costs / Investment

New website
development

- What kind of changes?
- Range of costs? 1 time only? Upkeep?
- More variety = more inventory
- Blogger referrals = payments, fees?

Options

1. Do Nothing
 2. New website
 3. New advertising and promotion
 4. Join with blogger
- Combination of these options?

Click or scan QR to see video.

Additional Study: For more questions to consider, review Section 13: Roadmaps.