

# FREE CASE

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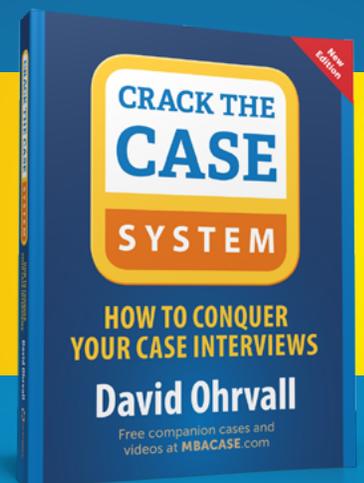
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CASE **608**

*Green Thumb*

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## Green Thumb

Newark, New Jersey, US

Green Thumb is having trouble keeping up with the “greening” of America. Can you help management find a future in this changing landscape?

**608**  
FULL  
★★★

### NEWARK CITY FACTS

- ▶ America’s third oldest major city
- ▶ Nickname: “The Brick City”
- ▶ Regarded as the car theft capital of the world with more cars stolen in Newark than in any other US city.
- ▶ Port Newark, is the primary shipping facility for New York and the surrounding areas.



### TRAIN Profile

Type	Region	Analysis	Industry	Number
	<p>NEWARK, NEW JERSEY, US Population: 277K Currency: Dollar, USD, \$</p>	<p>Market Shift</p>	<p>Chemicals</p>	<p>LEVEL 2</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



### 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

Green Thumb, an \$800M US-based lawn and garden supply manufacturer, has been the dominant player in the U.S. lawn fertilizer market for the last 25 years. The company has led this segment through the consistent marketing of a five-step approach to lawn care. GT's focus has been to demystify the art of having a plush, healthy green lawn, setting the "gold standard" for lawn care in the suburbs. Management is worried that environmental concerns will erode GT's customer base and profitability. In their view, this threat has three parts: water conservation, "back to nature" landscaping and the anti-chemical movement.

Help management determine how big these threats are, and what GT should do to counter them.

### Case Twist

It turns out that the Total Gardening Survey may have been administered incorrectly and the data is questionable.

**Does this change your answer?**

## 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 Analysis	①	②	③
Basic Business Intuition	①	②	③
Integration	①	②	③
2nd Level Insights	①	②	③
Creativity	①	②	③

Total Score \_\_\_\_\_ / 33

### Intro Facts (Tell the Candidate if Asked)

**Customer buying patterns:** There is some public attitude survey data on the Interviewer's Data Guide.

**Causes for revenue decline in California (CA) and Oregon (OR):** We don't know why revenue has dropped off.

**Competitors:** Everyone is facing the same issues, but Green Thumb is the market leader; thus, the competitors will follow whatever Green Thumb does.

**Research & Development:** Internal R&D at Green Thumb is focused mainly on solving problems through the use of traditional chemicals, not "green" solutions.

**Marketing:** Recent leadership change in this department has given the marketing team new enthusiasm for growing share.

**Sales:** Most products are sold in mass market outlets like home improvement centers and hardware stores.

### Key Insights (Do Not Tell the Candidate)

**General tips:** Your Candidate may feel overloaded with the data. There are no data hand-outs, yet you have to give quite a bit.

Balance the discussion between framing vs. giving the data. The data is critical to solving the case, so don't hold it back if he gets lost or confused. Use the Re-router questions to keep him on track.

**Size the Issues First:** To do a good job developing a sense of each issue's size, the Candidate has to quickly sort through the data. Give these tips:

- For water conservation, use water restriction data.
- For back-to-nature landscaping, use percentage of customers changing over.
- For anti-chemical movement, estimate the number of homes cutting back.

#### Significance of Threats:

- 1/3 of our revenue comes from states with a "high awareness" of environmentalism.
- Soon 40% of all communities will have restrictions in place.
- 1/3 of polled customers want to limit chemical usage.
- Revenue is dropping in key states like California.

### Mid-case Data (Tell Only at Appropriate Time)

You will be busy reading the data to the Candidate. All data is located on the Data Distribution page. To make it more interactive, consider asking these questions before giving the data sets:

**In the beginning:** "What kind of data would you need to best understand the threat of each issue?"

**Before giving Data Set A, ask:** "For chemical usage, what kind of information would be relevant?"

**Give the sales trends (B), public awareness information (C), and the hotline info (F).**

**After giving the data, ask:** "How would you best interpret these data sets together?"

**Before giving Data Set D, ask:** "With water reduction, where do you want to focus? Is this a consumer issue or a municipality one?"

**Before giving Data Set E, ask:** "Natural gardening as a trend seems tough to measure. How could you size this problem?"

## Case Flow and Milestones

### 1 Present Main Question

Candidate takes notes, asks for a minute, forms a plan and presents it.

### 2 Answer Any Basics

This case has no handouts, but be prepared to give quite a bit of information. Review all the data on the Interview Guide to ensure you understand the flow. Also review potential questions on the Mine for the Answer section under the Additional Study Using the FRAME Method page.

### 3 Ask for Clarification

Be sure to make him explain anything you do not fully understand. Look for clear connections between each part of the plan and an understanding of how each part contributes to the whole. Ask questions about his approach.

### 4 Guide Discussion

The Candidate may start in several different areas, but the "star" knows that he has to size the issues quickly. Without any dollar significance attached to each one, the case will just become an interesting discussion. Follow his lead to some degree and dole out the data appropriately.

### 5 Get Recommendation

Ask these questions if you have time:

- What additional data would you need to refine your analysis?
- If you had to recommend some adjacent business opportunities to Green Thumb, what would they be?

## Handout and Data Guide

### Data Set A: Revenue by Region and Product Type

Sales by Region (Lawn Chemicals, \$560M)	
West Coast	33%
Central	15%
Mid-west	30%
East Coast	22%

Sales by West Coast State	
California	45%
Oregon	33%
Washington	22%

Sales by Product (Total Company Sales, \$800M)	
Lawn Chemicals	70%
Soils and Mulches	10%
Flower Chemicals	20%

Sales by East Coast State	
New York	40%
Massachusetts	20%
Maine	10%
New Hampshire	5%



### Re-routers

- **This is a lot of data. How are you sorting through it all?**
  - ▶ Looking for 80/20 insights
  - ▶ Trying to see if our major regions are affected by the adverse trends
  - ▶ Checking for multiple trends occurring in one location
- **Do you think that we should look at these environmental issues as one trend or as separate issues?**
  - ▶ Making it one issue can over-simplify

### Questions to Keep Things on Track

- **What additional data would you like to see?**
  - **How can you make your answer more quantitative?**
- the effects and hide areas that are worth exploring. For instance, water consumption should be analyzed separately from the anti-chemical movement, as they may be present in different degrees across geographic areas.

## More Data

### Data Set B: Sales Trends (Last 2 Years)

- California down 5%
- Colorado down 4%
- Maine down 1%

### Data Set C: Public awareness of chemicals and water

Survey of residents in 50 states found that California (CA), Oregon (OR), Maine (ME), New Hampshire (NH) and Colorado (CO) all show high awareness (>30% of population) of environmental issues. "High Awareness" individuals tended to cut back on chemical and water consumption.

### Data Set D: Legislation

30% of all communities have water conservation policies in place, which may grow to be 40% in two more years. These policies usually restrict the times lawns can be watered and, sometimes, the amount of water. Studies have shown that as people water their lawn less, they tend to

ignore it more, using fewer chemical maintenance products.

### Data Set E: Public "attitudes toward gardening" survey data

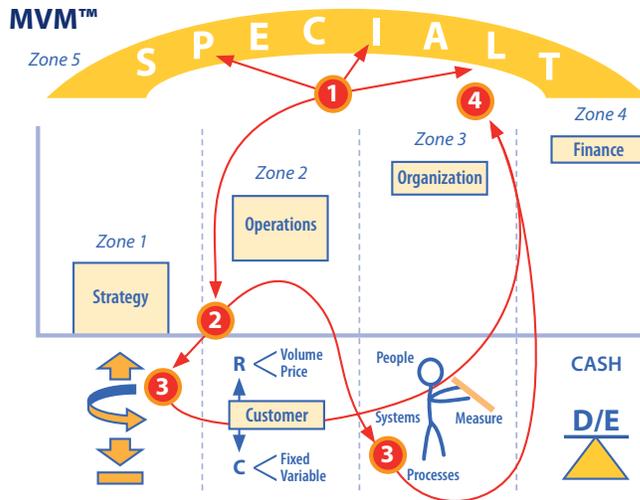
- 35% of respondents want to reduce lawn and garden chemicals
- 15% want to reduce lawn and garden water consumption
- 5% are considering diminishing the size of their lawn

### Data Set F: Internal metrics

Green Thumb Hotline has shown a 50% increase in the number of calls related to chemical content and product safety. These calls are 40% of total calls

**Additional Study Using the FRAME Method**

**F – Form a Plan**



**M—Mine for the Answer**

As you worked your way through the data, were you looking for answers? Try to ask 2–3 questions in each section you explore.

Reality of Threat	Revenue Impact	Ability to Respond
<ul style="list-style-type: none"> <li><b>In what regions have these trends already affected revenue?</b> <i>Western states are leading in terms of water restriction and public awareness.</i></li> <li><b>What percentage of our customers want “green” chemicals?</b> <i>California and Colorado sales have declined.</i></li> <li><b>How about low water-use yards?</b> <i>Recent polls indicate that 35% want to “reduce chemical usage” and 15% want to “reduce water consumption.”</i></li> <li><b>How about eliminating yards?</b> <i>Only 5% are considering “greatly diminishing the size of their lawn.”</i></li> </ul>	<ul style="list-style-type: none"> <li><b>Where in the country are legislators most concerned about green issues?</b> <i>Western states have the largest number of current/proposed laws.</i></li> <li><b>What kind of legislation will affect our sales?</b> <i>Water restriction would have the largest impact on revenue.</i></li> <li><b>Where has customer opinion begun to change?</b> <i>Customer opinion toward “green” is growing in CA, OR, NH, ME and CO.</i></li> <li><b>How much will those changes influence buying patterns?</b> <i>These states together represent 40% of sales.</i></li> </ul>	<ul style="list-style-type: none"> <li><b>Who is more advanced than GT in developing green solutions?</b> <i>A few small companies are using new technology and greener chemicals.</i></li> <li><b>What companies could GT acquire or form a joint venture?</b> <i>Some of these small ones may be easily acquired.</i></li> <li><b>How should GT market its products to align better with green philosophies?</b> <i>Any slight reduction in hazardous chemicals should be heavily marketed.</i></li> <li><b>Are there any other products GT should begin to develop?</b> <i>GT explored “desert-scape” products like mulches and soils, but margins are much smaller than chemicals.</i></li> </ul>

**1. Start in Zone 5, External Issues.** Several factors are under consideration. Ask for data on each one to determine the extent of the problems:

- Industry – There is a shift away from chemicals. How many companies have begun to make a change in what they sell?
- Public – Opinion is changing quickly about what makes for an attractive landscape. To what degree have these new trends caught on? Are people really shunning chemicals?
- Legislation – Water restrictions are more common now. How have these pressures forced the homeowners to change their approach?

**2. Move to Zone 2, Operations.** To what degree will these trends affect our future revenue?

**3. Move to Zone 1 Strategy or Zone 3 Processes.** Discuss alternate solutions to the problems. Green Thumb may need to acquire a company to help develop “greener” (chemical free) solutions, or it may need to change the way it develops new products internally.

**4. Move to Zone 5, Technology.** Explore new, environmentally friendly chemical technologies.

**A – Anchor a Hypothesis**

Did you have any hunches here? When a case topic is unfamiliar, stick to a “yes/no” format. In this case, either the threats are real or they are not. Positioning your mind ahead of time in one of those zones will help you anticipate the data.

**These Threats are Real and Big**

“Since GT has a good understanding of the industry, it is likely that their sources are accurate. I bet they’ll have to refocus their business and explore new products and potentially new channels.”

**E – End the Case**

“In sum, these issues are serious: 1/3 of our revenue comes from high-awareness states, legislation to limit watering is increasing, and about 1/3 of polled customers want to limit chemical usage. We are also seeing revenue drops in key states like California, which may be attributed to these environmental concerns. I recommend we focus on two areas: 1. Identify acquisition targets and/or find a way to partner with them; 2. Market our push toward “green” solutions and show our concern for the environment. As for next steps, I would pursue further analysis of the drivers of revenue decline in our key states.”

**Post Case Review**

**Case Insights & Takeaways**

Review the Additional Candidate Tips page for more a detailed explanation of insights.

- Several states fall in the High Awareness category.
- Together those states represent about 30% of chemical sales.
- Legislation for reducing water consumption for lawns and gardens is increasing.
- Consumers want to reduce the amount of water and chemicals used.
- A large percentage of hotline calls are related to chemical concerns.

**Math Tips**

- Create small graphs to keep all the data organized.
- Don't be shy about explaining how you are using the data to conclude your thinking. Interviewers want to see how you think.
- Look for insights quickly by using 80/20 estimates or checking to see if one "common sense" answer (e.g. west coast people will conserve more water) is the right one.

**What to Expect with Cases Like These**

- Expect to be frustrated! No one likes to do this much math under pressure. Practice this case again several times to rehearse how you could ask for more data, take notes, do math and create charts.
- Plan to fully extract the data once you realize your interviewer has data sets. Review the questions you could have asked to accelerate the analysis. Focus on making cases like these a conversation with your interviewer.

**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**

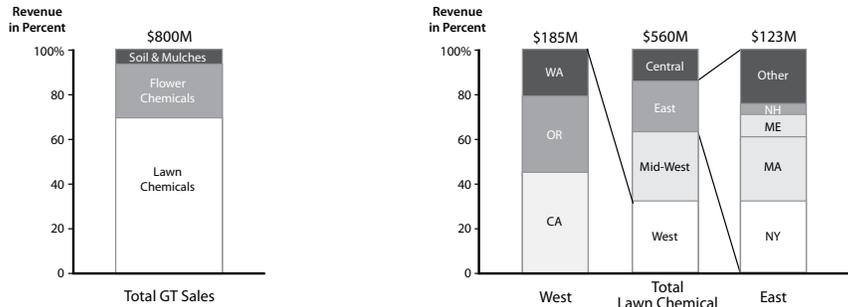
Add up your points. → Total Score: \_\_\_\_\_ / 15

<b>F</b> Form A Plan	<b>R</b> Read My Audience	<b>A</b> Anchor a Hypothesis	<b>M</b> Mine for Answers	<b>E</b> End the Case
points ③ Structured, clean ② Somewhat organized and logical ① Messy, overlapping ideas	points ③ Good back & forth, caught clues ② Awkward, trouble with interviewer style ① Interviewer not interested, couldn't follow	points ③ Solid hunch, pursued clue ② Partial direction ① No hypothesis at all	points ③ Specific questions, solid analysis ② Missed some questions, some math mistakes ① Vague questions, weak math, no linkages	points ③ Used facts and data, connected the dots ② Some data, mostly understood connections ① No data, no passion, no connections

**Additional Candidate Tips**

**Plot Your Data**

Make simple charts to keep it all organized



**Look for Insights**

States that have "High Awareness" to environmental issues include:

Oregon and CA:  $\sim 80\% \times \$185M = \$148M$

Maine and NH:  $\sim 15\% \times \$123M = \$18M$

Colorado: no data

Together these represent about 30% ( $(\$148 + \$18)/\$560M$ ) of our chemical sales, which seems like a high percentage to have at risk.

**Plot Your Data**

Water reduction trend?

Serious. 40% of all communities will soon have water restrictions.

Implications?

Serious. Over 30% of states have high awareness of this issue.

Lawn reduction?

Not Serious. The data we have indicates a mere 5% considering it.

Urgency?

High. These percentages are likely to grow rather than shrink.

Sure these will happen?

No. However, this is a large enough issue to explore remedies.

Other indicators?

Hotline, gardening survey, and legislation all point the same way.

**Develop Revenue Growth Scenarios**

Overall, Green Thumb must protect its revenue streams.

Acquisitions: Green Thumb has researched companies that are making advances in the use of safer chemicals for lawns. Many of them want to stay independent.

New Marketing: Green Thumb would like to market the safety of their products, but they can't do so until they reformulate them.

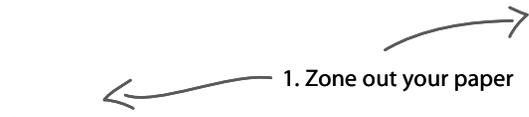
Develop less harsh chemicals for lawn management: Green Thumb has looked into this. If these "greener" chemicals can be commercialized they will increase the overall expense of production.

Explore selling more non-chemical products: Green Thumb has already entered the mulch and soil business. Margins from these products are not as high as for chemicals (no details on margins available). The company would consider creating other products, but is concerned about moving away from its core business—chemicals. What products, if any, do you think they should pursue?

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

**GREEN THUMB**

**Potential Plan and Output**



**WORKSHEET**

**Green Thumb**  
Newark, New Jersey, US

Today's date:

Rev. - \$800M

Costs - ?

Profit Margin -

Goal: size and determine threats

Competitor threat! Is it real?

- Green Thumb
- US - lawn / garden supplier
- Dominant for 25 yrs.
- 5 step program / mkt. well
- Threat - environmentalism
- water / back to nature / anti-chemical

How big are these threats?  
How should they counter them?



Industry shift?  
Producers moving away from chemicals? Change products?

Public pressure?  
Are people avoiding chemicals?

Legislation for water.  
How big? How strict? Trend?

Size of impact on revenue?

Price changes. Will we have to lower prices?

Volume drops. Which products will be hit hardest?

Acquisitions? Are there growing companies that offer alternatives?

New production techniques.

New products.

Can GT develop new chemicals?

How strong is R&D?

What changes are necessary to company processes?



**HUNCH:** volume of current products will drop. GT needs to make alternative products.



**Voiceover**

"I would first like to assess the potential size of each of these problems using the data we have available. Once we have an estimate of the impact and timing of each problem, I would like to understand how each one may affect revenue and costs. If we have time, it would be interesting to explore potential solutions for each of these. Before we begin, is there any one area where you would like me to focus first?"

Click or scan QR to see video.

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

