

Case Prompt Example

Problem Statement: Your client is a Cornell alum, and she's looking for some advice. She's thinking of opening a coffee shop in New York City. She sees potential in this business but wants your help in determining whether opening a coffee shop is a good idea. Based on the information presented to you, what are some key qualitative factors that may help when considering opening a new coffee shop?

Case Set Up

Step 1: Clarifying Questions

Questions are a useful tool in developing a greater understanding of the problem. You should ask 1-3 questions, and make sure that the interviewer understands they are relevant.

Questions take the following forms:

- Clarification -- If you missed a part of the prompt or do not understand a specific term, ask! We want to make sure you understand the problem.
- Ambiguity -- The prompt leaves a lot up for assumption. Feel free to ask if the Cornell alum has a specific location in mind (i.e. Manhattan instead of all five boroughs), and whether this coffee shop will be specifically in the business of selling coffee or whether it will serve other items.
- Ulterior Motives -- Sometimes there is another story behind the problem. Maybe your client is sustainably driven or extremely attached to a specific initiative. Do not lose sight of this. For the prompt above, I would ask why my client is interested in a 1) a coffee shop and 2) locating it in NYC.

Note that the interviewer might not have the answer! Don't be deterred. If there is no information, then you are permitted to make assumptions.

Step 2: Summarize

After asking questions, briefly summarize the prompt. Mention key points and relevant information mentioned throughout the case and **repeat the problem back to the interviewer**. If you misheard the question, this is the perfect opportunity for the interviewer to correct you. End your summary with "are there any other objectives that I need to be made aware of?" This also gives the interviewer the opportunity to volunteer any information that might be helpful.

Step 3: “Can I take a moment to gather my thoughts?”

This may seem strange, but take 30-seconds to a minute to formulate your response!

Interviewers would rather you present a thoughtful and concise answer after taking some time to think than hear your ramble incoherently for two minutes.

Question 1: Case Framework

We want to assess the candidate’s ability to think critically and on the spot in this situation. There are many ways to approach the problem, but the factors you consider must be Mutually Exclusive and Collectively Exhaustive (MECE).

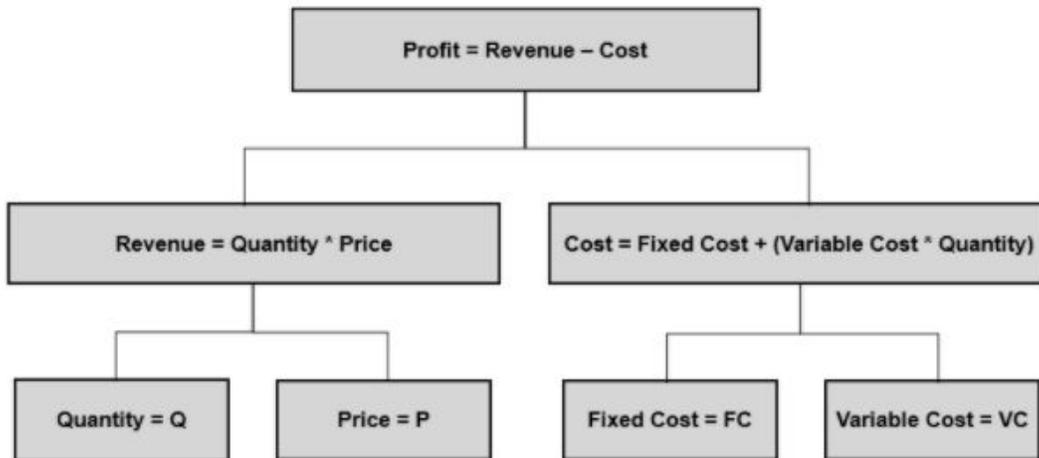
Potential Answers:

The answers given below are not specifically what you should be looking for — they’re just examples of what can be given. We don’t expect the candidate to understand any casing frameworks. Just look for logical answers that the candidates can reasonably explain.

1. Consumer/Customer
 - Who is the customer? E.g. demographics, values, needs and wants
 - What do customer segments want?
 - Key drivers to customer decisions e.g. price, product, brand
 - Price sensitivity of customer segments
 - Customer concentration and demand — how many customers there are
2. Product
 - Nature of the product — what it does, why it’s used
 - Complementary goods
 - Substitute products
 - Customer value proposition - why specifically your product?
3. Company
 - Capabilities and capacity
 - Distribution Channel
 - Cost/Pricing Structure — fixed & variable costs
 - Financial situation
 - Organizational Structure
4. Competition
 - Competitor concentration and structure — key competitors
 - Competitor behaviors — similarity in product offerings
 - Barriers to entry

- Supplier Concentration
- Regulatory environment

Mutually Exclusive Collectively Exhaustive (MECE) Framework: Profitability



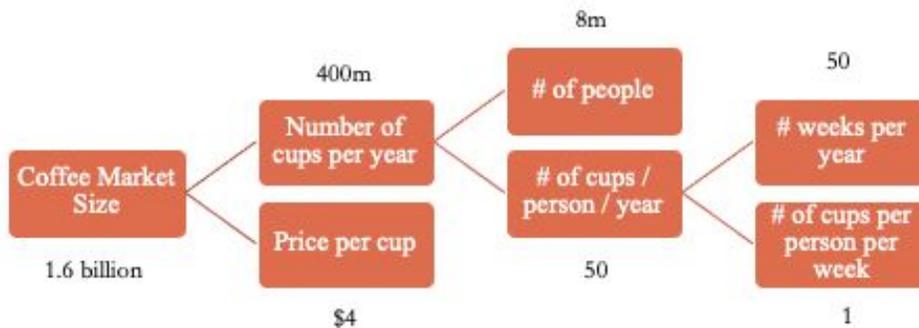
Mutual exclusivity: there's no overlap between the branches.

Collective exhaustivity: all branches together cover every possibility, i.e there's no gap.

To learn more about issue trees, frameworks, and MECE, check out [MConsulting Prep Issue Tree Guide](#)

Question 2: Market Sizing

You show your proposed framework to your friend, and she really likes it! She's especially interested in figuring out how big the market is to best estimate how much coffee she can sell. She knows the market probably includes commuters, visitors, etc., but for now, she wants you to focus on NYC residents alone.



Question 3: Profitability Calculation

How much coffee does she need to sell to break even in the first year?

Here's some additional information

- Price per coffee = \$4
- Cost to open shop = \$300,000
- Cost to run shop each year = \$165,000
- Cost per cup of coffee = \$1

Some interviews may prompt you to see if you have any additional questions. If so, ask for the above information so you can calculate the breakeven price.

Breakeven:

$$(\text{Price} * \text{Quantity}) - (\text{Fixed costs} + \text{variable costs}) = \$0$$

$$\text{Profit} = \$0 \text{ or } \text{Revenue} - \text{Cost} = \$0$$

$$(3 * Q) - (300,000 + 165,000 + [1 * Q]) = 0$$

$$2Q - 465,000 = 0$$

$$Q = 230,000 \text{ cups to breakeven}$$

** CYC will not ask you very technical questions such as question 3, we recommend focusing on questions 1 and 2 for our recruitment process to better understand basic framing of cases **

A similar example: [Bain & Co Coffee Shop](#)