

Cornell Consulting Club Example Interview Case 2 (Interviewer Led)

Case written by Charlie Liao

This case scenario is fictional and not based on any of CCC's client engagements

Case Overview and Context:

Chessy Chestnut Company is a firm located in New York City that exclusively sells prepackaged ready-to-eat sugary chestnuts. Located in the heart of Chinatown, this packaging company has been facing serious revenue declines in the last five years. The eccentric CEO, Chez Nut, has hired CCC to diagnose the company and solve the problem. You must identify the source of the revenue issue and devise strategies to move forward.

Creativity Assessment

1. Tell us, at a high-level, how you would initially determine the cause of the revenue issue. For reference, Chessy Chestnut Company only has one revenue stream (ready-to-eat chestnut packages).

Information given upon request:

- The client only sells locally to New York City
- There are several other chestnut companies within a 15-mile radius
- The client adds sugar to its chestnuts for flavor
- The chestnut packages contain exactly 35 chestnuts and are sealed in a vacuum-sealed plastic bag
- The customer base is varied

Example Response

- Industry
 - How is the overall industry doing?
 - Are there negative revenue trends in the data?
 - What does the future of the industry look like?
 - Is the economy factoring into overall industry revenues?
 - What does spending look like? GDP growth? Employment?
- Product
 - What do sales look like for the product?
 - How is the product produced?
 - Has the company considered expanding the product line?
- Customer
 - Who are the customers?
 - What is customer demand like?
 - How is the customer behavior?

- Competition
 - Who are the other chestnut companies?
 - What do these competitors sell?
 - What are some best practices they use?
 - How is market share distributed?
- Company
 - How is the company structured?
 - Is there an atypical sales process?
 - Does the company have financing for strategic actions?

2. Which area would you look into first? Why?

Any area is a valid area (as long as the candidate can rationally justify the reasoning for choosing said area). However, choosing certain areas show more business intuition than other areas: Product and Competition would be the best choices to answer this question.

Example Response:

- Competition
 - There seem to be many other competitors in the area
 - Chestnuts are fundamentally the same, so differentiation may be difficult. This makes the competitors a particularly powerful force to be reckoned with

3. Our team found that competitors have been relatively successful by selling other chestnut products to customers. Because of this, the client has lost a significant portion of the chestnut market share. We have been asked to brainstorm some alternative chestnut products.

Example Response

- Tiered quantity packaging (small chestnut packages to massive bulk packages)
- Unshelled raw chestnuts (more customer options)
- Chestnut puree
- Bacon wrapped chestnuts
- Chestnut spread
- Chestnut pastries

4. Of the various products you brainstormed, please rank them from most feasible to least feasible. Explain your reasoning for each position you designate.

As long as there is a logical explanation for each rank, any answer is acceptable. There are obviously more logical orderings than others, but because of the general lack of information regarding Chessy Chestnut Company's chestnut production process and other core competencies, any answer can technically be right.

Example Response

- (#1) Tiered quantity packaging
 - This is a simple strategy, as it doesn't require any additional research or development. The client only needs to create different sized packages to accommodate for different quantities per package
 - (#2) Unshelled raw chestnuts
 - This may be even simpler than the first strategy. However, the product appeal is questionable. Selling unshelled raw chestnuts eliminates much of processing – this could reduce costs and target niche customer segments
5. After purchasing a chestnut package, you bump into CEO Chez Nut outside the store. He wants a quick update about your findings.

Note: there is a contextual clue here – the meeting with the CEO is brief. Do not take much time to summarize. Rather, start speaking and make it quick but structured.

Quantitative and Graphical Assessment

1. CEO Chez Nut has decided to follow a few competitors and sell a premium chestnut puree. He thinks that the puree will appeal to higher income customers and upscale restaurants in the New York area. There are three other companies that sell chestnut puree to the same cohort of customers. To help facilitate a successful product launch, estimate the captured target market and determine the yearly breakeven price.

Information to be given upon request: variable costs (\$1 per puree can, \$3 for ingredients per puree can, \$0.50 for ingredient processing per puree can), fixed costs (\$75,000 in additional labor costs per year, \$36,000 for additional facilities costs per year, and \$4000 for equipment repair costs per year)

Potential Variables to Consider

- Income distribution (for both regular consumers and restaurants)
- Competitor effects
- Competitive response
- Product cannibalization
- Purchase frequency
- Purchase volume
- Seasonality

Example Assumptions to Make:

- Population of New York City (~8 million)

- % of high income households in New York City (~20-30%)
- Restaurants in New York City (20,000-30,000)
- % of upscale restaurants in New York City (~10%)
- Chessy Chestnut Company's estimated market share (~15-25%)
- Consumer purchase frequency (~2x per month)
- Restaurant purchase frequency (~1-5x per day)

Calculation Walkthrough

- Profit = Revenue – Cost
- Profit = \$0 (breakeven)
- x = quantity sold
- p = breakeven price
- $\$0 = xp - (\text{Fixed Costs} + \text{Variable Costs})$
- $\$0 = xp - (\$115,000 + \$4.5x)$
- Solve for p

2. Do you think your estimate is accurate? Why? Secondly, how could you have done better?

Example Improvements:

- Check for assumption biases
- More accurate math calculations

3. Examine the chestnut puree unit pricing table below. Based on the breakeven price you calculated earlier, should Chessy Chestnut Company follow through with the puree launch? Additionally, assuming that market shares are even between firms, what could the difference in price indicate?

Company Name	Chestnut Puree Price (per unit)
Nutty Nuts Company	\$6
Perfect Purees	\$10
Chocolate Chestnuts Inc.	\$8.50

The follow through decision depends on calculations and rationalization. Even if the company's breakeven pricing puts the client in a precarious position, proper analysis might reveal ways to cut costs or boost market share.

Example Responses

- Differences in quality
- Brand perception
- Cost differences
- Auxiliary services