Cornell Consulting Club SP2017 Final Round Case (Interviewer Led)

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

Case Overview and Context:

RR Pharma is a highly capable pharmacy startup that has just developed an untested solution for muscular dystrophy, a disease that impacts 1 out of every 3,500 Americans per year. They want to launch this product in the United States drug market within the next 5 years. RR Pharma has hired the Cornell Consulting Club to help them evaluate the launch. In order to evaluate the potential success of this drug, the client would like you to answer the following questions.

Overall Assessment

Note to Interviewers: let the interviewee know that s/he should take time to think about each question. Also, don’t push too hard on them if they are really confused for a long period of time. Interviewers are encouraged to offer some help when interviewees are stuck.

1. Calculate the market size for the muscular dystrophy drug. Assume the drug costs $100,000/year and that 1 in 3,500 Americans suffer from the disease.

Suggested Response:

- # of people with the disease
  - 300M people in the United States (divided by 3,500)
    - ~85,000-90,000
  - 320M people in the United States (divided by 3,500)
    - ~90,000-95,000
- # of people who can access the drug
  - niche drugs are expensive, so higher income people/households will be able to afford
  - Lower income people with great healthcare could be accounted for as well
  - total higher income estimates should range from 10%-30%
  - lower income estimates should range from (10%-20%)
- # of people who will actually buy the product
  - Other treatments
    - Symptom management
  - Willingness to pay
- Competitive market shares
o Because the drug is niche, maybe 2-3 competitors max will have equivalent market shares

o BONUS POINTS
  o Candidate can identify the rare nature of the disease and talk about price implications
  o Candidate can identify that the drug is an “orphan” drug
  o Candidate segments by...
    ▪ Gender (males are more susceptible to muscular dystrophy)
    ▪ Age
  o Candidate talks about market growth/decline
  o Candidate talks about life expectancies
  o Candidate talks about the R&D process

Evaluation Criteria: a good candidate will have a structured response with thoughtful categories. Each response or category should be creative to a degree. Other factors indicating strong consulting ability include: analytical ability, good questions, composure, and mathematical accuracy. Candidates do NOT have to understand pharmaceuticals.

Tips for Interviewer: if the interviewee is stuck, tell them the # of people in the United States. You may also give them a segmentation example (e.g. # of people who can access the drug) to get them going. Reassure the interviewee that the case is meant to be tough and that they are doing great.

2. Aside from market share, what are some factors to consider when putting the drug on the market? Propose several factors and then identify a short strategy to facilitate the market entry (e.g. sell the drug to a company?).

Suggested Responses:
  o Treatment alternatives
    ▪ Symptom management
  o Price elasticity
  o Competitive analysis
  o Big pharma considerations
    ▪ E.g. selling to Pfizer for distribution, etc.
  o Ethics
    ▪ E.g. higher prices come with ethical concerns
  o Regulatory landscape
    ▪ FDA regulation
    ▪ Trump Administration (political instability)
  o Incorrect assumptions
  o Cross selling (bundling drugs or policies)
  o Impact of insurance policies
  o Protection of intellectual property
  o International expansion
When the interviewee is done, please press for more examples.

Evaluation Criteria: a good candidate will demonstrate business sense, creativity, feasibility, confidence, and composure. Make sure the candidate is able to logically explain/argue for each point. If time permits, heavily question some of the factors the candidate is proposing.

Tips for Interviewer: if the interviewee is stuck, give them an example to motivate them (e.g. pricing considerations).

3. The client has done the research and the drug is marketable. They now want to understand the success rate of drug approvals (from R&D to market). What are the chances that this drug will be approved?

(Make sure people understand the graph and what attrition means.)

Answer: 1,000,000 drugs x .50 = 500,000 -> 500,000 x .10 = 50,000 -> 50,000 x .05 = 2,500 -> 2,500 x .02 = 50 (50 drugs will make it through a.k.a. 0.00005%)

- BONUS POINTS
  - Candidate understands attrition without asking
  - Candidate completes calculations quickly without being flustered
  - Candidate understands the graph in one go

Evaluation Criteria: a good candidate will understand attrition, understand the graph well, and complete math quickly. This candidate also should have common sense in
reading the graph, and doesn’t ask silly questions. Make sure the candidate can justify decisions/logic.

Tips for Interviewer: if the interviewee is stuck, tell them what attrition is. If the interviewee is incredibly stuck, tell them how to do the calculation at a high-level and make them do it.

4. The client launches the drug with Merck but a competing firm pushes a similar product. Very briefly, explain how the client and Merck should respond.

Suggested Responses:
- Engage in price competition (lower prices)
- Develop deals with insurance companies
- Increase marketing efforts
- Seek intellectual property lawsuits
- Look into a potential partnership with the competitor
- Expand internationally to diversify and capitalize on untapped markets

Evaluation Criteria: a good candidate will take time and think about reasons. Make sure the candidate explains any logic associated with strategic recommendations here. The question is particularly tough, but check for creativity, business sense, confidence, and composure.

Tips for Interviewer: if the interviewee is stuck, give them an example (e.g. build closer relationships with specialized physicians).

5. The CEO of the client sees you in the elevator and wants to hear about your analytical progress. Briefly summarize your findings and what the firm may or may not be able to do.

Evaluation Criteria: a good candidate should be able to structure this answer and touch upon clear highlights of the case. Let them think and write out a potential summary, but don’t give too much time.