



CONSULTING CLUB
AT THE TEXAS MEDICAL CENTER

2022 CASE GUIDE

PREFACE

The Consulting Club at the Texas Medical Center (CCTMC) is pleased to present the 2022 Case Guide. The CCTMC is the joint graduate consulting club of 7+ institutions of the Texas Medical Center located in Houston, Texas - the largest medical center in the world. Our core member institutions include Baylor College of Medicine, Rice University, MD Anderson Cancer Center, and UT Health.

Breaking into consulting is especially challenging for advanced degree candidates that don't have the same business training as our MBA peers. Resources tailored to address the specific needs of PhD students seeking to break into consulting are lacking - thus, this case guide was conceived. This guide is authored by PhD candidates and graduates to serve as a comprehensive outline of essential business concepts. We also encourage you to explore our additional resources and join our community at medcenterconsulting.com.

While we have made every effort to include the most important and high-yield content, it will not be possible to prepare you for every scenario you will encounter. Use the knowledge and tools included in this guide and apply them broadly to adapt to various circumstances. We wish you great luck and success in your journey. Finally, to students of other graduate programs that may be using this case guide as they prepare, we give you a warm Texas greeting, welcome to #TeamCCTMC!





This guide is not intended to be a comprehensive resource for case preparation, but created to provide a roadmap. We include resources we recommend and ways to get connected to our career development community. This guide includes best practices that you can refer to as you use additional case preparation materials, like case books.

*For additional resources, we encourage you to explore our offerings available to all learners at **[medcenterconsulting.com](https://www.medcenterconsulting.com)**.*



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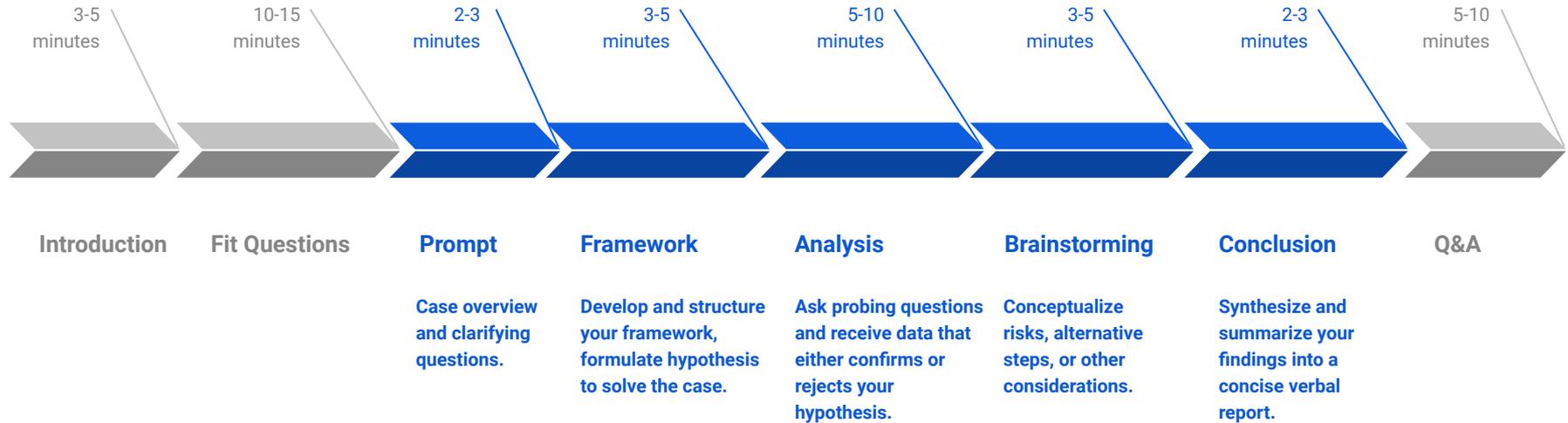


THE INTERVIEW





THE INTERVIEW: FIT AND CASE



* The order of fit and case interview may vary. Some firms may prefer to conduct the fit portion of the interview after the case portion of the interview.





FIT INTERVIEW

While each consulting firm may structure the order of the fit and case portions of the interview differently, you will certainly be asked questions about your experiences, motivation, and commitment. Here are some questions that you should be prepared to answer.

- 1. Why are you interested in our firm?**
- 2. What experience are you most proud of?**
- 3. What experience do you wish you could do over, and how would you do it differently?**
- 4. What is a difficult decision you've made in the last year?**
- 5. What is an example of a time when you showed initiative and leadership?**
- 6. What aspects of your internship did you especially enjoy?**
- 7. What aspects of your internship did you like less?**
- 8. What do you most like to do in your free time?**
- 9. What attributes would you bring to a case team?**
- 10. Describe a role where you changed the direction of a team. How did you do it?**





FIT INTERVIEW

Responding to case interview questions should be structured and concise, and the fit interview is no different. A commonly used approach to answering questions is **A-STAR**.

A: **ANSWER** the question directly. Always employ an answer first mindset!

S: Describe the **SITUATION**

T: What was the **TASK** or goal, was there tension or an obstacle you had to overcome?

A: What was the **ACTION** to achieve your goal or resolve your tension?

R: What was the overall **RESULT** and what did you learn from this?

Your responses should be structured, short, and to the point. The answer first should be a one-sentence tagline. You do not want to go over 2 or 3 minutes in these responses or else you risk losing the attention of your interviewer. Once you respond, they will be able to dig deeper if they hear something that peaks their interest. Be prepared to tell your stories from different angles!





CASE INTERVIEW: PREPARATION

What is a case interview? A live problem-solving interview usually involving a business strategy problem.

We can break preparation down into a few phases:

1. Know what a good case interview looks like! Watch solved cases and note the characteristics and components of a strong performer.
2. Finding the right material - using relevant and top quality practice material will be essential to your preparation. We recommend:
 - a. Case Coach
 - b. Peter K
 - c. Business School Case Books (Duke, UVA Darden, Northwestern Kellogg)
3. Self-practice: walk through solving a case on your own. Complete structuring, chart interpretation, and numeracy drills to improve your individual skills.
4. Practice with partners - finding quality case partners that will give you detailed feedback. Once you improve at this level, find current consultants at the firm and office you are interested in for mock interviews.





CASE INTERVIEW: CORE COMPETENCIES

There are four core competencies you need to refine and demonstrate during case interviews. These are learnable skills that, with practice, can be improved.

1. **Structuring:** the case, and responses should be clearly structured and communicated.
2. **Numeracy:** demonstrate your mastery with numbers and ease with calculations, without a calculator.
3. **Brainstorming:** be able to create a list of structured ideas quickly to demonstrate business acumen and creativity.
4. **Interpretation and insights:** be able to make meaningful interpretations from data presented, and draw insights when presented with new information to drive your recommendations.

Refine these skills as you practice and make sure to integrate all these three competencies seamlessly as you solve the case. Drive the case at every step, make sure your responses are structured, demonstrate ease with numbers, and make meaningful interpretations while drawing new information back to answering your key questions.





CASE INTERVIEW: CORE COMPETENCIES

Within the core competencies, consultants will evaluate you in 5 key areas. Our training in science has helped us hone a hypothesis driven and evidence based mindset - apply this to solving cases. Demonstrate your logic through structuring, ask probing questions, and synthesize complex concepts into distilled responses. You use these skills everyday in science, apply them to casing!

1. **Client-first mindset:** Is your framework targeting, specific, and unique to targeting the client at hand? The client should always be at the top of your mind. How do new data impact the client?
2. **Structure:** Did you set up clear, simple, and memorable structures? Did you understand the question and address the problem? Did you ask the clarifying questions you needed?
3. **Drive and inquiry:** Were you in the driver's seat? That is, did you ask probing follow-up questions based on new information provided? Did you continue to adjust your hypothesis or suggest new directions along the way? Did you continue to incorporate information back to solving the problem?
4. **Business acumen:** Did you demonstrate that you have basic business knowledge? Did you share your understanding of business concepts, risks, and concerns throughout the case?
5. **Synthesize:** Did you have a succinct, clear response and recommendation backed by answers? Is your conclusion evidence based?





PROMPT

The prompt will give you a broad and often ambiguous overview of the problem. There are two things to take note of here, what industry and what is the type of problem? These key things will help inform your insights and allow you to better tailor your response to directly address the question at hand. You need to ask clarifying questions to further understand the scope of the work. Once you have a better understanding of what the client needs help with, you will be better prepared to structure a framework that directly addresses these needs.

Common industries: Oil/gas, consumer packaged goods (CPG), manufacturing, financial services, healthcare, private equity investments, pharmaceuticals, airlines, media, technology, government and nonprofit.

Common problem types: profitability, market entry, market sizing, growth, acquisition/sale, industry assessment.





PROMPT

DO: ASK CLARIFYING QUESTIONS

- **Define objective:** what is the client's core goal? What is the metric of success?
- **Context on products:** type of product offering?
- **Business model:** How does the client make money?
- **Time frame:** what is the expected time horizon for return?
- **Capabilities:** restrictions and limitations of investment?
- **Geography:** Geographic location?

DONT: ASK SPECIFIC QUESTIONS RELATED TO FRAMEWORK

- What are the profitability drivers?
- What is the size of the market?

A strong sign that you should move on and stop asking clarifying questions is if the interview continues to respond to your questions with:

- We don't know at this time
- We'll see later on



FRAMEWORKS

Once you you've received your prompt and asked the necessary clarifying questions, you should have a better understanding of the problem at hand. You will then need to break down this problem into areas that, once answered, will be able to help you drive the case towards a recommendation. These should be structured into mutually exclusive and collectively exhaustive (MECE) areas.

This sounds obvious, but make sure you framework **directly answers the question**. If I received the answers or more information about XYZ, will this allow you to solve the case?

Outlined in this section are basic do's and don'ts, two general overarching concepts that can be commonly applied to multiple business scenarios, and 9 major types of frameworks. These 9 frameworks will help you solve the highest yield type scenarios but **do not memorize them**. All frameworks should be unique to the business and applied, use these as a guide to set up your own.



FRAMEWORKS

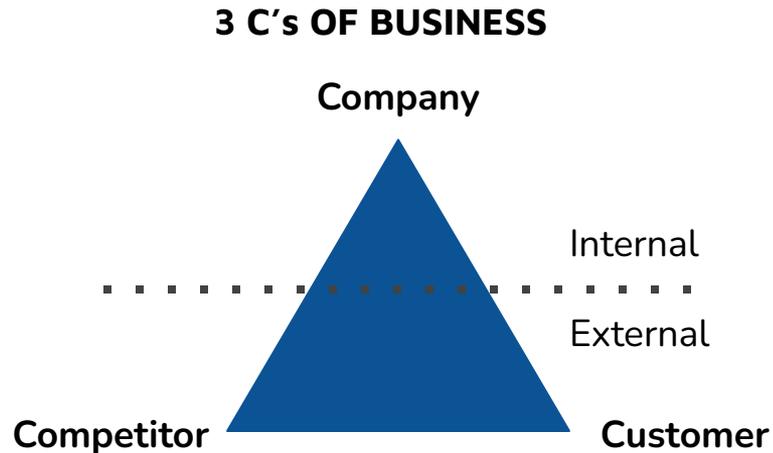
DO: DEFINE, STRUCTURE, AND MECE

- Have the key question as the central driver of the framework and identify key drivers that will help answer this question.
- Break down the question into component parts that are MECE: mutually exclusive and collectively exhaustive.
- Structure into key categories and prioritize the ones that are most important.
- Apply concepts to make it unique and tailored it to the case.

DONT:

- Use stock frameworks, adapt them to your problem.
- Don't have overlapping categories, make sure they are MECE.
- Don't have branches that don't actually answer the question. Do a quick test: If I had more data here, would it help me make a decision about the central question?

FRAMEWORKS: USEFUL CONCEPTS



COMPANY: Internal factors that impact a company. What are the capabilities of our company? Capital capabilities?

COMPETITOR: An external factor encompassing who are competing companies? What is their product offering? Alternatives to our product?

CUSTOMER: An external factor encompassing what does the market want? What are market trends?



FRAMEWORKS: USEFUL CONCEPTS

PROCESS FRAMEWORKS: These are common questions that surround the production of a product that is ultimately consumed or purchased by a customer.

1. The first thing you want to do is map out the process from beginning to end. From conception, production, delivery, and consumption by the customer.
2. Look at each step and think:
 - a. Eliminate
 - b. Reduce costs
 - c. Increase speed
 - d. Increase quality
 - e. Anticipate need
3. Once you have done this, you can go back and eliminate or improve on certain steps when you receive more information.





FRAMEWORKS: COMMON STRUCTURES

IMPROVE PROFITS

1. Revenue
 - a. Price
 - b. Volume
2. Costs
 - a. Fixed
 - b. Variable

GROWING A BUSINESS

1. Current: Grow core business
 - a. Within current segments
 - i. Acquire
 - ii. Retain
 - iii. Increase spend per customer
 - b. Fastest growing segment
 - i. Geography
 - ii. Customer types
2. New: Grow outside core business
 - a. Sell new products to existing customers
 - b. New business

REDUCING COSTS

1. Need: Reduce the need
 - a. Eliminate need
 - b. Reduce service level
2. Less: Use less resources
 - a. less waste
 - b. Improve productivity
3. Costs: Reduce cost of resources
 - a. Find cheaper alternatives
 - b. Renegotiate costs





FRAMEWORKS: COMMON STRUCTURES

PRODUCT LAUNCH

1. Target segments
 - a. Size /growth
 - b. Competition
 - c. Customer needs
2. Marketing Strategy: (4ps)
 - a. Product
 - b. Price
 - c. Place (distribution)
 - d. Promotion
3. Implementation
 - a. Team

MARKET ENTRY

1. Market: attractiveness?
 - a. Market size
 - b. Market growth
2. Competitive landscape:
 - a. Competitors
 - b. Customer needs
 - c. Market share
3. Profit: what is the potential earning
 - a. Our offerings
 - b. Investment
 - c. Running costs
 - d. Revenue
4. Company impact
 - a. Capabilities/Human capital
 - b. risk

PRODUCT PRICING

1. Cost
 - a. Variable
 - b. Fixed
 - c. Investment costs
2. Customer: willingness to pay
 - a. Customer needs
 - b. Survey
3. Competitors: or substitutes



FRAMEWORKS: COMMON STRUCTURES

CONSIDERING AN INVESTMENT

1. Revenue: Impact on revenue
2. Cost: Impact on costs
3. Implementation:
 - a. Risks?
 - b. Capabilities?

BUSINESS ACQUISITION

1. Market attractiveness
2. Target company: Standalone value
 - a. Future revenue
 - b. Future costs
 - c. Valuation multiples
3. Synergies
 - a. Revenue growth
 - b. Cost reduction
4. Capabilities and risks

THREAT OF COMPETITION

1. Impact: on our business
 - a. Segment affected
 - b. Estimated loss
2. Opportunity: pursued by competition
 - a. Size
 - b. Profitability
3. Possible responses
 - a. Do nothing
 - b. Mitigate
 - c. Align
 - d. Replicate
 - e. Collaborate



FRAMEWORKS: COMMON STRUCTURES

ORGANIZATIONAL TRANSFORMATION

1. People: integration of human resources
 - a. Culture
 - b. Expertise
2. Process: integration of structure
 - a. Leadership
 - b. Tech
 - c. Compensation
3. Business: synergies?

LIFE SCIENCE MARKET ANALYSIS

1. Market
 - a. Size of addressable market
 - i. Prevalence of disease
 - ii. Disease segmentation
 - iii. Diagnosis rate
 - iv. Penetration/adoption: treatment rate
 - v. Dose schedule
2. Competitive Landscape
 - a. Competitors
 - b. Share of market
3. Company/Drug
 - a. Profit
 - i. Revenue: (treatment schedule and dose x price)
 - ii. Cost: per dose, R&D
 - b. Regulatory process or clinical trial approval
 - c. Capabilities of company or efficacy of drug
 - d. Risk



ANALYSIS: NUMERACY

Numeracy is more than just getting the numbers correctly and quickly, the best practice is to:

1. **Structure your math:** walk your interviewers through your steps before plugging in specific numbers, communicate key numbers with interviewer to get a sense of whether you are on the right track.
2. **Identify insights from your numbers:** so what? what does it mean for the client (any abnormality, whether client's goal is reached, what are the risks, etc)?

Practicing quick mental math will be key to succeeding through numeracy. You need to focus your brain power, and time, on the case, insights and strategy.

For example, there will be many times where fractions and percents are involved in your calculations, it will be good to memorize various mental math tricks so you don't waste any precious time. Once you are comfortable with commonly found fractions, you can quickly solve the rest of the problem. You are not expected to keep complex decimals and can round.

Included in this section are just a few tips and tricks. Each person will start a different level of proficiency in their mental math ability, refreshing on some basics will go a long way here.



ANALYSIS: FRACTIONS TO DECIMALS

Fractions, decimals, and percentages are very frequently used in cases. It will be well worth it to memorize these basic and high yield numbers. Once you are familiar with these basic ones, you can simply more complex ones into these core numbers.

For example:

1/15 can be broken up into

$\frac{1}{3} \times \frac{1}{5}$ which is = .333 x .20

= .066 or 6.6%

Fraction	= Percent	= Decimal
1/2	= 50% = .5	
1/3	= 33.33%	= .33
1/4	= 25% = .25	
1/5	= 20% = .20	
1/6	= 16.67%	= .1667
1/7	= 14.29%	= .1429
1/8	= 12.5%	= .125
1/9	= 11.11%	= .11





ANALYSIS: DIVIDING BY DECIMALS

A common equation is determining the value of an investment. This requires two numbers, solving for profit, and determining the discount rate. For example, if profit is \$70 million, and discount rate is 20% you will set up the equation like so:

$$\text{Investment Value} = \$70 \text{ M} / .20$$

Shortcut to dividing by decimals:

Dividing by decimals can be quite easy, if you know this simple trick. Simply move the decimal to the right in both the numerator and denominator until your decimals are whole numbers, and then divide! In our example:

$$\text{Value} = \$70 \text{ M} / .20$$

$$\text{Value} = \$700 \text{ M} / 2$$

$$\text{Value} = \$350 \text{ M}$$





ANALYSIS: MARKET SIZING

Market sizing are often ambiguous and nebulous questions that can feel overwhelming. Where do you even start? The questions can range widely, some examples include:

- How many people have peanut allergies in the United States?
- What is the coffin market in Germany?
- How many school buses in the United States will adopt a new GPS technology?
- What is the market size for cable TV in semi-urban Taiwan?

These types of problems require practice and familiarity. You want to lay out your structure first, typically starting from a top - down approach with overall population, and then start filtering out members of the population in a methodical way. The interviewer may be able to provide key data points for you, but you may have to also make a reasonable estimate based on your own best judgement.





ANALYSIS: COMMON MARKET SIZING

Life sciences and healthcare

Top down:

1. Total population
2. # with illness
3. Number diagnosed
4. Market share of drug
5. Dosage per time frame x price per dosage
6. Market size per time frame

Technology and Information Technology

Top down:

1. Total population
2. Number of users
3. Market share
4. # units per users
5. Price per unit





ANALYSIS: COMMON EQUATIONS

- **Revenue:** The total amount of money generated by a business and is a factor of the number of units you sell and how much each unit costs.
 - **Revenue = (volume of units sold) x (price per unit)**
- **Profit:** The money a company takes in after accounting for cost of a product. It is a formula derived from (revenue - costs). Remember, the cost of producing a product is also known as direct costs, which is also known as variable costs.
 - **Profit = revenue - costs**
 - This is derived from: Profit = (volume x product price - variable costs or cost of producing the product) - fixed costs
- **Profit margin:** The % of the price of a product that you will keep as profit when you account for cost.
 - **Profit margin = profit / revenue**
 - This is derived from = (revenue - cost of goods and services) / revenue
- **Break Even Point:** this allows you determine typically how many units or products you have to sell to breakeven on your fixed costs. You will need to know the fixed costs, and the profit per unit or contribution per unit.
 - **Break even point = fixed costs or cost of investment / contribution per unit**
 - For example, if the fixed costs of running a small tech company is \$5M, the product they sell is \$600 each, and the cost of the product is \$400 per product. Then your formula is:
 - Break even point = \$5,000,000 / (\$600 - \$400) = \$5,000,000 / (\$200) = 25,000 units must be sold to recover the \$5M.





ANALYSIS: COMMON EQUATIONS

- **Payback period:** This is the amount of time it would take you to reach break even point on the initial investment cost. That is, the amount of time it takes to recover the cost of an initial investment.
 - **Payback period = (initial investment cost / profit per period)**
 - Example: if the initial investment is \$1M and the project profit is \$200K per year, the payback period will be = $\$1M / 200k \text{ per year} = 5 \text{ years}$
- **Return on investment:** The factor by which your investment is multiplied over the period you're interested in.
 - **Return on investment (ROI) = (profit of entire period) / initial investment cost**
- **Net present value (NPV):** metric used to calculate the total value, of any future income, payments, or an investment. If the NPV is positive, it means the investment is attractive.
 - **NPV* = (profit / discount rate) - investment or upfront costs**
 - *assumptions: if profit remains the same throughout the period and expected life of investment is in perpetuity.
- **Value of an investment:** If you would like to calculate the value of an investment, you need to determine the profit over the period of time and discount rate over the same period of time. You'll notice that this formula is the same as part of the NPV formula.
 - **Value of investment = (profit / discount rate)**



ANALYSIS: COMMON EQUATIONS

- **Depreciation:** A given asset may decrease in value over a given period. This must be factored when calculating total costs.
 - **Depreciation for given period = (value lost) / (time period)**
 - For example, if a car is valued at \$100,000 and you want to calculate the cost of depreciation over four years. You need to find out the “scrap value” of the car after your period, four years. If the scrap value is \$0, then $\$100,000/4 = \$25,000$. Thus, depreciation will cost you \$25,000 per year.
 - However, if the scrap value is \$20,000. Then $\$100,000 - \$20,000 = \$80,000$ value lost. Then you can calculate the yearly cost of depreciation: $\$80,000/4 = \$20,000$ annually.
- **Rule of 72:** A simplified investment formula commonly used to determine the years it will take to double an investment given the annual rate of return.
 - **Years to double = 72 / (interest rate or rate of return for an investment)**
 - For example, a company is growing revenue at a rate of 4% annually, if you want to determine how long it will take for revenue to double you can apply the rule of 72.
 - Years to double = $(72/4) = 18$ years





BRAINSTORMING

You will often be asked to come up with some ideas for a certain consideration to test you on your creativity. Sometimes, they'll push you to your boundaries by continuing to ask "and what else?", to see how many novel ideas you can generate. Even when they ask a broad question, you must structure your response. Everything in the case must be structured, even if it doesn't seem this way. If someone is asking for a list of potential risks, alternatives, or options - structure it out. It's often easiest to group ideas into at least into two distinct MECE categories like:

- Financial vs Non-financial
- Internal vs external
- Long term vs short term
- Steps in a supply/value chain
- Stakeholders: impact to each





BRAINSTORMING: COMMON CONSIDERATIONS

Risks and Challenges (FOMO)

1. Financial
 - a. Revenue (Vol. x Price)
 - i. Cannibalization
 - b. Cost (Dir. vs Ind.)
 - c. CapEx: startup costs
2. Organizational
 - a. Core competency/expertise
 - b. Organizational complexity
 - c. Scalability
 - d. Quality control
3. Market Outlook
 - a. Change in customer desire
 - b. Consolidation
 - c. New entrants
 - d. Competitive response
 - e. Risk of substitutes

Revenue Growth (MSG)

1. Market (4Ps)
 - a. Product: better value proposition, introduce new products
 - b. Price: optimize pricing (lower/higher)
 - c. Place: better distribution channel
 - d. Promotion: better marketing
2. Segments
 - a. B2B vs B2C
 - b. Behavioral: frequency, bargain
 - c. Demographic: Age, Gender, Race
 - d. Socioeconomic: income/education
 - e. Family: married or single
3. Geography
 - a. Increase presence in existing regions
 - b. Expand to new regions
 - c. New countries
 - d. Franchise or license

Investment Comparisons*

1. Financial
 - a. Revenue (Vol. x Price)
 - b. Costs impact (Dir. vs Ind.)
 - c. CapEx
2. Strategic / Capabilities
 - a. Timeline to implement
 - b. Synergies
 - c. Customer alignment
 - d. Expertise
3. Risks
 - a. Cannibalization
 - b. Organizational
 - c. Market Outlook

**FOMO structure may also be adapted for this.*





BRAINSTORMING: COMMON CONSIDERATIONS

Synergies

1. Revenue (function of volume x price)
 - a. Product: Value proposition
 - b. Price
 - i. Bundle options
 - ii. Pricing power (greater market share)
 - c. Place: Distribution channels
 - i. Geographical footprint
 - d. Promotion (marketing/sale)
2. Cost
 - a. Direct/Variable
 - b. Indirect/Fixed
 - c. Capex
3. Organizational
 - a. HR
 - b. Capabilities
 - c. Financing





BRAINSTORMING: LIFE SCIENCES

THE FOUR P'S OF HEALTHCARE

In life science or healthcare cases, you will often be asked to think of a few ideas that may affect the adoption, penetration, or success of a particular treatment. As always, you should structure your recommendation. The 4 P's of healthcare can serve as a powerful framework and guide your considerations that highlight the four major stakeholders.

1. **Patients:** How does the new drug effect patients? Side effects? Tolerability? Convenience?
2. **Providers:** What do healthcare providers think of this new drug compared to standard of care? Efficacy?
3. **Payers:** Will health insurance companies pay for this new treatment?
4. **Players (Competitors):** What is the current standard of care? What are competing treatment options? What are alternative or substitute therapies?





CONCLUSION

You made it to the end! Hopefully by now, you've looked at some data, brainstormed various considerations and can now make a recommendation for your client. There are usually two types of cases here:

1. **Binary:** The decision is binary where you need to decide yes or no
2. **Ambiguous:** You are comparing various options and need to make your best judgement where there is no clear right or wrong answer. Make a decision based on your best judgement with the clients best interests in mind.





CONCLUSION

A case will most often conclude with something along the lines of... “You run into the CEO in the elevator and they are eagerly awaiting some updates, what do you say?”. Keep in mind, as you present to a senior executive, they don’t have time to hear all the little details, get to the point. Unlike in scientific presentations where you build your case, show the data, and then discuss your findings, in business it’s the opposite. Use an **answer first approach**. Tell us what you found, and then shortly outline your supporting points. It is reasonable to take 15-30 seconds to collect your thoughts but you will get better, and quicker at this, with practice. Obviously, your conclusions must be structured and outlined. Structure it like this:

1. **Objective:** quickly re-state the major problem, question, or objective
2. **Answer:** what is your answer to this problem? And you are recommending this for X reasons.
3. **Findings:** Outline the major findings of your core reasons.
4. **Risks:** what are the risks that the company should keep in mind?
5. **Future directions:** What do you suggest they immediately do next? If given more time, what would you want to look at more closely?



BUSINESS BASICS





COMMON TERMS

- **EBITDA:** Earnings Before Interest, Taxes, Depreciation, and Amortization. This is a common financial metric to look at a company's overall performance. *In lay terms, EBITDA refers to earnings or profits before accounting for all the other stuff.*
- **CAGR:** Compound Annual Growth Rate. This is the rate at which you can expect a given investment to grow or decrease annually.
- **Top line (revenue):** colloquially refers to the top line of an income statement, which would be the total revenue. If a company wishes to increase their top line, they would like to increase total revenue or sales which can be increasing price or increasing volume of goods and services. **Bottom line (profit):** colloquially refers to the bottom line of an income statement, which would be the revenue of the company less expenses giving you the profit. If a company wishes to increase the bottom line, they can increase revenue or decrease costs.
- **Direct/Variable costs:** Cost of producing a good or service like materials, labor, manufacturing supplies, wages for production staff/direct labor, etc. Direct costs are also known as **variable costs** because they are expenses that vary based on production volume.
- **Indirect/Fixed costs:** These are general and extraneous expenses such as facility fees, utilities, equipment depreciation, insurance, legal fees, accounting fees, employee health insurance and vacation/sick leave, etc. Indirect costs are also known as **fixed costs** because no matter how much you scale up, there is no discount for volume.





COMMON TERMS

- **Value Chain:** Each step that a company will apply to a product or service adding value to it along the way. This is the full range of activities needed to create a product or service. These are broken down into 5 key considerations. To provide context, we will consider **McDonalds (McDs)** as a case example in each step.
 - **1. Inbound logistics:** receiving, warehouse, inventory management.
 - Ex: raw supplies, ingredients, packaging.
 - **2. Operational:** procuring raw materials.
 - Ex: McDs operates as a franchise with central corporate support.
 - **3. Outbound logistics:** distribution channels.
 - Ex: Instead of a sit-down restaurant, McDs focuses on counter service, takeout, and drive through.
 - **4. Marketing and sales:** advertising, promotions, pricing.
 - Ex: McDs promotes through social media, sponsorships of major events, and others
 - **5. Service:** customer service, repair, maintenance, refunds.
 - Ex: strives to achieve high-quality customer service and rigorous employee training.



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