# The Integrated Business Framework (IBF)

The Integrated Business Framework (IBF) was specifically developed for solving case interviews at the top-tier management consulting firms to help candidates having a solid MECE toolbox at hand to approach the most common case interview types with just one single framework, which is easy to remember even in high-pressure interview situations. The IBF serves as the basis for the nine most common case types in the subsequent chapters.

The main components of the IBF are

- **Strategy** (Company, Customer, Competition)
- **Operations** (Revenue, Costs, Cash Management)
- **Organization** (Human Resources, Structure, Processes, Systems)
- **S I L E N T**
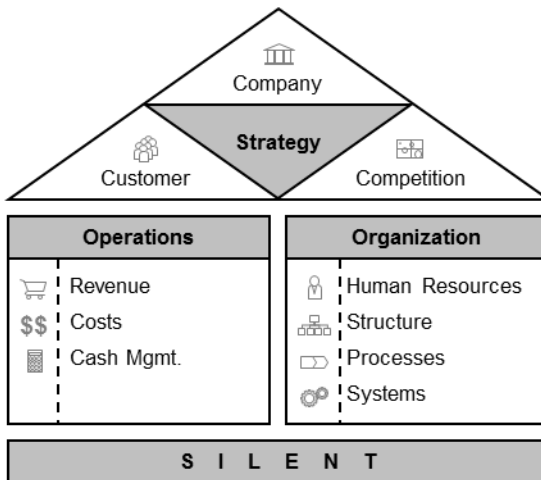
The first three components (Strategy, Operations and Organization) are those which management can influence directly and can therefore be levers that management can pull to increase the company's value.

The forth area is SILENT and serves as an acronym for external factors surrounding the company (common discussion areas around these topics shown in brackets):

- **Stakeholders** (e.g. relationship management with all stakeholders of the organization, e.g. shareholders, supervisory board, general public, lobbying institutions)
- **Investigators** (e.g. consideration of regulatory bodies, both governmental and non-governmental)
- **Legislation** (e.g. consideration of legal restrictions and changes in legal matters)
- **Economy** (e.g. consideration of the general economic trends and their implications like unemployment rates, disposable income, spending power)
- **Network** (e.g. management of supplier relations, sales and distribution channels, logistics infrastructure and strategy)
- **Technology** (e.g. observation of technological trends and establishment of new technological standards, use of technology for increasing efficiency/cost reductions)

1. Growth Strategy Cases

1	Growth Strategy

Structure your plan

- **Company:** Competitive position? Strengths/ weaknesses of the company?
- **Customer:** Target groups? Industry growth and trends? Needs? Market saturation?
- **Competition:** Industry structure? Strategies? Strengths/Weaknesses? Barriers?

- **Legislation:** Change of legal environment?
- **Economy:** Economic cycle? Buying power?
- **Network:** Relationship, power, capacity and flexibility of suppliers and distribution channels?
- **Technology:** Trends? New standards?

- **Revenue:** Volume? Price level, trends, strategy and elasticity? Complementary- /substitute products? Marketing, positioning? Product lines and product lifecycle?
- **Costs:** Cost level and structure? Importance of costs?
- **Cash Mgmt.:** Financial means available?

- **HR:** Capacity? Incentive schemes?
- **Structure:** Current and future business structure (divisional, functional, matrix, etc.)?
- **Processes:** Process orientation and customer focus? Efficiency enhancement?

Example:

"In a first step, I want to take a closer look at **external factors** such as the market, customers, and competition, and identify any growth potential in conjunction with the **strengths and weaknesses of the client company and beyond**. For this, it is also necessary to understand the current **revenue and cost streams** in more detail.

On this basis we can verify various **growth options** on their suitability, if possible also quantifying volume, price and costs, in order to assess the revenue and profit contribution.

Finally, I want to address the specific **implementation of the growth strategy** such as funding for the implementation, company structures and processes as well as incentive scheme for employees."

Search your answers

Market/Clients	Competition	Company	External Factors	Implementation
• How strong is market growing? How does our share change? • What changes are there within the industry? • What growth possibilities exist? With which effects on the revenue and cost?	• What are the competitors' strategies? What customer segments are / are not covered? • Their strengths and weaknesses? Why and how they are doing better? • Is an acquisition possible and reasonable?	• What is the performance of our business units? • What are the current revenue (price and volume) and cost streams? • What are our strengths and weaknesses?	• Are there legal changes? • How does the ecnomic cycle affect our growth? • Are suppliers and sales channels critical elements for our growth? • Is technology an important factor?	• What growth options come into question? • How fast can they be implemented, and do we have the resources? • Is the growth supported by incentive schemes, structures and process?

Synthesize your case

- Clearly define those growth opportunities that exist for the company - you will find the basic starting points for growth in the profit equation: more volume, higher prices, and lower costs (fixed/variable) if the cost side is relevant as well.
- Try to quantify the turnover and profit contribution of the growth option(s) defined by you.
- Also, think of the implementation: Are the resources available? How fast can results be achieved? What must change for the company? Point towards more in-depth analyses on demand.

2. New Market Entry, New Product Launch, New Positioning Cases

2	**Redirection – New Market, New Product, New Positioning**

• **Revenue:** Level of demand? Willingness to pay? Revenue or profitability goals? Pricing strategy? • **Costs:** Cost structure? Meaning of the costs? • **Cash Mgmt.:** Financial resources or budgets?	• **Company:** Product portfolio? Cannibalization? Geographic presence? • **Customer:** Market size? Market growth? Lifecycle? Segments? Entry barrier? Market entry strategy? • **Competition:** Structure? Intensity of competition? Products? Strategies? Reactions?	• **Investigators:** Regulators? Restrictions? • **Legislation:** Legal conditions? • **Economy:** Economic cycle? Economic status, income? • **Network:** Logistics? Distribution channels? Suppliers? Strategic partners? • **Technology:** Advantages through technology?	• **HR:** Capacity? Know-how? Incentives? • **Systems:** Performance management?

Structure your plan

Example New Market:
"First, we need to be clear about the **overall strategy** and clarify the derived **objectives** for the expansion into new markets. On this basis, we can assess which markets are relevant to us, especially in terms of **revenue potential** and **entry barriers**. In the next step, we should analyze these markets closer and particularly go into **competitors and their products**. Finally, the topics of the **implementation** are to be clarified, such as the concrete market entry strategy and the available resources."

Example New Product:
"First I would like to understand more about the **initial situation** (product, competition, market size and segments, customer needs). On this basis, we can estimate our potential market share and assess the **turnover and profit contribution** of the new product. Finally, we should get into the topics of **implementing** along the value chain, as well as the **financing**."

Search your answers

Demand/Revenue	**Product**	**Industry**	**Competition**	**Implementation**
• What are market size, market growth and market segments? • What market share or revenue/profit do we expect? • What is our pricing strategy? Price level? • Which distribution channels do we have?	• What and how sustainable is the USP? • How much does production cost? • Does the product have to be adjusted to new countries? • How does it fit into our product portfolio and product life cycle?	• What structure does the industry have? • Which players and which factors affect the industry currently? • Which entry and exit barriers exist for players in this industry?	• Which player has which market share? • What are the products and strategies? • What are their strengths and weaknesses? • How is the competition going to react?	• Which market entry strategy are we choosing? • Do we have the know-how and management resources? • How are we financing our plans? • What risks are there?

Synthesize your case

• Make a clear decision (yes/no), whether the entry into a new market, the development of a new product or a repositioning of the company should take place.
• If possible, quantify the sales and profitability and point out the most important topics for the market entry, product development or the repositioning.
• Also, think of the operational implementation of the project and indicate more in-depth analyses on demand.

3. Mergers & Acquisitions Cases

3 — Transaction – Merger, Acquisition, Alliance

Structure your plan

Strat

- **Company:** Strengths/ weaknesses of the companies? Competitive position? Rationale of the transaction? Acquisition candidates? Exit strategy?
- **Customer:** Customer structure and needs? Industry trends? Market saturation?
- **Competition:** Reactions? Consolidation wave?

- **Stakeholders:** Approval of supervisory committee? Hostile acquisition? Representation in media/communication?
- **Legislation:** Antitrust objections?
- **Economy:** Economic cycle? Valuation level of companies?
- **Technology:** Trends? Multiple emerging standards?

Oper

- **Revenue:** Influence on volume, price, profitability? Revenue synergies? Overlap of customer structure/segments and products? Cannibalization? Realization time?
- **Costs:** Cost synergies? Realization time?
- **Cash Mgmt.:** Financing possible? Equity or outside capital? Debt level?

Orga

- **HR:** Capacity? Know-how? Lay-offs? Company cultures?
- **Structure:** Current and future structure?
- **Processes:** Cross company integration of the processes? Interfaces? Unification?
- **Systems:** Integration? Time and costs?

Example:

"Many aspects are to be considered with complex transactions. In the first step, I would like to analyze the **strengths and weaknesses** of the companies involved, and how the acquisition can support our **competitive position**. With this, we should also get into current **industry trends**, possible **reactions of competitors** and **external influences**.

In the second step, we should understand in detail which **revenue and cost synergies** exist and also analyze any potential negative impact on **price and volume**. It is also important to consider how and in what **time frame** we will realize synergies, and what **resistance** is to be expected. Here I would like to particularly get into the aspects of **personnel,** future **organizational structure and process organization** of the company and the **IT systems**, as well as risks associated with the **implementation** and **funding**."

Search your answers

Rationale	Revenue	Costs	Organisation	Implementation
• What are the reasons for the transaction? • What trends exists in the industry? • How will competitors react when the transaction takes place? • What happens if the transaction does not take place?	• What is future revenue potential? • Is there potential for cross-selling? • What advantages and disadvantages will this bring to our customers? • Will our best staff stay loyal during this phase of uncertainty?	• What synergy effects are there? • How much costs we can save? • How fast can they be realized? • Do they have a negative effect on the operational business?	• What is the structure of the new company? • How are structure, processes and systems of the integrated companies and how long does that take to integrate? • What difficulties and resistances are to be expected?	• Do we have know-how and resources? • Is the operative daily business affected? • How high are the costs for the implementation? • How are we financing the transaction? • Risks?

Synthesize your case

- Make a clear decision (yes/no) whether the possible transaction should take place.
- Base your statement on the 3 main reasons that create/destroy value for the company and justify your decision, and if possible, also quantitatively.
- Also, think about the risks in the course of the implementation and the emotional components in people, as well as about reactions of the competition - suggest further analysis if necessary.

4. Profitability Cases

4 Profitability

Structure your plan

- **Revenue:** Market size and share? Sales streams? Segments? Ratio to costs? Trends? Measures taken so far?
- **Costs:** Relevant cost blocks? Ratio to sales streams? Comparison with competition? Trends? Fixed vs. variable costs? Measures take so far?

- **Company:** Competitive position? Strategy? Strengths/weaknesses of the company?
- **Customer:** Target groups? Industry growth and trends? Needs? Market saturation?
- **Competition:** Industry structure? Strategies? Strengths/Weaknesses?

Example:

"To influence a company's profitability, you can fine-tune the **price, volume, and costs**, which influence each other and also depend on **external factors.**

In the first step, I would like to understand what **measures** were previously taken to increase profitability and the achieved effect. Then I go into the **market size, revenue streams, customer segments, as well as their contribution to earnings**, as well as on **fixed and variable costs**.

On this basis, we can compare our own performance with the competition in a next step, and orient ourselves on **best practices**, and on the other hand, define corresponding **strategic and operational measures** to increase profitability, and go into their implementation."

Operations	Organization
🛒 Revenue	🔒 Human Resources
$$ Costs	🏛 Structure
📱 Cash Mgmt.	🗄 Processes
	🔗 Systems

S I L E N T

Search your answers

Revenue – Volume	Revenue – Price	Costs – Variable	Costs – Fixed	External Factors
• How big is the market and our share? • How and why does the volume of the segments develop? • Company-specific or industry-wide trend? • How can the volume be increased?	• How and why does the price develop in single segments? • How high is the price elasticity? • How are we doing compared to the competition? Does it make sense to raise/lower the prices?	• What are the big cost blocks and how do they develop? Are there differences in segments? Are they actively managed? • What variable costs along the value chain can be reduced? Benchmarking? Outsourcing?	• What are the biggest cost blocks and how do they develop? Are they actively managed? • Can they be reduced? In which tmeframe? • Benchmarking? Out-sourcing/make to variable costs?	• What are the market shares and strategies of the competitors? • What industry trends exist? • What target groups are there and how can they be segmented?

Synthesize your case

- Break down the revenue and costs until you come across interesting information because average values are often misleading - ensure structured notes so that you will not lose track.
- Compare the own development with the one of the environment and define appropriate measures to increase profitability - try also to quantify these.
- Consider a prioritized approach during implementation of measures – which measures can achieve rapid success?

5. Pricing Cases

5 Pricing

Structure your plan

- **Revenue:** Pricing strategy so far? Profitability/margin? Price development on product level? Influence on pricing? Measures and reactions so far? Pricing strategy in future? Impact on revenue and profit?
- **Costs:** Cost structure of the product?

- **Company:** Products and positioning? Product life cycle?
- **Customer:** Customer needs? Willingness to pay? Industry and price trends? Elasticity?
- **Competition:** Products and positioning? Pricing strategy? Cost structure? Strengths/weaknesses?

- **Systems:** Proactive and systematic pricing? Active cost management?

Example:

"To determine the optimum price level, I would like to understand more of the **company**, the products, and the positioning, as well as of **external factors** such as markets, customers and competition.

In the first step, we should go into the **previous pricing and profitability** of each product as well as any measures that were already taken in this area. After, we analyze **market trends, customers, and their needs as well as the willingness to pay** and our **competitors**.

On this basis, we can set the **optimal pricing strategy**, and quantify the **impact on sales and profit** as much as possible. Finally, according to relevance and available time, I briefly want to go into the issue of **costs**, as well as on the establishment of a **system** to proactively and systematically manage the prices in the future."

Company
Strategy
Customer — Competition

Operations	Organization
Revenue	Human Resources
Costs	Structure
Cash Mgmt.	Processes
	Systems

S I L E N T

Search your answers

Pricing	Competition	Market & Customers	Costs	Implementation
• How were the prices set so far? For what products? • How do the prices change in the lapse of time? Are they too high/low? • What price strategy for the future? With what impact on sales/profit?	• What products/ positioning does the competition have? • What price strategy does the competition have? Successfully? • How high are their prices in comparison? • What is their costs structure? Are there best practices?	• What image do we have on the market? • Where are we in the life cycle? • What are the customer needs? Are they willing to pay? • What influence do customers have on pricing?	• What meaning do the costs have? • What is our cost structure? • Do we actively manage our costs? • Can we pass on increasing costs, or prevent a price increase by reducing costs?	• How can we actively manage prices? • How do we commu- nicate price changes to sales channels and consumers? • What reactions are to be expected of customers and competition and how do we deal with it?

Synthesize your case

- Make a clear decision (yes/no), whether the prices should be changed and if so, by how much.
- Support your recommendation with three main reasons that create/destroy company value via pricing.
- Try to quantify the impact of your recommendation on volume, revenue, and profit.
- Indicate possible difficulties in the course of the implementation and try to anticipate possible reactions of customers and competition.