

# Interview Preparation | Spring 2019



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# Agenda

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I

Before the Interview

II

Qualitative Questions

III

Quantitative Questions

IV

After the Interview + Q&A

# Before the Interview

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“It’s a job to get a job.”

- Zach Pfeffer

# Before the Interview

## How to Prepare

- You must begin preparation **well in advance** of the interview
- However, even if your interview is tomorrow, you can still do something
- Initial preparation:
  - Prepare to discuss your resume
  - Outline your “story”
  - Research the company
- Always scan the news in the morning



# Before the Interview

## Discussing Your Resume

- If you cannot speak about an item on your resume in an interview, **remove it!**
- Things you need to know:
  - Brief anecdotes for each bullet
  - Top 3 results/projects/clients
  - What you learned and how it relates to your current job opportunity
- Have some thoughts prepared on “Why Temple University?” as well



# Before the Interview



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## Preparing Your “Story”

- This is your answer to:
  - “Tell me about yourself.”
  - “Walk me through your resume.”
  - Many more
- Good story → extremely useful
- You have ~60 seconds to sell yourself
- Truly as simple as telling a story
- We’ll run through an example

### Who Are You?

- Hometown
- Education

### Finance Spark

- Why do you care?
- **Not money!!!**

### Proof?

- Show your interest
- FF + OF ideal

### Wrap Up

- Scenario dependent
- Here to get a job!

# Qualitative Questions

## How to Prepare

- Prepare example scenarios that can be adapted to different questions
  - **STAR technique** → google it
- Mock interview with as many people as possible to get feedback
- Craft your answers so that an analyst would be happy being around you for 10hrs a day



# Qualitative Questions

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## Tell Me About Yourself

- *Answers may vary*

# Qualitative Questions

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## Why Did You Choose Temple?

- *Answers may vary*

# Qualitative Questions

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## What Was The Last Book You Read?

- *Answers may vary*

# Qualitative Questions

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## What Would Your Peers Say Are Your Worst Qualities?

- *Answers may vary*

# Qualitative Questions

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## Do You Invest? If so, in what?

- *Answers may vary*

# Quantitative Questions

## How to Prepare

- Review guides & know the basics
  - If you miss a difficult question you're less likely to be dinged than if you missed "What's depreciation"
- Whether or not you know the answer, explain your reasoning
- **Never** say you don't know an answer without explaining how you would go about finding the answer
  - Explain "thought process"



# Quantitative Questions



## How Do The 3 Financial Statements Link Together?

- Example Answer:

The income statement begins with revenue and after subtracting expenses, you arrive at net income, which flows into the CFO section of the cash flow statement. Then depreciation and other non-cash charges are added back to this figure. After adding all additions to cash, you arrive at a change in cash figure at the bottom of the cash flow statement. This figure is added to the prior cash figure, which then flows into the balance sheet. Additionally, retained earnings calculated from the income statement will also flow into the equity section on the balance sheet.

# Quantitative Questions

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## What Are Different Ways to Value A Business?

- Example Answer:

Four primary ways to value a business are using a DCF analysis, trading comps, precedent transactions, and LBO. The different ways of valuing a business ultimately stem from projecting out future cash flows or ascribing a multiple to the business based on similar businesses. Typically, precedent transactions will yield the highest valuation, then DCF or trading comps, followed by the LBO.

# Quantitative Questions

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## How Does the IS Differ From The CFS?

- Example Answer:

There are many differences between the income statement and the cash flow statement, but the main difference is that the income statement takes an accrual accounting look at the firm; whereas, the cash flow statement looks at the firm's operations on a cash basis. This ultimately means that the CFS tells an investor how cash flows through the business while an income statement shows the difference between revenues and expenses.

# Quantitative Questions

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## What's $14 \times 16$ ?

- Example Answer:

$14 \times 16$  is 224.  $16 \times 10$  is 160 and  $16 \times 4$  is  $40 + 24 = 64$ . Then,  $160 + 64 = 224$ .

# Quantitative Questions

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## When Should A Company Buy Back Stock?

- Example Answer:

A firm should buy back stock when it believes that the stock is undervalued. A firm should also buy back stock when it has excess cash sitting around that will not be used to finance a project in the near-term. Firms will often try to send a signal to the market that the firm has confidence in its own stock by buying it back; however, if this continues to happen, the Street may suspect that the firm has no future growth projects, causing the stock to decline.

# Quantitative Questions

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## What's EBITDA?

- Example Answer:

EBITDA stands for **E**arnings **B**efore **I**nterest **T**axes **D**epreciation & **A**mortization. EBITDA is a proxy for cash flow that can be used to compare companies by stripping out their tax-base, capital structure, and accounting practices. EBITDA is also frequently used in valuation contexts to project out the future value of an asset or liability.

# Quantitative Questions

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## Is 10 a high P/E?

- Example Answer:

Currently, I know that a stock trading at a 10 P/E would be trading below the market average multiple; however, given that certain sectors trade at differing multiples, I think it would depend on where we are in the business cycle and where the company sits in relation to competitors.

# Quantitative Questions (group)

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You're playing a card game against a singular opponent. The game starts with 21 cards on the table. You and your opponent alternate turns, and during each turn, a player may pick up 1, 2, or 3 cards. The winner is the person who picks up the last card.

Do you want to go first or second and what is your strategy?

# Quantitative Questions

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## What Is Meant By The Current Ratio?

- Example Answer:

The current ratio is a measure that details a firm's ability to pay its short-term obligations. The current ratio is measured by taking the current assets of a firm and dividing that by the current liabilities of a firm. While a firm with a current ratio above 1 is likely to be able to pay off its short-term liabilities, I think it is more important to consider how the current ratio of the firm looks in relation to other names in the same sub-sector.

# Quantitative Questions

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## How Does Convenience Yield Relate to Contango?

- Example Answer:

I know that convenience yield is the benefit that accrues to an investor from holding an asset, but I am not familiar with how convenience yield relates to contango, specifically. In general, I believe that convenience yield would benefit investors and increase demand for certain products in the short-term.



# Quantitative Questions (group)

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You and a friend go out to dinner and the bill totals \$25. You and your friend each pay \$15 in cash which your waiter gives to the cashier. The cashier then hands back \$5 to the waiter. The waiter then keeps \$3 as a tip for himself and gives you each \$1 back. So now you and your friend paid \$14 for the meal, a total of \$28, and the waiter has \$3, for a total of \$31. Where did that extra dollar come from?



# After the Interview

## Sticking the Landing

- “Do you have any questions for me?”
  - Avoid the stupid and obvious
- Ask for a business card

## Thank-You Notes

- Email each person **individually**
  - No group emails
- Mention a specific impactful detail from your conversation
- Use first names!



Thanks for Coming!

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# Questions?

