Note on Case Learning and Conducting Case Analyses

Division of Business Administration
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Overview

Most business students learn best by *doing* – by applying concepts, tools, and ways of thinking to practical situations that demand analysis and decision-making. We like to encourage internships and project work, for example, not just because these are good things for your resumes, but because they help you *do* and so help you learn.

Of course, your undergraduate education consists of things other than vocational training. (If that is all you want, then you shouldn't be spending this kind of money at a liberal arts college.) And we are not any time soon departing from the standard classroom environment. As a result, case studies are often an excellent way to simulate for the classroom the doing of business decision-making.

The value of cases is that they expose you to the managers, data, situational context, and even attitudes inside and outside a company that exist at the time problems need solved or decisions need made. A case is different from traditional assignments in your text. According to Dr. Tom Beyers at Stanford, a case may contain "several implied problems and it forces you to identify those problems". Cases also help you understand the situational nature of decision-making.

You will come across two kinds of cases in business education:

1. The descriptive case, or what Dr. Roger Schmenner of Indiana University calls the "Fortune magazine article" case. This type of case describes a business situation and explains how it was resolved. Like an article in a business publication, it explains how Starbucks went international, for example, or how GE expanded the Black & Decker brand into housewares. Short versions of these cases often appear as sidebar reading in textbooks. Because they usually explain how decisions were made, they can be used effectively to illustrate business strategy or decisions. They do not pose problems that analysis, additional research and critical thinking can address, however.

2. The problem case, most typical for courses in marketing management, financial management, strategic management or the conventional business policy capstone course. This type of case also describes a situation inside a firm, but it is an unresolved situation. You must analyze the data and context, complete any additional research that may be possible or necessary, and then decide what you think the key problems are and the best course of action to resolving them. The rest of this note is relevant for these kinds of problem cases.

Steps for Completing a Case Study

These steps, or others similar to them, are published in many places to help students understand how to approach a case study. (See "Note on Case Learning" from Harvard Business School, publication 9-899-105, and Dr. Robert Ronstadt's *The Art of Case Analysis* from Lord Publishing.)

1. Briefly read or skim the case. A first-pass reading of any case involves just getting familiar with what's there. You want to be able to answer these questions: What is the general situation (new product or market development, change in strategic direction, problems from new competitors)? Who are the key players involved? What kind of data is provided? Are there specific questions included at the beginning or end?

2. Review the assignment prompt or details. Some instructors may provide you with specific instructions or questions to address. After you quickly read the case once, study carefully these instructors' guidelines.

3. Read the case again, carefully, deliberately. Seriously. Read the case a second time. Study it. Write some notes in the margins, underline or highlight key passages. During this second read, you are trying to identify key issues, personalities and problems. If you have questions to answer from the case or from your instructor, then use this second reading to find information that you think might help you later answer those questions.

4. Process what information is contained in the charts and exhibits. The word "process" is important here. It's possible to read through tables and charts without fully grasping what data is contained in them, and therefore, what valuable information might be available to you. Study the exhibits. Know what each contains. You don't need to memorize them. You need to know them well enough to understand what might be useful to you later on.

5. Identify what you initially believe are some strategic or major issues. And write them down. Use a bullet list, if that helps. In some way, get down what your study of the case reveals as the major few issues. Often, this means discriminating. Cases usually include some company history; commentary from managers; notable high and low points in marketing, sales, finance, or manufacturing; competitor positions and strategies; and various amounts of data that all businesses collect. Not all of this is important. You must use your own business judgment (critical thinking) to choose what issues seem more important than other issues.

6. Analyze the data. This includes a lot of the number crunching of case learning. But good analysis isn't all number crunching. You will analyze things in a few general ways, though of course much depends upon what is available to you in the case itself:

- Conduct relevant financial analysis to determine profit ratios, debt ratios, and trends in sales, expenses, and profits. See the separate handout, "Note on Financial Statements, Ratios and Analysis," for more help with this.

- Conduct relevant marketing analysis, too. Is market share growing or shrinking? Has the increase in the number of sales reps risen or fallen? Is the firm's pricing competitive to industry averages? Are customers more or less satisfied now than earlier? And more or less satisfied than with competitors' products or services? Are brands clearly defined and aimed at equally clearly defined target markets? Are those target markets profitable ones?

- For strategy or policy cases, use other analytical tools available to you, such as:
  - application of Porter's Five Forces model
  - brand gap analysis
  - competitive or product mapping
  - environmental scanning
  - value chain analysis
  - risk assessment for international markets
  - profiling of competitors' goals and strategies.

7. <u>Consider whether someone in the case has gotten it wrong</u>. What we mean here is that, after doing your own analysis of the data, go back and see whether it supports conclusions or assumptions reached by the decision-makers in the case. Sometimes they are wrong. They have established a strategy to target market A when, in fact, market A is too small or too competitively crowded or anyway just not profitable given the company's cost structure. Sometimes managers assume their traditionally strong product line is healthy when good analysis of the data suggests this product line is losing market share. Sometimes company executives are so focused on conventional competitors that they ignore what might be obvious to you as threats from elsewhere. (Just how surprised were US recording labels when iTunes took off in such a big way?)

   In addition, cases often include disagreements among decision-makers. This mirrors the reality of firms and organizations. And it forces you to critically think – to do the analytical work necessary to form your own opinion about the issues.

8. <u>Establish a list of Strengths, Weaknesses, Opportunities and Threats (SWOT analysis)</u>. Your careful reading of the case, analysis of the data, and evaluation of the decision-makers should help you establish SWOT for the company (or the division or brand). Actual approaches to SWOT vary by company, analyst,

text, and professor. But in general, these principles are common to all approaches:

- strengths – critical things an organization does especially well, and especially with respect to competitors; it is a result of internal characteristics, people or resources

- weaknesses – critical things an organization does not do especially well, and again, especially when measured against competitive capabilities or industry trends; it is also a result of internal characteristics, people or resources

- opportunities – markets, products, services, and strategies that offer important possibilities for growth, sustainability or profitability for a particular organization; these usually are opportunities available from the external environment, though not all visible opportunities in an industry are necessarily relevant for any particular organization

- threats – markets, products, services, and strategies that pose a threat to an organization's growth, sustainability or profitability; like opportunities, threats are usually characteristics of the external environment, and not all industry threats are organization-specific threats

9. Answer the questions. If your instructor has provided specific questions to address, then after this study and analysis of the case material, you are in a good position to answer those questions. If the case itself includes implied or direct questions – What should the company do? – then now is the time for address those questions, too.

10. Outline recommendations and action plans. Most cases also are appropriate for you to establish a list of recommendations or develop a set of action plans.

11. Focus on the explanations. Since most case studies are tools for helping you learn, most case analyses or reports are ways for you to demonstrate to an instructor what you have learned. The real learning is often in the "why" of your decisions. Management text authors Dr. Arthur Thompson, Jr. and Dr. AJ Strickland note this: "The most important things to prepare for are your answers to the question 'Why?' For instance, if after studying the case you are of the opinion that the company's managers are doing a poor job, then it is your answer to 'Why?' that establishes just how good your analysis of the situation is" ("A Guide to Case Analysis").

Additional Information and Research

A common complaint among students studying cases is that there isn't enough information. That is probably more accurately stated as: There is not enough of the right kind of information. In one way, this mirrors the real world. Managers and executives constantly operate in a world of uncertainty, where information they would like to have doesn't exist or isn't legally available. Dr. E. Raymond Corey, author of the note on case analysis by Harvard Business School, says that "rather than plead inadequate information, make a reasonable assumption and state it clearly and explicitly. This is accepted practice" ("A Note on Case Learning," page 4).

For some cases, research into company records, financial statements or industry news may be helpful. Many cases, however, simply do not present good opportunities for research. If the key issues and data are anchored in a specific period of time, the historical data may not be available. Or if the information needed isn't public, then research will not be very productive.

Moreover, by the nature of the case study, cases are usually designed to emphasize specific issues and analytical points and so come self-contained. In terms of the learning opportunity, this gives all managers or students studying the case access to the same information and surfaces differences based on critical thinking. Typically, there is no single "right" answer to a case problem or single "best" strategy for a company to pursue. Instead, the case should help you refine your own independent and creative thinking.

And while some cases do not have all the information you may want, many of the better cases have too much information. Especially "good cases," according to Dr. Robert Ronstadt, "reflect the real world by providing an overabundance of information and detail about a particular business situation" (The Art of Case Analysis, 22). That overabundance is part of what serves the learning value of cases. You must work at choosing the relevant data for your analysis.

It is also possible that an instructor uses the case for a broader purpose than analysis and decision-making relevant to the issues at hand. You may be asked to find out what the real company did. Or to investigate the success of a real new product launch. Those tasks might be accomplished with research into what public information and industry data is available. Step #2 above is where you confirm what is required for your case assignment.

Discussing a Case in Class

Cases are great tools for small group and class discussions. Since everyone has access to the same data and description of circumstances, the discussion and resulting ideas about problems or solutions surface differences in critical thinking.

But for a case study to be productive, you must read it. And you must know it. Even if you are not an active participant in the class discussion, you benefit from following well what others are saying.

You must also be willing to learn from the other perspectives you may hear from classmates. Again, cases rarely lead to one right answer or problem solution. The kinds of differences you hear discussed are exactly the varying opinions and positions real managers confront from their company colleagues. Good managers pay attention to differences, let good reasoning help them better understand their own view and, sometimes are persuaded to change their minds. Good managers also understand that decisions need to account for some differences.

What better way for you to start practicing real decision making than by taking advantages of the classroom discussion of a case?

Repeat: But for a case study to be productive, you must read it.

Writing a Case Report

The report you may be asked to write largely depends upon any specific requirements defined by your instructor in the assignment guideline. Those instructions might include page number requirements, section requirements, etc. Of course, a prudent student needs to follow well the instructor's guidelines.

More generally, as Ronstadt notes, any good written case report should have three key sections:

- Identification of the key issue or issues, or key problem or problems, facing management in the case.
- Analysis of the relevant data that helps support the identified issues or problems and helps lead to the recommendations.
- The recommendations for solutions or change.

Below are additional things to consider when writing a case study report:

1. Format: This could be done in a variety of ways. It could take the form of a traditional-looking college term paper, double-spaced, with a cover page. It could be a multi-page business memorandum. Or it could be in a more typical business report, something that is usually single-spaced and includes good heading and subheadings.

2. Length: In any format, however, the written report need not be especially long. Those three areas above are crucial. With tables and charts to help highlight some of the key items, a comprehensive and high quality analysis of a case study could be accomplished in three to five pages of a memorandum or business report.

3. Business Communication Tools: Your case report should utilize good business communication tools, such as using bullet and numbered items. If you believe there are four major competitive pressures facing the company, for example, list those out as four numbered items. Almost always, this will make your analysis easier to read and understand than if you embedded those points in long paragraphs.

4. Tables and Charts: Use these for comparisons of a firm with its competitors, for financial and marketing data, for product lines, or for other detailed information that, again, is unmanageable and unreadable in a long paragraph.

5. Citations: Most cases won't require the kind bibliography or works cited page used for typical research papers. The case itself likely is self-contained. But it is still a good idea to cite page numbers from the case itself. And of course if you have used outside research or other material, then those sources must be cited correctly and listed properly in the back of your report. Business disciplines in academics use APA style formatting. You should, too.