



Analyzing a Case Study

Among the many tools available to business educators, the case study has become increasingly popular. Professors use it to teach the complexities of many different, modern business problems. That's not a surprising development. Beyond the fundamentals, memorization and description will take you just so far. The real test of whether you are ready to manage a business will come when you are asked to assume the role of a manager, step into an authentic business situation, make sense of the circumstances you see, draft a plan, and take action.

Why Study Cases?

Schools of law have studied cases for many years as a means of exploring legal concepts and understanding the practices of the courts. Harvard Business School began inviting executives and managers into their classrooms after the First World War, hoping to provide students with some insight into the thinking of successful businessmen. Not long afterward, professors of business began writing down the narratives of these business managers in an effort to capture the ambiguities and complexities involved in the day-to-day practice of commerce and administration.

The idea spread to other schools of business and migrated from graduate to undergraduate programs. Today, many business educators use case studies because their narratives are so valuable in developing analytic and critical thinking abilities, as well as organizational and communication skills. You can memorize lists, procedures, and attributes. You can occasionally guess successfully at the answer to a multiple-choice question. But you cannot memorize the answer to a problem you have never encountered, nor can you guess at the options available to a manager who must resolve a complex, difficult, often ambiguous situation.

Types of Cases

Although each case is different, you are likely to encounter three basic types of case studies, depending on the subject you are studying: field cases, library cases (sometimes referred to as public record cases), and armchair cases.

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Field cases. Field cases are written by professors and students of business with the cooperation of managers and executives who experienced the events and problems described in the case. They involve extensive interviews with people who are often identified by name as the narrative unfolds. Information contained in these cases is known best – and sometimes only – to insiders in a business. Newspaper accounts and descriptions of events contained in the business press may play a role in establishing key facts, but the sequence of events, what was said to whom, what each manager knew at the time, and which managerial options were open to the principals of the case are often a mystery to the public-at-large.

Extensive interviews with employees, managers, and executives will often reveal more. Careful examination of business records and data bases can provide background and context for the events. And, frequently, the active cooperation of a company is the only way a case author will ever know exactly what happened with any measure of certainty.

Field cases are often more extensive and thorough than other case types, but present a dilemma for the case writer: what does the company have to gain by granting access to its premises, its records, and its employees? Is this merely an attempt to make executives look good after the fact? Are such cases an attempt at public relations when things go wrong in a business? Often, to gain access to a business, a case writer must have some special relationship with those who own or manage it, and must have a reputation for reporting on events in an accurate and fair manner. One disadvantage of such cases is that, once they are published, they are difficult to modify and may quickly become dated.

Library cases. Unlike a field case, library or public record cases do not involve special access to the businesses being studied. They do not involve interview material or direct quotes which are unavailable elsewhere. And they most often do not include figures, data, or information which are not somehow a part of the public record, available to anyone with a library card and basic research skills.

Companies that have failed somehow – blown a great opportunity, overlooked the obvious, chosen the wrong path, or failed to act when they should – are understandably reluctant to permit case writers to speak with their employees or look at the evidence. If they've done something terribly wrong – committed a crime or imperiled the public welfare – a company may do all it can to withhold, obscure, or cover up what has happened. That is precisely the challenge facing most business reporters as they gather information for publication each day. Journalist David Brinkley once said, "News is what you don't want to tell me. Everything else is public relations."

Writers who produce library cases, however, have a wealth of information available to them. In addition to stories produced for broadcast, print, and online news organizations, business case writers can look to numerous government documents and other sources, particularly for publicly-held firms. Annual filings with the Securities and Exchange Commission, such as forms 10-Q and 10-K, can be very helpful.

When one company declares its intention to acquire another, or is sued in Federal Court, numerous documents relevant to the issues at hand may become a part of the public record. When a company prepares to launch an IPO or float a bond offering, numerous public disclosures are required. Case writers have a high degree of confidence in the accuracy of such records, since the penalty for falsifying them may involve heavy fines or jail time.

Armchair cases. These are fictional documents about companies that don't really exist and events that have never really occurred. While they bear some resemblance to authentic cases, they are often lacking in the richness of detail and complexity that accompany real events. They may be useful, however, in introducing basic concepts to students or in provoking a discussion about key issues confronting businesses.

Business educators produce armchair cases when they are denied access to the people and data of real businesses, or when they wish to reduce very complex events to a series of simple decision opportunities. Armchair cases are often useful to begin a discussion about change management, the introduction of technology, or a rapidly-unfolding set of events in other cultures. A principal advantage of these cases is that they can be modified and updated at will without securing the permission of the fictional companies and managers they describe.

Producing a Case Solution

To produce a case solution that demonstrates you are ready for management-level responsibility will involve the following steps:

Read the case. The first step to a successful case solution is to read the case, carefully and with an eye for detail – more than once. Personality theorists tell us that some people are eager to get to the end of a story quickly. “Don't bother me with details,” they say. “Just tell me what happened.” Such people, often dependent on *Cliff's Notes* and executive summaries will bypass the details of a case in order to reach a conclusion about what happened in the story. They are often reluctant to read the case attachments and will frequently avoid tables of numbers altogether. Many arrive at conclusions quickly and begin formulating responses before they have all the facts. The less clever in this crowd see the details of a case as a nuisance; reading the facts will only interfere with their preparation of a response.

After you have read and thought about the issues in a case, if you are uncertain about what to do, read it again. As you mature in the experiences of business school, you will get better at this, but at first, your best defense against being surprised or frustrated by a case is to read it thoroughly.

Take notes. College students typically want to either underline or highlight much of what is contained in a book chapter, reprint, or essay. Case studies, however, are constructed a bit differently. Textbook chapters are typically organized in a hierarchical fashion, with key points and sub-points listed in order of importance, carefully illustrated and summarized. Not so with case studies, which are often simply arranged in chronological order. Textbooks usually proceed in logical fashion, with one concept building on others that came before it. Case studies, on the



other hand, are seemingly chaotic: many events happen at once, order and discipline are sometimes missing, and key issues are not always self-evident.

Case studies may also contain substantial amounts of information in tabular form: annual revenues, product shipment rates, tons of raw materials processed, or cost data organized by business units. To know what such data mean, you will have to read the tables and apply what you have learned about reading a balance sheet, or about activity-based costing. You may find crucial information contained in a sequence of events or a direct quote from a unit manager. Sometimes you will discover that the most important issues are never mentioned by the principals in the case – they are simply ideas or tools that they weren't clever enough to think of, or didn't think were important at the time.

Your notes should focus on the details you will need to identify the business problems involved in the case, the issues critical to solving those problems, as well as the resources available to the managers in the case. Those notes will be helpful in producing a case solution.

Identify the business problem. In each case, at least one fundamental business problem is present. It may be a small, tactical issue, such as how this company will collect money from a delinquent customer. But the issue may be broader in nature: “How can they reduce accounts receivable ageing to 30 days or less?” Larger, more strategic problems might involve the company's chronic, critical cash-flow difficulties. “If this company were no longer cash-starved, what longer-term opportunities might open up?”

You may identify more than one problem in a case. Complex cases often involve several such problems simultaneously. They may be technical in nature and involve accounting or cost control systems. They may involve the use of technology. You might see supply-chain problems in the business you are studying. You may identify marketing deficiencies. Or, you might see human problems that involve supervision, communication, motivation, or training.

Specify an objective for the managers involved. Once you have identified one or more business problems present in the case, think about the outcome(s) you would most hope to see for the company and people you have read about. If you were asked to consult on this company's problems – and that is the role most business students are playing as they read a case study – what results would you hope for? Don't limit your thinking to what the company should *do*, but what the most *successful outcome* would look like. Be specific about how the company will know if they have succeeded. Quantify the desired results whenever you can.

Identify and rank order the critical issues. These issues are at the heart of the case. If you miss a critical issue, you may not be able to solve the case to the satisfaction of your professor.

- *Some issues are interdependent.* That is, a solution to one issue might necessarily precede or depend on another. In a product-contamination case, for example, a media relations team can't draft a press release until the production or packaging team knows what's wrong with the product. The team responsible for a new product launch can't

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make final advertising and promotion decisions until issues related to packaging, transportation, and distribution have been solved.

- *Some issues are more important than others.* A company may have a great opportunity to launch a product line extension, but not have sufficient market research data to support the idea. More to the point, they may not have the talent on staff to understand and properly use such data. Thus, hiring a market research chief might be more important than simply contracting with an outside firm to find the data.
- *Each issue has a time dimension.* While two problems may be equally important to the success of a company, one may be near-term in nature while the other is long-term. Setting up a corporate web site may be important, but it won't solve the longer-term issue of marketing strategy: should we sell direct over the web or use retail partners to market our products? Specify which problems must be addressed first, but think, as well, about the duration of the solutions – how long will it take to fix this?
- *Some issues are merely symptoms of larger or deeper problems.* Two managers in open warfare with each other about budget or resource issues may be symptomatic of more serious, long-term budget problems, inadequate communication among the management team, or perhaps a corporate culture that encourages confrontation over minor issues. When Sears-Roebuck & Co. discovered that auto service managers in California were charging customers to replace parts that were not yet worn out, the problem was deeper than a few overzealous managers. After analyzing the complaints brought by the California Attorney General, Sears realized that their compensation system rewarded managers for selling more parts, and not for simply servicing customers' vehicles.

Consider relevant information and underlying assumptions. Accept the fact that much of the information contained in the case will not be useful to your analysis. You should also accept the fact that you will never know all that you would like in order to produce a solution. Life is like that. So are case studies. Identify the relevant facts contained in case and think carefully about them. Identify additional information you might like to have – that might be part of your solution – but don't dwell on it.

Separate facts from assumptions. Recognize that there are some things you will know for sure and others that you will not. Recognize further that you may be required to subjectively interpret some evidence and to assume other evidence not directly stated in the case. The more suppositions you make, however, the weaker your analysis becomes.

List possible solutions to the problem. Every problem lends itself to more than one solution. Keep looking for good ideas, even when you have already thought of one that will solve the problem. Listing possible solutions is a form of brainstorming that will later permit you to assign values or weights to those ideas: is one solution less expensive than another? Will one be more effective than another? Will one idea work more quickly? Will one of these ideas have a more enduring effect?

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Select a solution. After assigning weights and values to the various solutions you have thought about, select the one you like best and prepare to defend it. Show why the ideas you have thought about are superior and how they will work. If you have rejected other, more obvious ideas, you may want to explain why.

Decide how to implement the best solution. Having good ideas is insufficient. You must be able to put them to work. Graduate students of business are often praised by executives for being theoretically well-grounded, but criticized for lacking practical application. “A team of young MBAs told me that we needed to sell this division of my company,” said an executive in the chemical industry. “But they couldn’t tell me what to do or how to go about it. All they knew was that we should try to find a buyer. Interesting,” he concluded, “but not very helpful.”

Explain how to communicate the solution. In a management communication case study, you will be asked to identify key audiences for your message. That means identifying which groups you want to communicate with and the means you will use to reach them. Think carefully about the broad range of stakeholders in the case: employees, customers, shareholders, business partners, suppliers, regulators, and the marketplace-at-large. Identify exactly how you would plan to transmit your message, assure that it has been received and understood, and how you would analyze feedback from those audiences. You should think, as well, about timing and sequencing of messages. Who should you speak with first? Who should send the message? How should this particular audience hear about this particular message?

Write it up. Different professors will have different expectations about what they want from you in a written case solution. They will probably not provide you with specific, detailed instructions regarding their expectations, but they will certainly tell you if you’ve missed the boat or have produced a solid response. Some will ask for wide-ranging responses that cover many issues, while others will expect a more focused response. Just provide your professor with your best thinking and be as detailed as you think you can within the page limits you’ve been given.

What You Should Expect

If you have read the case thoroughly, identified the business problems, rank-ordered the critical issues, proposed various solutions, and then identified how you will implement and communicate them, you can expect to be more-or-less as well prepared for classroom case discussion as your classmates. Here’s what else you should expect:

- *An occasional cold call.* Be prepared for your professor to ask you to provide key details from the case, sometimes referred to as a “shred.” Simply explain what happened in the case, identifying the business and its principals, and give your best thinking on critical issues in two minutes or less. Don’t worry about providing a solution just yet. Your professor is likely to want a more thorough discussion of the issues first. If you are feeling especially confident, you may wish to volunteer.

- *A logical, step-by-step approach.* If classmates offer information that is useful but not relevant or in line with the question the professor asks, expect the discussion to return to the issues the professor thinks are most important before you move on.
- *Different approaches from different professors.* No two professors are exactly the same in their approach or preferences. Virtually all of them, however, appreciate a bold, “do something” approach over hedging, caution, and a reluctance to act.

What You Should Not Expect

- *More information.* From time-to-time, your professor will present you with a “B” case that offers new or subsequent information. Such cases represent an extension of the facts in the “A” case and usually provide another managerial decision opportunity. For the most part, though, the information given in the “A” case is all you will have and you must make do with that.
- *A “right answer.”* Because case studies are most often based on real events, no one can say for certain what would have happened if your ideas or other, “better” ideas had been implemented. Some solutions are clearly better than others, but many ideas will work. Some of the very best ideas may not yet have been thought of or spoken aloud.
- *An explanation of what “actually happened.”* Many professors either don’t know what happened to the managers and the businesses described in your case studies, or they don’t think that your having that information will be useful or productive in the learning process. Your own thinking may be limited or skewed if you focus on actual outcomes.
- *A single discipline focus to each case.* While some cases are principally about accounting, they may contain issues related to finance, operations management, human resources, or communication. Authentic business problems are rarely, if ever, uni-dimensional. The more you are willing to think about other dimensions of business and their interdependency, the more you will learn about how real businesses work.
- *That your response will solve all of the problems in the case.* Focus on the most important, most urgent, and most relevant problems first. You may wish to identify issues for further thought or investigation by the management team described in the case, but you cannot and should not try to solve all the problems in the case.

In summary, your task is to read, identify and understand the business problems in the case. By identifying, rank-ordering, and exploring the critical issues it contains, you should be able to propose a workable solution, identifying how to implement and communicate it. From that point forward, you must explain your choices in writing be ready to defend them in the classroom.



For Further Reading

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