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9B18M054

student guide to the case method: note 2—performing a case analysis

Susan J. Van Weelden and Laurie George Busuttil wrote this note solely to assist students with understanding and using the case method. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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A *case* or *case study* is a real business story that requires you to step into the role of a manager or a member of the management team that faces a dilemma, or the role of a consultant assisting an organization that faces a dilemma. Acting in that role, you are tasked with resolving the issues or problems that the profiled organization is facing at a particular moment in time. Alternatively, you are asked to evaluate and choose among opportunities that exist for the organization at a specific point in time. Those issues and opportunities may be confined to a specific discipline in business, such as accounting, marketing, human resources, or strategic management. However, the challenges often involve several disciplines, reflecting the multi-faceted nature of business in practice.

The case method involves learning by doing. It provides you with an opportunity to apply your knowledge and skills to real-life and realistic situations. Listening to class lectures, reading about various business subjects, and performing quantitative and qualitative analyses to solve well-defined problems are all valuable learning tools; however, management skills and knowledge cannot be developed by these methods alone. Management requires more than applying a storehouse of prepackaged solutions or standard answers. Each situation faced by management has its own variables unique to the situation. Using the case method provides you with valuable opportunities to develop and practise skills you will need in those situations.

1. Introduction to Performing a Case analysis

For all case assignments, you will be required to analyze the case by performing one or more of the basic steps of analysis (i.e., identify the issues, analyze the issues, develop and evaluate alternative solutions, and recommend a course of action). *Analyze*, in the broad sense, refers to the full process of applying the case method. *Analyze* can also specifically refer to the case analysis step of probing into and dissecting issues. In both contexts, analysis is a critical component of the case method.

This note of the Case Guide Series guides you through the specific process of analyzing a case. This method for basic case analysis can be used for several purposes: discussing the case in class, writing a report, making a presentation, and writing a case exam.

1. identify the issues

The first step in analyzing the case is to identify the organization’s issues, problems, and opportunities (collectively referred to hereafter as “issues”) that you will attempt to resolve. A clear understanding of the issues is paramount; otherwise, your analysis and your generation of alternative solutions will lack the necessary focus. Although some cases will direct your attention toward specific issues (especially early in your business studies), a considerable degree of judgment is usually required to identify the issues.

* 1. Pay Attention to Questions

Questions from three sources provide important clues about the key issues:

* *The principal actors or characters in the case.* These clues are musings or direct questions raised by the principal actors themselves. You can usually find these clues at the beginning and end of the case, but they might also be sprinkled throughout the case.
* *Your instructor.* Questions can often be found in the syllabus or course package, or on the course website. These questions are sometimes intended to limit your analysis to issues that fit within a specific topic of discussion. At other times, these questions are intended to focus your attention on the most important issues.
* *The author of the case.* In cases presented in textbooks, the case author sometimes provides attention-directing questions at the end of the case.

If, in your analysis of the case, you have not answered all of the questions posed in the case or in your course syllabus, you have likely either omitted an important issue or become sidetracked by minor issues. Moreover, even if you have resolved some issues, if you have not addressed allof the questions posed in the case or in your course syllabus, your analysis will likely fail to totally satisfy your instructor—and later, your supervisor or client.

Especially in upper-level courses where the cases are, in general, more complex, your instructor could expect you to look beyond the more obvious issues or those suggested by the case principals to consider issues that people close to the situation could have overlooked. You should address these supplementary issues in addition to, not instead of, addressing the specific requests posed by principals in the case or by your instructor.

* 1. Distinguish Symptoms from Issues

To correctly identify issues, it is important to distinguish between symptoms and underlying causes. Your goal should be to focus on the underlying causes. To uncover them, ask the question “Why?” until you can no longer provide a satisfactory answer.

For instance, an organization might be suffering from low productivity. Asking why productivity is low might lead you to conclude that employee morale is low and that employees are not motivated to perform well. Probing further, you might find that both of these issues arise because the reward system does not adequately recognize good performance. Low productivity and employee morale are symptoms of the underlying cause.

Alternatively, an organization might be plagued by low customer retention. Asking why customers are going elsewhere might lead you to conclude that customer service is poor, product defect rates are high, existing competitors have improved their product, and a new competitor has entered the market. The last two items are root causes because asking “why” will not lead to further answers. Therefore, they are issues to resolve even though they are not within the organization’s control. Asking “why” for the first two items might lead you to the third issue, namely that the company’s goals and reward systems emphasize efficiency rather than product quality.

* 1. Limit Issues to a Manageable Set

Once you have identified the issues, you might need to reduce them to a manageable size to enable you to effectively carry out the subsequent steps in case analysis.

For some cases, you might be required to resolve a single issue. However, you should still identify sub-issues, and decide which are most important and which you have the time and space to tackle. For example, the issue might be to set an admission price for a new museum. Possible sub-issues to consider include fit with the mission of the museum, customers’ ability and willingness to pay, the possibility of differential pricing (e.g., lower rates for students), competing forms of entertainment and their admission prices, costs that need to be covered by the admission price, and the break-even point. To identify the most important sub-issues, consider the information in the case, the questions discussed in Section 2.1, and the nature of the course.

Other cases might present multiple issues. You might find it helpful to look for relationships among the issues and cluster them under one overarching issue. For instance, in an organizational behaviour case, you might be able to trace several issues—such as unclear decision making processes, inability to deal with job stresses, and inability to delegate—to the root issue of inadequate training of managers. Dealing with one issue is easier than dealing with three separate issues and will lead to better solutions.

Other cases might not have an overarching issue; instead, you might face a seemingly unconnected set of distinct issues. You will then need to prioritize the issues, using the questions referred to in Section 2.1, and your judgment, so that you give adequate time and attention to the most important issues.

1. Analyze the Issues

Analysis involves examining the issues in detail. It requires that you dissect the issues and consider them closely to understand their nature and key elements.

* 1. Use Case Facts

One aspect of analysis is using case facts to develop a detailed understanding of the issues. You can use the case facts to help build logical arguments, develop findings, and draw educated inferences rather than casual guesses. For instance, if the issue in an organizational behaviour case is inadequate managerial training, facts from the case should indicate that the training provided to managers did not sufficiently clarify decision making processes or how to delegate tasks, or both. Or, for a marketing case, an issue with increased competition might be supported by the case facts describing the entrance of new competitors into the market, new products introduced by competitors, or price reductions offered by competitors.

Many important case facts are contained in a case’s figures and exhibits. These case facts could include data about the worldwide market size, the competition, the company’s revenues and profit, industry sales, product prices, or organizational charts. Study each figure or exhibit to determine the key insights it offers. Go beyond the specific facts highlighted in the body of the case; figures and exhibits usually include additional facts that can be interpreted in other ways to enhance your analysis.

* 1. Use Business Concepts, Models, and Tools

Another aspect of analysis is the use of business concepts, models, and tools to analyze the issues. For example, in an organizational behaviour case, you could use equity theory or expectancy theory to explain why an organization’s reward system has been unsuccessful in motivating employees. In a marketing case, you could apply the model of a product life cycle or the concept of a target market; you could also calculate market share and changes in market share. To analyze issues in an accounting case, you could use tools such as contribution margin analysis or capital budgeting. In an integrated strategic management case, you might apply the concepts of value chain and competitive advantage, compute financial ratios, and apply tools such as a competitive position matrix and Porter’s five forces framework.

You will sometimes be given directions to apply specific concepts or tools; other times, you are expected to use your discretion in selecting the most relevant concepts or tools to apply. For some cases, the analysis will largely rely on qualitative models and tools. However, many cases will involve both qualitative and quantitative elements.

Note 7 of the Case Guide Series—“Using Common Tools for Case Analysis,” No. 9B18M059—describes some common qualitative and quantitative tools for analyzing issues and possible courses of action.

* 1. Use Outside Research Sparingly

Analysis might also include conducting and integrating outside research—for example, researching the industry and competitors—to supplement the information provided in the case. However, for many cases you will encounter in your studies, you will not be asked to obtain outside research beyond any background knowledge required to understand the facts of the case. This approach is consistent with the requirement that you put yourself in the role of either the manager or a member of the management team making the decision. You are asked to make that decision based on the same information the actual managers in the actual organization had at that actual point in time.

1. Develop and Evaluate the Alternatives

In this step of a case analysis, you first identify alternative solutions to address the issues you previously identified and analyzed, and then evaluate the advantages and disadvantages of each alternative. The best alternatives will resolve more than one of the identified issues.

* 1. Develop Alternative Solutions

When identifying alternative solutions, go beyond the *status quo* (which might or might not be a viable solution, depending on the company’s situation) and beyond identifying a poor alternative and a very good one. Strive to develop multiple viable alternatives that are not chosen with a bias toward or against a particular course of action. Creative thinking will enable you to develop novel approaches. Avoid a premature evaluation of the alternatives, and try to develop as many alternatives as possible.

Even if you know the course of action the organization ultimately chose, resist the temptation for that knowledge to bias your development and evaluation of alternatives. This topic is further discussed in Section 5.3.

* 1. Evaluate the Alternative Solutions

Assessing the advantages and disadvantages of each alternative solution represents another form of analysis, as is quantifying the financial impact of an alternative solution. Some of the case analysis tools described in Note 7 can be used to analyze alternative solutions, in addition to being used to analyze issues.

When you evaluate your alternatives, present a balanced assessment of both the advantages (pros) and disadvantages (cons). Use of biased or one-sided arguments undermines both the usefulness of your analysis and its credibility. Where possible, suggest how to overcome any significant disadvantages.

If you have difficulty generating pros and cons, establish a set of criteria for decision making and use those criteria to identify pros and cons. For example, in a strategic management case, decision criteria might include the degree to which the action:

* fits with the organization’s mission, value proposition, and goals;
* fits with stakeholder preferences;
* is profitable;
* increases market share;
* enhances the organization’s brand;
* capitalizes on specific external opportunities;
* helps to mitigate external threats;
* uses internal strengths;
* avoids or mitigates internal weaknesses;
* builds on an existing competitive advantage or helps to create a competitive advantage;
* requires additional resources and competencies;
* can be accomplished within the organization’s existing structure; or
* mitigates or increases risks, including environmental and reputational risks.

The principal in the case or the questions in your syllabus or course pack might have alerted you to some of the decision criteria to be applied. If so, be sure to use those as your starting point in establishing a set of decision criteria.

Measuring alternatives against decision criteria also helps to keep the analysis consistent, reducing bias. For instance, by applying the criteria, you avoid citing a loss of market share as a disadvantage of one alternative but overlooking the same disadvantage in another alternative that is your implicit favourite.

When identifying pros and cons, be as specific as possible. For instance, instead of stating that an alternative will be unprofitable, indicate that the alternative will result in net losses of $72,800 and $52,500 in years one and two, respectively. Instead of claiming that an alternative will increase market share, indicate that it will increase market share by an estimated three to four per cent by year five. Rather than arguing that an alternative will capitalize on an organization’s strengths, indicate the specific strengths that will be capitalized on and how they will be leveraged.

When working with financial measures, if you can incorporate all of the information about revenues and costs into a profitability measure, it is unnecessary to then itemize individual revenues or expenses as pros and cons. Doing so would be redundant and is not nearly as valuable as doing the financial analysis required to determine profitability.

Your evaluation of alternatives should also go beyond obvious disadvantages such as being “costly” or “time-consuming.” A costly alternative might still be highly advisable, especially if it generates sufficient advantages. Almost all courses of action involve some cost and time, so clearly distinguish how these factors vary from one alternative to the next and, when possible, provide evidence. For instance, one potential product line might require a significant push by the sales department to make it successful, whereas another might not require as much effort because it fits better with the organization’s existing product lines and target market.

Once you begin to evaluate your alternatives, you will probably be able to quickly discard a few alternatives after some preliminary analysis. For instance, in a strategic management case, one alternative could lie far outside the organization’s existing competencies and contradict one or more of the organization’s clearly stated goals. Discarding one or more unsuitable alternatives will allow you to focus your detailed analysis on the more feasible and more helpful alternatives. Nonetheless, some preliminary analysis is important to ensure that you do not rule out options too quickly as a result of your own biases.

It can sometimes seem expedient to group a few alternative solutions and evaluate them as a package. However, evaluating combined alternatives can be difficult because each component usually has its own pros and cons. Also, evaluating packaged alternative solutions often obscures some of the issues, resulting in an evaluation that is less thorough than if each alternative had been evaluated separately. Therefore, it is usually preferable to wait until the recommendation phase to combine alternatives.

* 1. Use Case Facts and Business Concepts, Models, and Theories to Evaluate the Alternatives

When evaluating alternative solutions, you will have another opportunity to introduce key facts from the case and to apply concepts, models, and theories from the course to support your analysis. Some of those concepts and models will tie directly to the decision criteria referred to in Section 4.2.

For instance, in a strategic management case, alternatives can be evaluated by assessing their fit with stakeholders’ preferences and by identifying resource gaps that would need to be filled to implement each option. In an organizational behaviour case, if negative group norms are an issue, you could use theory to propose ways to build positive norms, such as rewarding desired behaviour and providing feedback about unacceptable behaviours. In a human resource case, you could evaluate alternative ways to recruit new managers by considering the theoretical pros and cons of various recruitment techniques and assessing their prospects for success, given the company’s specific needs and circumstances. In a finance case, solutions could be evaluated against the company’s required rate of return or payback period. In a marketing case, you could demonstrate how a proposed product is designed to meet the needs of the firm’s current target market or how its short development time would allow the firm to begin selling the product before its competitors do.

The examples in the preceding paragraph illustrate that the evaluation of alternative solutions usually involves some additional analysis. The analysis of the issues and of the alternative solutions should fit together; the concepts, models, and theories used to analyze the issues should be consistent with those used to evaluate alternative solutions. The goal in both exercises is to provide analyses that demonstrate sound argument and logic, and are supported by careful use of the case facts and appropriate analytical techniques (some of which are described in Note 7).

1. Recommendations
   1. Apply Criteria for Making Sound Recommendations

The last step of case analysis is to choose your recommended solution to the issues. Your recommended solution will often consist of a combination of alternatives because issues are usually not so simple that a single solution will suffice. Your goal is to develop recommendations that are useful, given the issues that you are trying to resolve; consistent with your analysis; reasonable, given the organization and its environment; feasible, given the organization’s resources; and convincing to your reader.

Articulate the decision criteria (e.g., those listed in Section 4.2) that you have established and applied in developing your recommendations. If the principal in the case has established the decision criteria, your recommendations should explicitly address how your recommended solution meets those criteria.

* 1. Craft Your Recommendations

Your recommendations should include sufficient operational-level details to enable their implementation. For example, specify who should implement the recommendations, how, when, and in what priority. You might want to develop a more complete implementation plan and attach it to your report as an appendix, after briefly referring to the plan in the body of the report. This approach helps to build a convincing, persuasive argument for your recommendations.

If you are specifically asked to design a separate implementation plan, your recommendations will be more general, and the details regarding who, how, when, and in what priority will be included in the implementation plan.

Your recommendations should address all the issues you identified, and should be both supported by and consistent with your analysis. Where appropriate, demonstrate how and why your recommendations would be acceptable to key individuals in the organization. Ensure that the organization is financially able to implement the action plan and has the expertise, time, and other organizational resources necessary to do so.

* 1. Base Your Recommendation on the Information You Have

Avoid recommending that further information be obtained or that additional analysis be completed. Instead, base your recommendation on the information you have, even if you believe more information is needed. Managers rarely have all of the information they desire. If further analysis is absolutely essential, your recommendation should specifically state what should be done, why, and by whom.

If the assigned case study is based on actual events, you might already know the course of action that management chose, or you might be able to obtain this information through further research. Resist the temptation to recommend this alternative, which assumes that management made the best decision. Base your recommendation on the information that management had at the time it faced the decision and *on the analysis that you conduct*. Only time allows us to evaluate the effectiveness of an organization’s actual chosen course of action. Even years later, we might not know whether outcomes would have been better for the organization had another alternative been chosen.

* 1. Evaluate Your Recommendations

Before finalizing your recommendations, take time to evaluate your recommended solution by asking the following key questions:

* Does the recommended solution address the issues identified in the analysis?
* Is there theoretical support for the solution?
* Does the recommendation address the pros and cons identified when you evaluated the alternative solution?
* Does the recommendation suggest how to mitigate or overcome the most critical disadvantages, including any risks posed to the organization?
* Does the recommended solution meet organizational goals?
* Is the recommended solution financially viable? Is it feasible from a resource perspective?
* Is the recommended solution acceptable to various stakeholders of the organization (e.g., management, employees, shareholders, and customers)?
* Does the recommendation provide sufficient details to enable the organization to implement it?

Being able to answer these questions affirmatively will help your recommendations meet the key criteria of being useful, consistent, reasonable, feasible, and convincing.

1. Variations on performing a Full Case Analysis

The basic four steps (identify the issues, analyze the issues, develop and evaluate alternative solutions, and recommend a course of action) are required for a full case analysis. This section discusses two variations to a full case analysis: analytical cases and partial case analysis.

* 1. Analytical Cases

Some cases might not describe the issues to be resolved but might, instead, describe issues either in the context of a success story or in a situation where it is too late to resolve the issues. In such cases, the focus is on analyzing what can be learned from the organization’s successes or failures so that future prospects for success can be enhanced, or similar predicaments can be avoided or better handled by either the organization in the case or others. Business concepts, models, and tools should still be applied. For example, the leadership of an organization could be analyzed to identify which styles of leadership were evident and their effectiveness in the circumstances described in the case. Alternatively, a corporate initiative might be analyzed to determine its effectiveness in addressing resistance to change and its application of other change management principles.

* 1. Partial Case Analysis

Due to time or space constraints, your instructor might require only a partial case analysis. For example, you might be asked to focus only on identifying and analyzing the issues. Alternatively, the case might clearly define the issues, and you might be asked to only identify and evaluate possible alternative courses of action. Another form of partial case analysis is a “directed case,” in which you are directed to answer a specific set of questions about the case.

Even though a full case analysis might not be required, it is still important to see how the task you are asked to perform fits within the larger picture of a full-fledged case analysis involving the four steps discussed above.

1. case analysis and academic integrity

Because case analysis is complex, it may often seem helpful to discuss the case informally or formally with other students before participating in a class discussion, writing a report, or making a presentation. Managers and consultants often discuss problems with other people, within the constraints allowed by confidentiality. Therefore, your instructor may allow, encourage, or even require such discussion. However, ***to ensure academic integrity and to avoid plagiarism, unless your instructor has specifically indicated that some degree of discussion is permissible, you should consult with your instructor before engaging in any collaboration***. This restriction on outside discussion is especially necessary when preparing reports and presentations.

It may also seem helpful to search the Internet for teaching notes for cases or for case reports or slide presentations prepared by other students. Academic integrity requires that you refrain from using such resources, in full or in part. Any attempt to use the work of others and to pass it off as your own is plagiarism. If the instructor is suspicious that plagiarism might be involved, you may be asked to upload a copy of your case report through Turnitin.com.

While using the work of others may appear to provide a shortcut to a good grade, the quality of online sources and the work of other students is often suspect, at best. Most importantly, you deprive yourself of the learning opportunities the case method offers.