

## The Case Method

### The Objective

The case study method was developed because of the view that management is a skill rather than a collection of techniques that can be acquired through lectures and practiced in problem sets. A case thus has two aims.

First, it serves as a metaphor for a particular set of problems. The cases are chosen to touch on different industries and different strategic issues, and therefore provide a net that can serve as a metaphor for problems you will face in your own career.

Second, it serves as a simulation process. The first step to management is asking the right questions, determining the real problem. This is followed by the processes of analysis, choice and persuasion. These are skills to be learned and practice, just as a guitarist practices for hours each evening.

### The Role of the Student

The core of case teaching is the facilitation of student learning. Thus it is necessary that you be committed to the following principles:

- Preparation. It is important to read and analyze the case and formulate an action plan in order to get anything out of the case discussion (see below).
- Promptness. Late entry disrupts the classroom and will make it much harder to follow and participate in the discussion.
- Participation. A case study is lead by the students; thus each student has the responsibility to share their understanding and judgment with the class to advance the class's collective skills and knowledge. Moreover, you will get the most of the class by immersing yourself in the case and actively playing the role of the protagonist.

### Case Analysis

The aim of the case is to analyze a management situation, develop a plan of action and express the position articulately. We can break the process into four steps:

1. Individual analysis and preparation. This usually take the following steps:
  - a. Read the first few paragraphs and quickly go through the case. What is this case about? What type of information I am being given?
  - b. Read the case carefully, making margin notes. Put yourself in the position of the manager. What are the basic problems these managers face?
  - c. Note the key problems on a pad of paper.

- d. Sort out the relevant considerations for each problem area.
  - e. Do appropriate qualitative and quantitative analysis.
  - f. Develop a set of recommendations supported by your analysis.
2. Informal small group discussion. The purpose of these discussions is to help members refine, adjust and amplify their own thinking; it is not to develop a consensus of a "group" position. Caveat: Obviously you will be presenting in groups, which requires compromise; however, you can express your own opinion in your essays and the class discussion.
  3. Classroom discussion. Students bring their expertise, experience, observations, analyses and rules of thumb. You will propose solutions as clearly as possible, defending your recommendations with your analysis. Ultimately, the answer is less important than the process. Indeed, the case method of learning does not provide *the* answer. Moreover, you will primarily learn from your classmates; the only person who does not need to make a decision about the case is me, the instructor.
  4. End of class generalization. To get the most from the case, one should assess what general lessons were learnt. How does it relate to the material taught in the class, to other cases, and to your own interests and experience?

### The Lesson

Within lesson, there are three parts. First, a team will open the case for 10-15 minutes. Second, there will be an open classroom discussion, including cold calls. Third, the instructor will summarize parts of the discussion and talk about general lessons.

A top notch case analysis includes a structured analysis of the current problem, strategic options and clear recommendations with factual support. More specifically, the key elements of an "opening" of a case should include:

1. Clear assessment of the key problem including:
  - a. Competitive positioning of current business and/or product service (revenues, profitability, market share and key trends).
  - b. A look at notable threats to the current state. These can be micro issues such as new competitive entrants, competitive product launches with enhanced product attributes, or changes in the competitive cost structure. Alternatively, these can be macro, such as weakening economic environment for a high priced product offering, changes in public policy or trade environment.
  - c. A clear understanding of the customer and the customer's key. A differentiated look at existing customers of a business vs. desired new customers and their relative value should ideally be included.
2. Identification of 2-3 strategic options with a clear recommendation for one. This recommendation should include:

- a. What the business should do. For example, a new product launch, withdrawal from the market, launch of competing product, developing a new pricing scheme etc.
  - b. A rationale for why this recommendation is best. Key elements can include: the competitive advantage that the firm has in executing on this strategy, size and attractiveness of existing and/or future market, existing customer loss avoidance, superior shareholder returns, opportunity cost analysis of the benefit of recommended strategy vs. others etc.
  - c. Analysis should draw upon data provided in case (financial statements, market growth data). If the market is brand new and no data is available then relevant benchmarks should be identified with assumptions for relative market size and profitability based on these existing markets
  - d. A valuation of the strategic option, include future revenues, profitability, margins, capital required and ultimately a return on investment (ROI). Key sensitivities should be identified (e.g. pricing, margins) which would drive the recommendation.
3. An implementation plan and risk mitigation strategy including:
- a. What resources would you need to execute on the plan? (e.g. financial, human)
  - b. Would you have to reallocate resources from existing projects and how would you prioritize.
  - c. What timeframe would you implement over and how broadly would your implementation be? For example, pilot then full launch, or go straight to full launch given market timing issues?
  - d. What could go wrong with this strategy and how would you handle this? This should identify the specific risks, how great they are and what you can do as a leader to mitigate them.

Regarding timing, you have 10-15 minutes to open the case. Usually, one would spend 40% on the analysis of the problem, 40% on the recommendation and 20% on implementation plans and risk mitigation.

**Sources:** This material is drawn from correspondence with Terry Kramer as well as Hammond (2002), "Learning by the Case Method", HBS 9-376-241; Shapiro (1985), "Hints for Case Teaching", HBS 9-585-012; and Shapiro (1988); "An Introduction to Cases", HBS 9-584-097.