

Notes on Case Analysis

David Robinson, September 2008

Business school cases are quite long and complicated. We study cases not so much to find the right answer, but to train ourselves in systematic analysis so we will be effective decision makers in the business world. Successful case preparation depends on multiple readings of the case and multiple points of view.

Multiple Readings of the Case

If you attempt to analyze a case by pulling an “all-nighter” (waiting until the last minute, spend hours poring over the case and going line by line looking for insights) you will be overwhelmed. You should plan for multiple readings of the case over several days, complemented by group meetings and discussion.

Multiple Points of View

Even if you are preparing to write an individual brief, you should plan to discuss a case with a study group. You’ll notice that in business the major consulting firms always assign a team of people to each client, not just their single best industry expert. The reason for this is that no one person is likely to comprehend all the problems a firm faces. No two individuals are likely to have the same insights, but the combined wisdom of a team is likely to come up with a fairly comprehensive analysis.

First Reading of the Case

You should read the case first on your own—if you meet with your study group and open the case book and say, “OK, what’s this about?” there is every likelihood that your team will degenerate into “group think” (one person comes up with a plausible solution and everyone else concurs in a false consensus without challenging either the analysis or solution).

In your first reading, read through the whole case quickly and try to get some sense of the following:

1. How is this industry organized (e.g. fragmented, a few dominant players; strong buyer power or producers have the upper hand)?
2. In general, how is the firm doing? What is going well and what less well?
3. How would we describe the current situation?

- a. Competitive situation
 - b. Technology
 - c. Consumer demand and preferences
4. What appear to be the key success factors in this industry (e.g., technology leadership or channel relationships)?
 5. What do the problem areas seem to be?
 6. What has the firm tried so far? What worked and what didn't work?

Second Reading of the Case

Before starting your second reading of the case, be sure to take a break. In the interim, ideas will pop into your head: Questions to ask, and possible solutions for the firm's problems. In your second reading, you will go more slowly through the case and mark it up. You'll develop your own personal style, either taking notes or using multiple colored highlighters for:

- Problems
- Players (specific decision makers)
- Numbers (key figures are often buried in the narrative).

Take a careful look at each Table and Exhibit and try to determine why the case writer offered this information. It could be general industry background, the source of a key figure such as Overhead or Retail Margin, or it might be irrelevant information.

Meet with your Study Group

Even if you are writing an individual brief, at this point in the process you should take advantage of a study group meeting. Assuming that the group members are all reasonably well prepared, aim to come away from the meeting with a good sense of the following:

- An understanding of all the problems the firm faces
- An ordering of those problems from most important to least important
 - In general, the most important problems are defined by *immediacy* (how soon does the firm have to decide), *impact* (is this something that will close the firm down, or is it just a minor loss of market share or profitability) and *likelihood* (earthquakes and hurricanes have devastating impacts but are relatively rare—in the meantime, the firm has to go about its business.)
- For the main problems, develop a list of *all* possible solutions (including the option of “do nothing”)

- Understand that there'll be some problems that you won't have room or time to address
- Once all the possibilities have been laid out, go back and test the merits of, and objections to each one.

As you discuss possible solutions, be sure to stay at a strategic, “big picture” level with proposals such as: “Make a new marketing mix to appeal to a new group of customers” rather than a minute detail of implementation such as: “We could offer 50 cent coupons.” For each option, it's a good idea to develop some approximate numbers: How much will each proposal (such as product development, heavy mass media advertising) cost? What is the payoff likely to be? Make some quick “back of the envelope” rough-number calculations.

Achieving Consensus

If you are writing an individual brief, or just preparing for in-class discussion of a case, the good news is that you don't have to agree with your study group members on either which is the most important problem, nor on the best solution. So there's no need to waste time (and hurt feelings) on arguing to the death for a particular point-of-view.

Of course, if the task is to make a group presentation or to write a group brief, you'll need to come to a consensus on the major approach to the case. Usually, it's fairly easy to achieve a common point-of-view. However, if you are engaged in a head-to-head battle, it's worth revisiting the reasons for and against each position to see whether something has been overlooked (is there a definitive objection to one proposal, for example).

The one thing that you must avoid is attempting to begin to write while there are still opposing views as to the approach your group will take—the result will be illogical and ineffective. Remind one another that there's no “right answer”—cases are deliberately set up so that a case can be made for one of several courses of action. There are a few strategies that are clearly wrong (e.g., heavy promotional expenditures when the firm has run out of cash), you can usually craft a good strategy (and earn a high score!) by any one of several possibilities. So, get on board with the consensus and see how to promote that approach.

The Third Reading

Now you are ready for the third, very careful, final reading of the case. By now you'll know your way around the case so you'll be able to go quite quickly. You will be looking for specific facts (such as margins, Cost of Goods Sold ratios, etc.) On a group project, it's often quite efficient to do the third reading together; for individual projects, since you don't need to agree with your group, you can disperse and do this reading on your own.

Develop the financial models to show that your proposed solution is the best. A good tip is to “turn on Excel *before* you turn on PowerPoint or MS-Word.” There's nothing worse than a group that

comes into office hours and says: “We decided to launch the new product—can you show us the calculation. (The calculation should’ve been done *first*, before a decision was made to launch.)

Next, gather together the “soft” reasons that support your position, such as consumer trends or “fit” (for example, the firm has a history of making acquisitions within the industry so this proposal fits with past practice.)

Next, look at the assumptions you are making (channel members will carry the new model, suppliers can make the parts, for example.)

At this point, you can make an outline. If you are writing alone, a few hand-written notes will make sure you are not repetitive on the one hand, nor leave out something important on the other. For a group brief or presentation, it’s much better to struggle over the outline (what is general strategy versus what belongs later as an implementation step?) than to have to revise the work product after the fact.

Write, then Edit

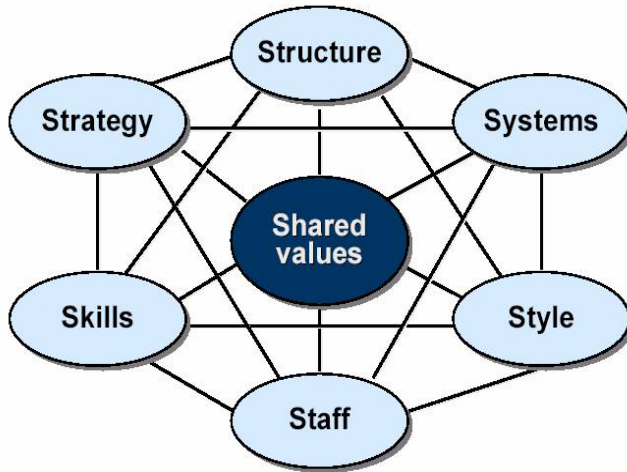
Groups don’t write briefs or PowerPoint slides—individuals do. That is to say, even on a group project, only one pair of hands can be on a single keyboard at once. More time is wasted in Business School with groups battling out sentence structure word by word than on any other pointless activity. With an agreed outline, it’s easy to divide the work. Get away from one another, write your piece and then put the brief or presentation together.

For individual as well as group projects, a final edit can be the key between a good and excellent brief. Again, make sure you’ve left enough time to take a break so you look at your nearly-finished project with fresh eyes. For a group brief, it’s a good idea to elect one person as the “editor” and agree ahead of time the limits of editing (for example, is word-choice a legitimate change, or should the editing be limited solely to grammar, spelling and format?)

For group presentations, when you first assemble all the slides, you’ll invariably find you have too many. Move the ones that add too much detail (for example, the calculation showing how you arrived at a particular figure) to the end to use as backup during Question and Answer.

Schemes of Analysis

To this point, the approach to case analysis has been rather pedestrian, with no particular structure offered for analysis. Such structures as the “Seven S Model” favored by McKinsey, the “Three C’s Model¹” (Costs, Customers and Competitors) or SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) are recommended for gathering together information in complex situations. They are useful in case interviewing where you must carry a lot of information in your head, perhaps less useful in class where we have a pre-defined structure for case briefs.



Screen”: Are there any Micro-economic issues here? What are the Macro-economic issues? Have I missed anything from Accounting, from Cost structure, etc, etc?

Where you are analyzing a case for a term project or final exam, one good last-check is to run through your courses and see if there’s anything you’ve missed, the so-called “MBA

Harvard Case Writing

Just as operas always begin with an overture and Shakespeare plays begin with a prologue, there are certain *conventions* with Harvard-style business cases. While some of these conventions are part of the art form of case-writing, most of them have a purpose: They model what you will see in the real world.

1. **Numbers** Most of these are in the case for a reason, pay particular attention to them. For example, if you read: “The margin on the new model was less than 20 percent.” This should alert you that the margin on other models was higher. Look for that number. Watch out for the trick of burying numbers in the narrative: “Test markets showed that fewer than seven percent of customers chose the luxury model.”
2. **Conflicting numbers** Try asking a consulting client a question like: “So, how much does a typical customer spend?” You’ll get different answers from each person in the firm. For cases, watch out for industry averages versus what the firm experiences and estimates versus actual results (results, of course, top estimates). If there are two irresolvably conflicting numbers you can take a simple average, or (better) test your model with both numbers.

¹ But see “Three C’s, Maybe Four or More” on my website

3. **Irrelevant numbers** Most cases are packed with irrelevant detail. For example, “The firm was awarded US Patent 1222-5768.” You’ll learn to ignore such numbers.
4. **Distracters** Most business cases will include long narratives that—while interesting—provide no information that is dispositive to the case. Again, you’ll learn to skip long stories about the ancient history of the firm and deep background paragraphs that begin, “Tennis was first played as a game in the palaces of the Tudor monarchy.” In short, “who cares?”

Some cases are “Alice in Wonderland” cases—they came, they looked around, everything was strange and wonderful. Then they went home. In general, we work hard to avoid assigning these “vanity” cases. (They may have a function in describing what a great firm did to execute a successful strategy, but they lack a state of tension—there is no decision to be made, everything is perfect.) In other cases, the chief decision is often introduced on page one and then recapitulated in the last few paragraphs: “And so, as he looked out the window, he was wondering whether to invest heavily in new productive capacity at a time when the industry was competing heavily on price.” Sentences like that pretty much set up for you the main decision in the case. A few cases actually end with specific numbered questions. However, in many briefs the most important task is to figure out what really is the problem. This parallels a situation that we often see in business where a firm decides to “call in the consultants.” Everything is a mess and it’s not clear where to start.

Along the way, you may find yourself tossed a **bone to chew on**. A bone, is something semi-nutritious that you throw out to your dog to gnaw on until you have the time to fix him dinner. In Harvard cases, buried in the narrative you may find some fascinating questions about, say, the future of the industry or the long-run effect of the emerging middle class in Asia. “Bones” aren’t true distracters—they’re not entirely irrelevant—but they are just something for you to chew on until you get to the real “meat” of the case: the specific decision that the firm must take. ❖