E.J. Ourso College of Business Flores MBA Program

Introduction to Case Analysis & Discussion and How to Write Persuasive Recommendations[1]

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Recommend reading: *The Case Study Handbook*, by William Ellet, from Harvard Business School Press ($25).

Overview:

Many of your MBA classes (e.g., BADM 7100) will feature very few lectures. Instead, case analysis and discussion will be the focus of several entire class sessions and require ***detailed preparation***, ***whether or not a written recommendation or report is required***. To benefit from these case discussions, it is essential that each student thoroughly prepare a case analysis prior to class. Merely reading the case, or developing only a superficial understanding of the facts is not sufficient. This document will give you a jumpstart on understanding how to effectively analyze, discuss and write about cases.

The Case Method:

Cases allow you to analyze real-life situations that business executives have faced. Not only do you get to experience the situation as the executives encountered it, but you also get to make your own recommendations given the same set of information they had. What makes case-based learning so exciting and effective is that you will hone your analysis skills by presenting and supporting your recommendations in front of your peers and professor.

Your experience in the MBA program will differ substantially from the typical lectures that most students encounter in the modern undergraduate classroom. Lectures can convey information, but they don't require active participation on the part of the listener. Case discussions allow for the creation of knowledge with the guidance of an expert. The case method intentionally forces participation and active learning because, as Harvard Business School alumnus Charles I. Gragg wrote, "Wisdom can't be told" (HBS 9-451-005). Gragg goes on to say,

> "Thinking out original answers to new problems or giving new interpretations to old problems is assumed in much undergraduate instruction to be an adult function and, as such, one properly denied to students. The task of the student commonly is taken to be one chiefly of familiarizing himself with accepted thoughts and accepted techniques, these to be actively used at some later time. The instruction period, in other words, often is regarded both by students and teachers as a time for absorption.
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> "Thus many students entering graduate schools have become habituated to the role of the receiver. The time inevitably arrives, however, when young people must engage in practical action on their own responsibility. Students at professional schools have a little time – [usually]

[1] Many thanks to David Rados and Neeli Bendapudi for valuable suggestions.

> two years – to achieve the transition from what may be described as a childlike dependence on parents and teachers to a state of what may be called dependable self-reliance" (HBS 9-451-005).

As Ellet (2007 p. 12) says, "For students, this can be a monumental shift in the educational experience, from the comfort of authority and the officially sanctioned truth to the hard work of personal responsibility and unease of ambiguity and multiple meanings." Wow! And you thought that graduate school would be an easy way to delay accepting responsibility for two years. Time to take responsibility for your own education. You will learn this lesson over the next two years, or you will be forced to learn it when you get back in the workforce (or suffer the consequences of a low-skilled, low-wage job).

Most students who enter a case-based graduate program may assume that regurgitating case facts is the primary goal of the exercise. However, simply knowing facts is insufficient for a case discussion or case-based exam. The goal is to get you to the point where you can take a loosely woven narrative (eventually a messy and complicated real-life situation) and extract the valuable information for making a well-reasoned and factually-supported decision.

Students soon learn that there is no single correct answer to a case. Case facts will support many different interpretations and conclusions. Further, many situations are ambiguous, forcing you to make reasonable assumptions before continuing with further analysis. As Ellet (2007, p. 14) says, "Every case, whether it has a large amount of information or very little, requires the reader to make inferences…. If memorization is the primary skill of the lecture model, inference is the primary skill of the case model." You will learn how to build an effective argument for your position and to gain confidence in your ability to analyze future situations across a variety of contexts (as Professor Corey notes, "Sometimes to one's spouse's annoyance!" HBS 9-899-105). That is, once you learn how to analyze problems in a clear, analytical way, this type of thinking will permeate every activity of your life and you will not lack confidence as you apply it to new situations.

At the end of a case discussion students invariably will ask, "What happened?" They want to know what the executives actually did and how it turned out. This is a reasonable question, if the purpose is simply to close the story and fill in some missing details. But, if the purpose is to see if the student got the answer "right," then this question indicates that the student does not understand the case method. The fact is that "what happened" is irrelevant. You will never experience the same situation – ever – in your professional life. Because of rapid changes in competitive environment, culture, context, etc., it is much more important to master the problem-solving ***process***, rather than any problem-specific solutions.

There are 3 types of cases (from Ellet 2007): Problems, Decisions, and Evaluations. Each requires a different strategy for tackling it. Your first task upon receiving a new case is to determine what kind of case it is.

> ***Problems*** deal with situations where there is no explanation for a significant (usually negative) outcome or performance. Something has happened, but we don't know why. For example, a new sales incentive system may have failed to produce an expected increase in sales. Your task is to define the problem by working back from outcomes to root causes and linking causes to problem. Simply, you are answering the questions, "Why did this happen?" and "How do you know?"

Decisions explicitly ask the reader to make a decision. For example, "David Schram must give his analysis and recommendation as to whether Packard Electric should commit to the RIM grommet for the 2010 model year car." In decision cases, your job is to come to a decision based on a thorough analysis of case facts. "There is no objectively correct decision. The standard for a good decision is the one that creates more benefits than the alternatives and has fewer or less severe downsides" (Ellet 2007).

Evaluations express a judgment about the worth, value, or effectiveness of a performance, act, or outcome (Ellet 2007). Your task is to not only determine if something is good or bad, but to develop the criteria by which to judge it. For example, "From the perspective of the current board of directors, do you agree with its decision to enlarge the board by 5 new members?" The overall evaluation that you deliver will express the best fit between the evidence and the criteria that you develop. Measured against purely financial criteria in isolation, a company may be doing poorly. But given its competitive position and compared with the financial results of competitors, it may be doing rather well. It all depends on the criteria.

Case Analysis:
A rule of thumb is that effective case preparation requires at least three readings. The first time through, read the case to gain a general understanding of the situation, the protagonists, and the data that are available to guide a decision.

During the first reading, write down key names and facts (and case page number where found), such as who you are (the protagonist), other key players, dates, etc. After the first reading, you should have an idea of the general issue or problem that is the focus of the case. Write down what type of information ***you expect you will need*** (not what you have) to develop a recommendation.

During the second reading, search for the information you need and prepare to organize your understanding using business frameworks, such as a SWOT analysis (i.e., an analysis of strengths, weaknesses, opportunities and threats), value chains, or other frameworks that are either discussed in class, or provided in the text.[2] Carefully examine the exhibits provided in the case to discover whether all relevant data are included. Recognizing missing information is critical to fully grasping the context of the case, because such missing information may lead to the discovery of underlying causes for the problem (such as failure on the part of the firm to consider or collect such information, etc.). This second read-through is critical because a solid grasp of the business situation will help you better identify the primary problem and help you assess the viability of any proposed solutions.

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[2] In many classes, the textbook serves as a reference for the student and will not be covered in a lecture, as it may have been in an undergraduate program. While it is tempting to ignore the assigned book chapters (or other readings) when it is clear that the professor will not cover them in class, the book is not irrelevant. Professors expect that you apply frameworks, key concepts and terminology from the text or other assigned readings as you analyze the case and develop your recommendations. Further, the frameworks described in the text or other readings may serve as a guide for class discussion and ignorance of the frameworks will negatively impact not only participation grades, but also the quality of your analysis and conclusions (not to mention the esteem of your peers and professor). Thus, you should read all assigned material ***before*** reading the case (or at least between the first and second readings) in order to know what concepts, frameworks and terminology are available in your arsenal and appropriate for the case at hand.

The third reading helps you determine the primary problem and the goal(s) of the firm. In any given case, there are multiple challenges and opportunities. It is your charge to identify the one(s) that deserve(s) immediate attention. ***Recognize that the main problem may not be the one identified in the case or asked in questions provided by your professor.*** Many case "questions to consider" or assignment questions are provided to give you insights into the case that you may not have considered on your own. Rarely can you stop your analysis after simply answering the questions. Once you develop answers to the questions, you must then ask, "So what? What have I learned, and how do I pull it all together?"

Sometimes the major case issue is a straightforward and obvious question: "Should Mr. Jones adopt cost-plus or value-based pricing?" Failure to directly answer this question, regardless of how much you discuss other issues of company policy will result in a poor evaluation. Think of the case actors as real people. If Mr. Jones would not ignore this question, then you can't.

In defining the key problem, you should make sure that you are operating at a level that can be acted upon by the protagonist. For example, the downturn in the U.S. economy may well be a contributing factor to lagging sales in a firm. The economy cannot be ignored and must be considered in your recommendation, but it is not a satisfactory 'key problem,' because it is unlikely the marketing manager can do much in the near future to solve this.

Once you have defined the problem, you should develop a strategy for solving the problem. Generalities such as "play to our core competence" or "focus on the sweet spot in the market" are not satisfactory as specific action plans. If multiple courses of action are viable, you should choose the one that best achieves your goal. It is critical that you address ***why*** a course of action is recommended, and the ***projected results*** (e.g, increased sales, changes in cost of capital, etc.). It is not sufficient to address only ***what*** the company should do without also addressing why and then what results can be expected.

Many times, cases will not provide all the information you need to make a decision. This situation, while frustrating, is confronted often in practice, and one that you will likely face in a job interview. As in the real world, when analyzing cases, you are required to make reasonable assumptions in light of the available data. One of the most valuable lessons that your MBA program will teach you is how to make reasonable assumptions and then "get on with it." It is ***NEVER*** appropriate to answer, "There was not enough information in the case to make a recommendation."

It is not a good idea to put in more than twenty hours preparing a case write-up. The return to the time beyond twenty hours is usually small. The best students allocate their time roughly as follows:

First reading	1 hour max
Second Reading, initial analysis	2 to 4 hours
Study group meeting	2 to 3 hours
Third reading. Do more analysis, decide on recommendations	3 to 4 hours
Organize paper. Decide what you want to say, in what order	2 hours
Prepare first draft. Draft exhibits	3 hours
Rewrite, finish exhibits, proofread	2 to 3 hours

Unless specifically stated by your professor, you are required to analyze the case and make a recommendation based solely on the information provided in the case. You are allowed to apply your

own professional experience and judgment, but should not seek information about the company, industry or specific situation as you develop your recommendation. It is never appropriate to discuss cases with students who have already been through a discussion of the case (e.g., first-years talking with second-years, or second-section students talking with those in the first section). Such actions are considered academic dishonesty.

In most classes, teams and individuals will prepare written analyses for cases. Unless specifically allowed by the professor, students preparing group cases and individuals preparing individual cases should not discuss these cases with anyone outside their team, whether or not the person is a member of the class or the Flores MBA program.

As you analyze a case, consider 3 basic questions:

1) **Who am I and why am I here?** You will assume the role of the protagonist in the case and should have an understanding of your role in the organization (e.g., don't forget your boss's name), your involvement in the issues of the case, and responsibility for providing solutions. Write down names, dates, and other details (including case page number where found) that may be important. Also consider questions such as what business are we in, and what is the purpose of the organization (this becomes important especially when considering cases of non-profits, or companies that have a strong social mission, e.g., Mary Kay).

2) **What went wrong?** Most cases describe a problem that needs a solution. You must identify not only the immediate or proximate cause, you should think deeply about the underlying cause of the situation, lest your suggested fix be only temporary, or worse, irrelevant. Start by asking, "Why is the protagonist in this dilemma?"

3) **What can be done about it?** Even if a written recommendation is not required, you must develop a specific recommendation that can be shared in a class discussion. Usually, the protagonist has the authority to carry out the necessary recommendations, but in some cases, the protagonist must use influence without authority, especially in situations that have deeper underlying causes, such as cultural issues, or problems created by complex systems or business processes. Your recommendation ***must demonstrate a consideration of its impact on the 4Cs*** (company, competitors, customers/consumers, and community), and an understanding of who you are and why you're in the mess you're in.

Discussing a Case:

A case discussion is a collaborative analysis of a case through a carefully scripted set of questions from your professor, not the staged revelation of the "right" answer. It is not a time to show your peers and professor how brilliant you are; it is, instead, a time to work with your peers and professor through the intricacies of a case to develop a conclusion that may or may not be similar to your position before class started. The most important point to remember is that the case, the professor, or your peers will not teach you what you should learn from a case. Learning comes from the process of analysis and the give-and-take of discussion.

In-class case discussions can be stressful and frustrating. You will be put on the spot to present and defend your analysis and recommendations. But the best learning occurs when you have struggled to develop an answer on your own and then are guided through a structured analysis. You will rarely take the same approach or arrive at the same recommendation as your peers and professor. But after each case, you should correct logical errors or add to your arsenal of information and analytic tools so that you do not make the same mistakes in subsequent cases – and especially not on the job. It can be frustrating because there are always new challenges in each case. Recognize that you will probably never walk away from a case discussion feeling like you "nailed" every part of it.

With each case, you will have three chances to analyze it: first, by yourself, second (potentially), with your group, and third, in the classroom. The classroom discussion should not be seen as a final presentation, but, instead, as the most informed pass at analysis – with the help of an expert guide and helpful collaborators. Each time you approach the case you will take a different path through the facts and as your knowledge of the situation increases, so will the possibilities for analysis and the richness of your conclusions.

Prepare thoroughly. Regardless of whether a written report is due or not, substantial preparation is required to be ready to participate in a case discussion. This should include both individual preparation and discussion with your team (except when a case is to be completed individually). But recognize that case discussions will likely address issues or go in directions that you have not considered. This is not necessarily a sign of poor preparation, but a chance to investigate aspects of the case you may have thought unimportant. Recognize when you hear yourself saying, "Why didn't I think of that?" Learn from these. Such occasions represent opportunities to learn more about the process of analysis and the importance of specific issues in whatever subject is being studied. If you find the discussion moving in a direction that you had not previously considered, but you recognize how you would proceed, it is perfectly appropriate to suggest that a particular analysis is needed, even if you have not completed it before class. Don't wait until you hurriedly complete all the calculations at your desk before speaking up; by then, the discussion may have moved on to a new point. Instead, simply say, "It appears that we need to get a better handle on the current salary of our sales force before we can determine if the new system offers the right size incentive." Then be willing to participate in an active development of this analysis. Remember: this is a collaborative development of a recommendation, not a performance of a finished work.

One final point on preparation: set a time limit. Unlimited preparation actually hurts you by not allowing you to have free time which is critical to maintaining your sanity in a demanding program, and keeping you from developing an effective system of case analysis. If a written report is due, spend no more than 20 hours on a case (see below); if a written report is not due, spend no more than 5 hours preparing a case.

Participate early. In an MBA program, most of the learning happens in interactions between students, not from the text or professor. Don't cheat yourself or your classmates by not participating in class discussion. Participating in a case discussion can be scary, but you owe it to yourself to try out your ideas and to become comfortable in the give-and-take that is not only the case classroom, but also the natural culture of fast-paced business. Further, there's a lot of heavy lifting to be done in a case discussion; don't leave it all to others. You owe it to your peers to participate in discussion by sharing your insights or experience – even your questions. Failure to participate says something about you, and it isn't good: it says that you're willing to free-ride and withhold potentially valuable insight from others while they do the tough work of the class. Recognize that even the professor learns something new ***every*** time he or she discusses a case.

At some point, every person will offer a half-baked comment or ask a dumb question. The key is to learn from the feedback that you get from your professor and peers. Don't wait until you have the "perfect" comment. Once you miss an opportunity to participate the pressure to make a more perfect comment only grows, raising the bar for perfection and making it *less* likely that you will participate in the future. Participate early in each case discussion. Even offering a specific fact from the case at the appropriate time can help move a discussion forward.

Listen actively. It is important to prepare thoroughly and participate early. But more important is to listen actively during the case discussion so that you can participate constructively. Learn how to listen to the comments of your fellow students and professor. A case discussion is not a set of serial exchanges between students and the professor. In fact, you should consider the professor only a note-taker and facilitator (though he or she will also guide the conversation to keep it moving). As Ellet (2007, p. 91) notes, "In the case method, the burden, the responsibility, and the privilege of learning rests primarily with the students, not the instructor, a complete reversal of the lecture learning model."

One of the major causes of peers' and professors' negative reactions to a student's comment is that the comment clearly indicates that the student is either not listening, or worse, not interested in collaborating. A Harvard student remarked, "A great comment at the wrong time is the worst thing!" (Ellet 2007, p. 93). Ellet (2007, p. 93, italics in original) adds, "The worst effect of canned comments [ones you prepare before class and inject into the conversation regardless of their relevance to the current discussion] is the one it has on you. Your engagement with the class [represents an] attempt to fit *their* conversation to *your* thinking, and that removes you from class discussion." Active listening will make the case discussion more interesting and engaging and crowd out thoughts of fear of participation. If a thought comes to your mind during the discussion and you feel it will advance the discussion, then raise your hand and state it.

Writing a Case Analysis:

Cases are purposely written to be "fuzzy." There is much irrelevant information, the important information can be found all over the case in many different forms (e.g., in the case text, in tables/charts, in exhibits, appendices or footnotes, or in quotations from case actors, etc.), and the style is informational, not imperative. ***Do not mirror this style in your written report!*** In business, your conclusions have little meaning unless they are shared with others (Ellet 2007), and such fuzzy communication will not convince others that your recommendation is valid. You must pull together all relevant information (both for and against your recommendation) and present it in a structured manner that clearly emphasizes your main point.

Writing your Recommendations: The best analyses have a clear recommendation presented early in the report. I require my students to include a six line (maximum) recommendation at the top of their paper to let me know what I should be looking for as I read.

Failure to consider all perspectives (i.e., recommending a solution that gets you, personally, out of a jam but would not be accepted by your customers, or that would start an unwanted price war, etc.) is a common failure of first-year MBA recommendations, one you should strive to avoid. Specifically,
1) ***Do not offer one-sided arguments***. Cases are written to be ambiguous. There is always substantial evidence against ***any*** position you can take, so for the sake of the soundness of your argument and your own credibility, be sure to include and address both sides of your argument.
2) ***Do not offer suggestions without considering the consequences (both good and bad)***. No solution is perfect, and it may be that you can expect a significant downside to your proposal. But this may be acceptable if the alternatives are worse. If so, then state the alternatives, and their potential outcomes and demonstrate that your solution is superior.
3) ***Do not simply restate facts from the case.*** Analysis is required. Your classmates and professor have read the case and are looking for what the facts mean. You provide this meaning through the way you connect case facts to make a point.
4) ***Do not recommend a long-term solution that ignores the immediate problem (or vice versa)***. No one is looking for a manager that cannot balance long- and short-term issues. Your suggestions (or parts of them) may not actually *solve* either long- or short-term problems: e.g., "allocate $10mm in promotional dollars to customers in the high-end of the market" if the problem is that the whole market is moving toward the low-end and new markets or segments will have to be found in the future. They may just allow the company or protagonist to survive a little longer, but you must recognize this in your analysis.

Numbers work (from "How to Avoid Getting Lost in the Numbers" by David Maister: HBS Note # 9-682-010):

Most cases will require significant numbers work. But if you consider yourself "not a numbers person," don't fear: "In case analysis, it is not true that there are people who are good at numbers and people who are bad at numbers. Ability to do numbers is not innate; it's all a matter of *approach"* (Maister p. 1, italics in original). Maister offers the following suggestions:

1. Take it slowly. Before you do any calculations, try to guess the answer. If you are surprised by the answer, your intuition may be off, or there may be a real problem that needs further investigation.

2. Don't pick up your calculator until you know *why* you are doing a calculation – what you plan to do with the result.

3. Not knowing what calculations to do is not a sign of a “numbers” problem; it is a lack of understanding of the problem or managerial ability. You can always look up a formula. But a catalog of formulas will not help you know which ones you need or how to interpret the results. Decide first what information you need and then which calculations will help you get this information.

4. Write down all calculations as if they were going to be read by someone else in three days’ time. Never put a number on the page without indicating its units (e.g., dollars, units, feet, pounds, etc.).

5. Separate the steps of your calculations into distinct elements, give each a title and write it down. Example:

   Calculations of weekly capacity
   (5 widgets per worker per day) x (3 workers) = 15 widgets per day
   (15 widgets per day) x (6 work-days per week) = 90 widgets per week

   Calculations of current utilization
   Current output = 60 units per week
   Capacity = 90 units per week
   Utilization = 60/90=0.67 = 667% of capacity

   Then write down your conclusion: “Some room for growth in output without hitting capacity constraints.”

   Your conclusions will often trigger other questions and other calculations (e.g., “Output can be expanded by 50% without adding capacity.”).

More examples can be found in Maister’s HBS note: “How to Avoid Getting Lost in the Numbers,” HBS Note # 9-682-010) available for $3 at www.hbsp.harvard.edu.

General comments on writing:
Think clear, write good! Good writing follows clear thinking. Your goal in the MBA program is to become proficient at both.

Use short, one-syllable words. Don’t utilize “utilize.” Never utilize it again, ever. Instead, use “use.”

As a singular noun, a company is an “it,” not a “they.” E.g., “Dell should cut ***its*** prices by 15% in order to hold off competition from Apple.” (not: “their” prices…) However, when you discuss Dell’s managers, it is appropriate to say, “***They*** should be willing to take a 5% pay cut to cover the price cut.”

There’s a difference between five percent and five percentage points: “Ten percent” could mean either from forty to forty-four, or from forty to fifty. Don’t leave people guessing. Say “percentage points" (or "share points" in marketing) if that's what you mean.

There's a difference between then and than: "Then" refers to a point in time. "Than" is used in a comparison. E.g., If gas is less ***than*** $4/gallon, ***then*** I will go.

FAQ: "If there's 'no right answer,' then how come I keep getting low grades on case analyses?"

After a while, students begin to doubt the sincerity of the statement that "there's no right answer to a case" if their grades do not continually improve over the semester. In most undergraduate classes, it's possible to figure out what the professor wants and how much time is necessary to achieve a desired grade. In such courses improving performance is met with rising grades. But there are several reasons why this may not occur in a case-based course.

First, although professors do not expect that you arrive at exactly the same recommendation they do, they do expect thorough, logical analysis and recommendations that are consistent with it presented in a clear and compelling way. One of the best comments I ever received as an MBA student on a case analysis was "I don't agree with your recommendation, but I cannot argue with your reasoning." I got an A. Professors are reasonable people. They recognize that their own analysis is not the only way to approach an issue or to solve a problem. As stated above, every professor learns something new every time he or she teaches a case. However, students frequently miss big issues, or make big issues out of unimportant ones. Further, logic errors are common; writing is poor; evidence presented is not compelling or is not given in a compelling way (even if the recommendation is appropriate); charts, exhibits, and other supporting material is not clear or presented in a way that is easy to follow; important case facts are overlooked; etc. Not every student commits all of these errors every time, as each case presents new challenges and stretches students in different ways. But a series of significant errors such as these on subsequent cases may result in consistently low grades. The goal is to avoid repeating an error. Committing an error and learning how to avoid it in the future will prove more valuable than somehow avoiding errors, but not knowing why.

Second, most professors grade case assignments on a relative basis. That is, they rank the recommendations and then assign grades based on how well one analysis compares with those from other students or groups. If the whole class improves its performance over the semester (which it usually does), ***but*** a person's or group's relative performance does not change, then neither will the grades, even though improvements have been made and learning has occurred.