

# A Guide to Case Analysis

*I keep six honest serving men  
(They taught me all I knew);  
Their names are What and Why and When;  
And How and Where and Who.*

*Rudyard Kipling*

In most courses in strategic management, students use cases about actual companies to practice strategic analysis and to gain some experience in the tasks of crafting and implementing strategy. A case sets forth, in a factual manner, the events and organizational circumstances surrounding a particular managerial situation. It puts readers at the scene of the action and familiarizes them with all the relevant circumstances. A case on strategic management can concern a whole industry, a single organization, or some part of an organization; the organization involved can be either profit seeking or not-for-profit. The essence of the student's role in case analysis is to *diagnose* and *size up* the situation described in the case and then to *recommend* appropriate action steps.

## WHY USE CASES TO PRACTICE STRATEGIC MANAGEMENT?

A student of business with tact  
 Absorbed many answers he lacked.  
 But acquiring a job,  
 He said with a sob,  
 "How does one fit answer to fact?"

The foregoing limerick was used some years ago by Professor Charles Gragg to characterize the plight of business students who had no exposure to cases.<sup>1</sup> The facts are that the mere act of listening to lectures and sound advice about managing does little for anyone's management skills and that the accumulated managerial wisdom cannot effectively be passed on by lectures and assigned readings alone. If anything had been learned about the practice of management,

it is that a storehouse of ready-made textbook answers does not exist. Each managerial situation has unique aspects, requiring its own diagnosis, judgment, and tailor-made actions. Cases provide would-be managers with a valuable way to practice wrestling with the actual problems of actual managers in actual companies.

The case approach to strategic analysis is, first and foremost, an exercise in learning by doing. Because cases provide you with detailed information about conditions and problems of different industries and companies, your task of analyzing company after company and situation after situation has the twin benefit of boosting your analytical skills and exposing you to the ways companies and managers actually do things. Most college students have limited managerial backgrounds and only fragmented knowledge about companies and real-life strategic situations. Cases help substitute for on-the-job experience by (1) giving you broader exposure to a variety of industries, organizations, and strategic problems; (2) forcing you to assume a managerial role (as opposed to that of just an onlooker); (3) providing a test of how to apply the tools and techniques of strategic management; and (4) asking you to come up with pragmatic managerial action plans to deal with the issues at hand.

## OBJECTIVES OF CASE ANALYSIS

Using cases to learn about the practice of strategic management is a powerful way for you to accomplish five things:<sup>2</sup>

1. *Increase your understanding of what managers should and should not do in guiding a business to success.*
2. *Build your skills in sizing up company resource strengths and weaknesses and in conducting strategic analysis in a variety of industries and competitive situations.*
3. *Get valuable practice in identifying strategic issues that need to be addressed, evaluating strategic alternatives, and formulating workable plans of action.*
4. *Enhance your sense of business judgment, as opposed to uncritically accepting the authoritative crutch of the professor or "back-of-the-book" answers.*
5. *Gaining in-depth exposure to different industries and companies, thereby acquiring something close to actual business experience.*

If you understand that these are the objectives of case analysis, you are less likely to be consumed with curiosity about “the answer to the case.” Students who have grown comfortable with and accustomed to textbook statements of fact and definitive lecture notes are often frustrated when discussions about a case do not produce concrete answers. Usually, case discussions produce good arguments for more than one course of action. Differences of opinion nearly always exist. Thus, should a class discussion conclude without a strong, unambiguous consensus on what to do, don’t grumble too much when you are *not* told what the answer is or what the company actually did. Just remember that in the business world answers don’t come in conclusive black-and-white terms. There are nearly always several feasible courses of action and approaches, each of which may work out satisfactorily. Moreover, in the business world, when one elects a particular course of action, there is no peeking at the back of a book to see if you have chosen the best thing to do and no one to turn to for a provably correct answer. The best test of whether management action is “right” or “wrong” is *results*. If the results of an action turn out to be “good,” the decision to take it may be presumed “right.” If not, then the action chosen was “wrong” in the sense that it didn’t work out.

Hence, the important thing for you to understand about analyzing cases is that the managerial exercise of identifying, diagnosing, and recommending is aimed at building your skills of business judgment. Discovering what the company actually did is no more than frosting on the cake—the actions that company managers actually took may or may not be “right” or best (unless there is accompanying evidence that the results of their actions were highly positive).

The point is this: *The purpose of giving you a case assignment is not to cause you to run to the library or surf the Internet to discover what the company actually did but, rather, to enhance your skills in sizing up situations and developing your managerial judgment about what needs to be done and how to do it.* The aim of case analysis is for you to become actively engaged in diagnosing the business issues and managerial problems posed in the case, to propose workable solutions, and to explain and defend your assessments—this is how cases provide you with meaningful practice at being a manager.

## PREPARING A CASE FOR CLASS DISCUSSION

If this is your first experience with the case method, you may have to reorient your study habits. Unlike lecture courses where you can get by without preparing intensively for each class and where you have latitude to work assigned readings and reviews of lecture notes into your schedule, a case assignment requires conscientious preparation before class. You will not get much out of hearing the class discuss a case you haven’t read, and you certainly won’t be able to contribute anything yourself to the discussion. What you have got to do to get ready for class discussion of a case is to study the case, reflect carefully on the situation presented, and develop some reasoned thoughts. Your goal in preparing the case should be to end up with what you think is a sound, well-supported analysis of the situation and a sound, defensible set of recommendations about which managerial actions need to be taken.

To prepare a case for class discussion, we suggest the following approach:

- 1. Skim the case rather quickly to get an overview of the situation it presents.** This quick overview should give you the general flavor of the situation and indicate the kinds of issues and problems that you will need to wrestle with. If your instructor has provided you with study questions for the case, now is the time to read them carefully.
- 2. Read the case thoroughly to digest the facts and circumstances.** On this reading, try to gain full command of the situation presented in the case. Begin to develop some tentative answers to the study questions your instructor has provided or that are provided. If your instructor has elected not to give you assignment questions, then start forming your own picture of the overall situation being described.

3. **Carefully review all the information presented in the exhibits.** Often, there is an important story in the numbers contained in the exhibits. Expect the information in the case exhibits to be crucial enough to materially affect your diagnosis of the situation.
4. **Decide what the strategic issues are.** Until you have identified the strategic issues and problems in the case, you don't know what to analyze, which tools and analytical techniques are called for, or otherwise how to proceed. At times the strategic issues are clear—either being stated in the case or else obvious from reading the case. At other times you will have to dig them out from all the information given; if so, the study questions will guide you.
5. **Start your analysis of the issues with some number crunching.** A big majority of strategy cases call for some kind of number crunching—calculating assorted financial ratios to check out the company's financial condition and recent performance, calculating growth rates of sales or profits or unit volume, checking out profit margins and the makeup of the cost structure, and understanding whatever revenue-cost-profit relationships are present. See Table 1 for a summary of key financial ratios, how they are calculated, and what they show.

**Table 1** Key Financial Ratios: How to Calculate Them and What They Mean

Ratio	How Calculated	What It Shows
<b>Profitability ratios</b>		
1. Gross profit margin	$\frac{\text{Sales} - \text{Cost of goods sold}}{\text{Sales}}$	Shows the percentage of revenues available to cover operating expenses and yield a profit. Higher is better and the trend should be upward.
2. Operating profit margin (or return on sales)	$\frac{\text{Sales} - \text{Operating expenses}}{\text{Sales}}$ or $\frac{\text{Operating income}}{\text{Sales}}$	Shows the profitability of current operations without regard to interest charges and income taxes. Higher is better and the trend should be upward.
3. Net profit margin (or net return on sales)	$\frac{\text{Profits after taxes}}{\text{Sales}}$	Shows after tax profits per dollar of sales. Higher is better and the trend should be upward.
4. Return on total assets	$\frac{\text{Profits after taxes} + \text{Interest}}{\text{Total assets}}$	A measure of the return on total investment in the enterprise. Interest is added to after tax profits to form the numerator since total assets are financed by creditors as well as by stockholders. Higher is better and the trend should be upward.
5. Return on stockholders' equity	$\frac{\text{Profits after taxes}}{\text{Total stockholders' equity}}$	Shows the return stockholders are earning on their investment in the enterprise. A return in the 12-15% range is "average," and the trend should be upward.
6. Earnings per share	$\frac{\text{Profits after taxes}}{\text{Number of shares of common stock outstanding}}$	Shows the earnings for each share of common stock outstanding. The trend should be upward, and the bigger the annual percentage gains, the better.
<b>Liquidity Ratios</b>		
1. Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Shows a firm's ability to pay current liabilities using assets that can be converted to cash in the near term. Ratio should definitely be higher than 1.0; ratios of 2 or higher are better still.
2. Quick ratio (or acid-test ratio)	$\frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$	Shows a firm's ability to pay current liabilities without relying on the sale of its inventories.
3. Working capital	Current assets – Current liabilities	Bigger amounts are better because the company has more internal funds available to (1) pay its current liabilities on a timely basis and (2) finance inventory expansion, additional accounts receivable, and a larger base of operations without resorting to borrowing or raising more equity capital.

continued

Table 1 *continued*

Ratio	How Calculated	What It Shows
<b>Leverage Ratios</b>		
1. Debt-to-assets ratio	$\frac{\text{Total debt}}{\text{Total assets}}$	Measures the extent to which borrowed funds have been used to finance the firm's operations. Low fractions or ratios are better—high fractions indicate overuse of debt and greater risk of bankruptcy.
2. Long-term debt-to-capital ratio	$\frac{\text{Long-term debt}}{\text{Long-term debt} + \text{total stockholders' equity}}$	An important measure of creditworthiness and balance sheet strength. Indicates the percentage of capital investment which has been financed by creditors and bondholders. Fractions or ratios below .25 or 25% are usually quite satisfactory since monies invested by stockholders account for 75% or more of the company's total capital. The lower the ratio, the greater the capacity to borrow additional funds. Debt-to-capital ratios above 50% and certainly above 75% indicate a heavy and perhaps excessive reliance on debt, lower creditworthiness, and weak balance sheet strength.
3. Debt-to-equity ratio	$\frac{\text{Total debt}}{\text{Total stockholders' equity}}$	Should usually be less than 1.0. High ratios (especially above 1.0) signal excessive debt, lower creditworthiness, and weaker balance sheet strength.
4. Long-term debt-to-equity ratio	$\frac{\text{Long-term debt}}{\text{Total stockholders' equity}}$	Shows the balance between debt and equity in the firm's long-term capital structure. Low ratios indicate greater capacity to borrow additional funds if needed.
5. Times-interest-earned (or coverage) ratio	$\frac{\text{Operating income}}{\text{Interest expenses}}$	Measures the ability to pay annual interest charges. Lenders usually insist on a minimum ratio of 2.0, but ratios above 3.0 signal better creditworthiness.
<b>Activity Ratios</b>		
1. Days of inventory	$\frac{\text{Inventory}}{\text{Cost of goods sold} \div 365}$	Measures inventory management efficiency. Fewer days of inventory are usually better.
2. Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Inventory}}$	Measures the number of inventory turns per year. Higher is better.
3. Average collection period	$\frac{\text{Accounts receivable}}{\text{Total sales} \div 365}$ or $\frac{\text{Accounts receivable}}{\text{Average daily sales}}$	Indicates the average length of time the firm must wait after making a sale to receive cash payment. A shorter collection time is better.
<b>Other Important Measures of Financial Performance</b>		
1. Dividend yield on common stock	$\frac{\text{Annual dividends per share}}{\text{Current market price per share}}$	A measure of the return that shareholders receive in the form of dividends. A "typical" dividend yield is 2-3%. The dividend yield for fast-growth companies is often below 1% (maybe even 0); the dividend yield for slow-growth companies can run 4-5%.
2. Price-earnings ratio	$\frac{\text{Current market price per share}}{\text{Earnings per share}}$	P-e ratios above 20 indicate strong investor confidence in a firm's outlook and earnings growth; firms whose future earnings are at risk or likely to grow slowly typically have ratios below 12.
3. Dividend payout ratio	$\frac{\text{Annual dividends per share}}{\text{Earnings per share}}$	Indicates the percentage of after-tax profits paid out as dividends.
4. Internal cash flow	After tax profits + Depreciation	A quick and rough estimate of the cash a company's business is generating after payment of operating expenses, interest, and taxes. Such amounts can be used for dividend payments or funding capital expenditures or otherwise growing the business.

- 6. *Apply the concepts and techniques of strategic analysis you have been studying.*** Strategic analysis is not just a collection of opinions; rather, it entails applying the concepts and analytical tools described in Chapters 1 through 13 to cut beneath the surface and produce sharp insight and understanding. Every case assigned is strategy related and presents you with an opportunity to usefully apply what you have learned. Your instructor is looking for you to demonstrate that you know *how* and *when* to use the material presented in the text chapters.
- 7. *Check out conflicting opinions and make some judgments about the validity of all the data and information provided.*** Many times cases report views and contradictory opinions (after all, people don't always agree on things, and different people see the same things in different ways). Forcing you to evaluate the data and information presented in the case helps you develop your powers of inference and judgment. Asking you to resolve conflicting information "comes with the territory" because a great many managerial situations entail opposing points of view, conflicting trends, and sketchy information.
- 8. *Support your diagnosis and opinions with reasons and evidence.*** The most important things to prepare for are your answers to the question "Why?" For instance, if after studying the case you are of the opinion that the company's managers are doing a poor job, then it is your answer to "Why?" that establishes just how good your analysis of the situation is. If your instructor has provided you with specific study questions for the case, by all means prepare answers that include all the reasons and number-crunching evidence you can muster to support your diagnosis. If you are using study questions provided by the instructor, *generate at least two pages of notes!*
- 9. *Develop an appropriate action plan and set of recommendations.*** Diagnosis divorced from corrective action is sterile. The test of a manager is always to convert sound analysis into sound actions—actions that will produce the desired results. Hence, the final and most telling step in preparing a case is to develop an action agenda for management that lays out a set of specific recommendations on what to do. Bear in mind that proposing realistic, workable solutions is far preferable to casually tossing out off-the-top-of-your-head suggestions. Be prepared to argue why your recommendations are more attractive than other courses of action that are open.

As long as you are conscientious in preparing your analysis and recommendations, and have ample reasons, evidence, and arguments to support your views, you shouldn't fret unduly about whether what you've prepared is "the right answer" to the case. In case analysis there is rarely just one right approach or set of recommendations. Managing companies and crafting and executing strategies are not such exact sciences that there exists a single provably correct analysis and action plan for each strategic situation. Of course, some analyses and action plans are better than others; but, in truth, there's nearly always more than one good way to analyze a situation and more than one good plan of action. So, if you have carefully prepared the case by developing your own answers to the assignment questions for the case, don't lose confidence in the correctness of your work and judgment.

## PARTICIPATING IN CLASS DISCUSSION OF A CASE

Classroom discussions of cases are sharply different from attending a lecture class. In a case class students do most of the talking. The instructor's role is to solicit student participation, keep the discussion on track, ask "Why?" often, offer alternative views, play the devil's advocate (if no students jump in to offer opposing views), and otherwise lead the discussion. The students in the class carry the burden for analyzing the situation and for being prepared to present and defend their diagnoses and recommendations. Expect a classroom environment, therefore, that calls for *your* size-up of the situation, *your* analysis, what actions *you* would take, and why *you* would take them. Do not be dismayed if, as the class discussion unfolds, some insightful things are said by your fellow classmates that you did not think of. It is normal for views and analyses to differ and for the comments of others in the class to expand your own thinking about the case. As the old adage goes, "Two heads are better than one." So it is to be expected that the class as a whole will do a more penetrating and searching job of case analysis than will any one person working alone. This is the power of group effort, and its virtues are that it will help you see more analytical applications, let you test your analyses and judgments against those of your peers, and force you to wrestle with differences of opinion and approaches.

To orient you to the classroom environment on the days a case discussion is scheduled, we compiled the following list of things to expect:

1. *Expect the instructor to assume the role of extensive questioner and listener.*
2. *Expect students to do most of the talking. The case method enlists a maximum of individual participation in class discussion. It is not enough to be present as a silent observer; if every student took this approach, there would be no discussion. (Thus, expect a portion of your grade to be based on your participation in case discussions.)*
3. *Be prepared for the instructor to probe for reasons and supporting analysis.*
4. *Expect and tolerate challenges to the views expressed. All students have to be willing to submit their conclusions for scrutiny and rebuttal. Each student needs to learn to state his or her views without fear of disapproval and to overcome the hesitation of speaking out. Learning respect for the views and approaches of others is an integral part of case analysis exercises. But there are times when it is OK to swim against the tide of majority opinion. In the practice of management, there is always room for originality and unorthodox approaches. So while discussion of a case is a group process, there is no compulsion for you or anyone else to cave in and conform to group opinions and group consensus.*
5. *Don't be surprised if you change your mind about some things as the discussion unfolds. Be alert to how these changes affect your analysis and recommendations (in the event you get called on).*
6. *Expect to learn a lot in class as the discussion of a case progresses; furthermore, you will find that the cases build on one another—what you learn in one case helps prepare you for the next case discussion.*

There are several things you can do on your own to be good and look good as a participant in class discussions:

Although you should do your own independent work and independent thinking, don't hesitate before (and after) class to discuss the case with other students. In real life, managers often discuss the company's problems and situation with other people to refine their own thinking.

- *In participating in the discussion, make a conscious effort to contribute, rather than just talk. There is a big difference between saying something that builds the discussion and offering a long-winded, off-the-cuff remark that leaves the class wondering what the point was.*



- *Avoid the use of “I think,” “I believe,” and “I feel”; instead, say, “My analysis shows —” and “The company should do \_\_\_\_\_ because \_\_\_\_\_.” Always give supporting reasons and evidence for your views; then your instructor won't have to ask you “Why?” every time you make a comment.*
- *In making your points, assume that everyone has read the case and knows what it says; avoid reciting and rehashing information in the case—instead, use the data and information to explain your assessment of the situation and to support your position.*
- Bring the notes you've prepared (usually two or three pages' worth) to class and rely on them extensively when you speak. There's no way you can remember everything off the top of your head—especially the results of your number crunching. To reel off the numbers or to present all five reasons why, instead of one, you will need good notes. When you have prepared thoughtful answers to the study questions and use them as the basis for your comments, *everybody* in the room will know you are well prepared, and your contribution to the case discussion will stand out.

## PREPARING A WRITTEN CASE ANALYSIS

Preparing a written case analysis is much like preparing a case for class discussion, except that your analysis must be more complete and put in report form. Unfortunately, though, there is no ironclad procedure for doing a written case analysis. All we can offer are some general guidelines and words of wisdom—this is because company situations and management problems are so diverse that no one mechanical way to approach a written case assignment always works.

Your instructor may assign you a specific topic around which to prepare your written report. Or, alternatively, you may be asked to do a comprehensive written case analysis, where the expectation is that you will (1) *identify* all the pertinent issues that management needs to address, (2) perform whatever *analysis* and *evaluation* is appropriate, and (3) propose an *action plan* and *set of recommendations* addressing the issues you have identified. In going through the exercise of identify, evaluate, and recommend, keep the following pointers in mind.<sup>3</sup>

**Identification** It is essential early on in your paper that you provide a sharply focused diagnosis of strategic issues and key problems and that you demonstrate a good grasp of the company's present situation. Make sure you can identify the firm's strategy (use the concepts and tools in Chapters 1–8 as diagnostic aids) and that you can pinpoint whatever strategy implementation issues may exist (again, consult the material in Chapters 9–11 for diagnostic help). Consult the key points we have provided at the end of each chapter for further diagnostic suggestions. Review the study questions for the case. Consider beginning your paper with an overview of the company's situation, its strategy, and the significant problems and issues that confront management. State problems/issues as clearly and precisely as you can. Unless it is necessary to do so for emphasis, avoid recounting facts and history about the company (assume your professor has read the case and is familiar with the organization).

**Analysis and Evaluation** This is usually the hardest part of the report. Analysis is hard work! Check out the firm's financial ratios, its profit margins and rates of return, and its capital structure, and decide how strong the firm is financially. Table 1 contains a summary of various financial ratios and how they are calculated. Use it to assist in your financial diagnosis. Similarly, look at marketing, production, managerial competence, and other factors underlying the organization's strategic successes and failures. Decide whether the firm has valuable resource strengths and competencies and, if so, whether it is capitalizing on them.

Check to see if the firm's strategy is producing satisfactory results and determine the reasons why or why not. Probe the nature and strength of the competitive forces confronting the company. Decide whether and why the firm's competitive position is getting stronger or weaker. Use the tools and concepts you have learned about to perform whatever analysis and evaluation is appropriate.



In writing your analysis and evaluation, bear in mind four things:

1. *You are obliged to offer analysis and evidence to back up your conclusions. Do not rely on unsupported opinions, over-generalizations, and platitudes as a substitute for tight, logical argument backed up with facts and figures.*
2. *If your analysis involves some important quantitative calculations, use tables and charts to present the calculations clearly and efficiently. Don't just tack the exhibits on at the end of your report and let the reader figure out what they mean and why they were included. Instead, in the body of your report cite some of the key numbers, highlight the conclusions to be drawn from the exhibits, and refer the reader to your charts and exhibits for more details.*
3. *Demonstrate that you have command of the strategic concepts and analytical tools to which you have been exposed. Use them in your report.*
4. *Your interpretation of the evidence should be reasonable and objective. Be wary of preparing a one-sided argument that omits all aspects not favorable to your conclusions. Likewise, try not to exaggerate or overdramatize. Endeavor to inject balance into your analysis and to avoid emotional rhetoric. Strike phrases such as "I think," "I feel," and "I believe" when you edit your first draft and write in "My analysis shows," instead.*

**Recommendations** The final section of the written case analysis should consist of a set of definite recommendations and a plan of action. Your set of recommendations should address all of the problems/issues you identified and analyzed. If the recommendations come as a surprise or do not follow logically from the analysis, the effect is to weaken greatly your suggestions of what to do. Obviously, your recommendations for actions should offer a reasonable prospect of success. High-risk, bet-the-company recommendations should be made with caution. State how your recommendations will solve the problems you identified. Be sure the company is financially able to carry out what you recommend; also check to see if your recommendations are workable in terms of acceptance by the persons involved, the organization's competence to implement them, and prevailing market and environmental constraints. Try not to hedge or weasel on the actions you believe should be taken.

By all means state your recommendations in sufficient detail to be meaningful—get down to some definite nitty-gritty specifics. Avoid such unhelpful statements as "the organization should do more planning" or "the company should be more aggressive in marketing its product." For instance, if you determine that "the firm should improve its market position," then you need to set forth exactly how you think this should be done. Offer a definite agenda for action, stipulating a timetable and sequence for initiating actions, indicating priorities, and suggesting who should be responsible for doing what.

In proposing an action plan, remember there is a great deal of difference between, on the one hand, being responsible for a decision that may be costly if it proves in error and, on the other hand, casually suggesting courses of action that might be taken when you do not have to bear the responsibility for any of the consequences. A good rule to follow in making your recommendations is: *Avoid recommending anything you would not yourself be willing to do if you were in management's shoes.* The importance of learning to develop good managerial judgment is indicated by the fact that, even though the same information and operating data may be available to every manager or executive in an organization, the quality of the judgments about what the information means and which actions need to be taken does vary from person to person.<sup>4</sup>

It goes without saying that your report should be well organized and well written. Great ideas amount to little unless others can be convinced of their merit—this takes tight logic, the presentation of convincing evidence, and persuasively written arguments.

## PREPARING AN ORAL PRESENTATION

During the course of your business career it is very likely that you will be called upon to prepare and give a number of oral presentations. For this reason, it is common in courses of this nature to assign cases for oral presentation to the whole class. Such assignments give you an opportunity to hone your presentation skills.

The preparation of an oral presentation has much in common with that of a written case analysis. Both require identification of the strategic issues and problems confronting the company, analysis of industry conditions and the company's situation, and the development of a thorough, well-thought out action plan. The substance of your analysis and quality of your recommendations in an oral presentation should be no different than in a written report. As with a written assignment, you'll need to demonstrate command of the relevant strategic concepts and tools of analysis and your recommendations should contain sufficient detail to provide clear direction for management. The main difference between an oral presentation and a written case is in the delivery format. Oral presentations rely principally on verbalizing your diagnosis, analysis, and recommendations and visually enhancing and supporting your oral discussion with colorful, snappy slides (usually created on Microsoft's PowerPoint software).

Typically, oral presentations involve group assignments. Your instructor will provide the details of the assignment—how work should be delegated among the group members and how the presentation should be conducted. Some instructors prefer that presentations begin with issue identification, followed by analysis of the industry and company situation analysis, and conclude with a recommended action plan to improve company performance. Other instructors prefer that the presenters assume that the class has a good understanding of the external industry environment and the company's competitive position and expect the presentation to be strongly focused on the group's recommended action plan and supporting analysis and arguments. The latter approach requires cutting straight to the heart of the case and supporting each recommendation with detailed analysis and persuasive reasoning. Still other instructors may give you the latitude to structure your presentation however you and your group members see fit.

Regardless of the style preferred by your instructor, you should take great care in preparing for the presentation. A good set of slides with good content and good visual appeal is essential to a first-rate presentation. Take some care to choose a nice slide design, font size and style, and color scheme. We suggest including slides covering each of the following areas:

- An opening slide covering the “title” of the presentation and names of the presenters.
- A slide showing an outline of the presentation (perhaps with presenters' names by each topic).
- One or more slides showing the key problems and strategic issues that management needs to address.
- A series of slides covering your analysis of the company's situation.
- A series of slides containing your recommendations and the supporting arguments and reasoning for each recommendation—one slide for each recommendation and the associated reasoning has a lot of merit.

You and your team members should carefully plan and rehearse your slide show to maximize impact and minimize distractions. The slide show should include all of the pizzazz necessary to garner the attention of the audience, but not so much that it distracts from the content of what group members are saying to the class. You should remember that the role of slides is to help you communicate your points to the audience. Too many graphics, images, colors, and transitions may divert the audience's attention from what is being said or disrupt the flow of the presentation. Keep in mind that visually dazzling slides rarely hide a shallow or superficial or otherwise flawed case analysis from a perceptive audience. Most instructors will tell you that first-rate slides will definitely enhance a well-delivered presentation but that impressive visual aids, if accompanied by weak analysis and poor oral delivery, still adds up to a substandard presentation.

## RESEARCHING COMPANIES AND INDUSTRIES VIA THE INTERNET AND ONLINE DATA SERVICES

Very likely, there will be occasions when you need to get additional information about some of the assigned cases, perhaps because your instructor has asked you to do further research on the industry or company or because you are simply curious about what has happened to the company since the case was written. In some instances, instructors will specifically ask class members to use the Internet to do further research on a company profiled in an assigned case to learn about recent industry or company developments, check for any strategy changes, or examine a company's latest financial performance.

These days it is relatively easy to run down recent industry developments and to find out whether a company's strategic and financial situation has improved, deteriorated, or changed little since the conclusion of the case. The amount of information about companies and industries available on the Internet and through online data services is formidable and expanding rapidly. However, some instructors do not want or expect you to do further research on an industry or company, preferring instead that you assess the industry or company situation solely on the basis of the information presented in the case. Hence, *before including any additional information on the industry or company situations since the case was written in a written case assignment or oral case presentation, make sure that your instructor approves of your use of information that is outside of what is contained in the case.*

It is a fairly simple matter to go to company Web sites, click on the investor information offerings and press release files, and get quickly to useful information. Most company Web sites allow you to view or print the company's annual reports, its 10K and 10Q filings with the Securities and Exchange Commission, and various company press releases of interest. Frequently, a company's Web site will also provide information about its mission and vision statements, values statements, codes of ethics, and strategy information, as well as charts of the company's stock price. The company's recent press releases typically contain reliable information about what of interest has been going on—new product introductions, recent alliances and partnership agreements, recent acquisitions, summaries of the latest financial results, tidbits about the company's strategy, guidance about future revenues and earnings, and other late-breaking company developments. Some company Web pages also include links to the home pages of industry trade associations where you can find information about industry size, growth, recent industry news, statistical trends, and future outlook. Thus, an early step in researching a company on the Internet is always to go to its Web site and see what's available.

### Online Data Services

Lexis-Nexis, Bloomberg Financial News Services, and other on-line subscription services available in many university libraries provide access to a wide array of business reference material. For example, the web-based Lexis-Nexis Academic Universe contains business news articles from general news sources, business publications, and industry trade publications. Broadcast transcripts from financial news programs are also available through Lexis-Nexis, as are full-text 10-Ks, 10-Qs, annual reports, and company profiles for more than 11,000 U.S. and international companies. Your business librarian should be able to direct you to the resources available through your library that will aid you in your research.

### Public and Subscription Websites with Good Information

Plainly, you can use a search engine such as Google or Yahoo! or Firefox or Safari to find the latest news on a company or articles written by reporters that have appeared in the business media. These can be very valuable in running down information about recent company developments. However, keep in mind that the information retrieved by a search engine is "unfiltered" and may include sources that are not reliable or that contain inaccurate or misleading information. Be wary of information provided by authors who are unaffiliated with reputable organizations or publications and articles that were published in off-beat sources or on Web

sites with an agenda. Be especially careful in relying on the accuracy of information you find posted on various bulletin boards. Articles covering a company or issue should be copyrighted or published by a reputable source. If you are turning in a paper containing information gathered from the Internet, you should cite your sources (providing the Internet address and date visited); it is also wise to print Web pages for your research file (some Web pages are updated frequently).

*The Wall Street Journal*, *Business Week*, *Forbes*, *Barron's*, and *Fortune* are all good sources of articles on companies. *The Wall Street Journal Interactive Edition* contains the same information that is available daily in its print version of the paper, but also maintains a searchable database of all *Wall Street Journal* articles published during the past few years. *Fortune* and *Business Week* also make the content of the most current issue available online to subscribers as well as provide archives sections that allow you to search for articles related to a particular keyword that were published during the past few years.

The following Websites are particularly good locations for company and industry information:

Securities and Exchange Commission EDGAR database (contains company 10-Ks, 10-Qs, etc.)	<a href="http://www.sec.gov/edgar/searchedgar/companysearch">http://www.sec.gov/edgar/searchedgar/companysearch</a>
Google Finance	<a href="http://finance.google.com">http://finance.google.com</a>
CNN Money	<a href="http://money.cnn.com">http://money.cnn.com</a>
Hoover's Online	<a href="http://hoovers.com">http://hoovers.com</a>
<i>The Wall Street Journal Interactive Edition</i>	<a href="http://www.wsj.com">http://www.wsj.com</a>
<i>Business Week</i>	<a href="http://www.businessweek.com">http://www.businessweek.com</a>
<i>Fortune</i>	<a href="http://www.fortune.com">http://www.fortune.com</a>
MSN Money Central	<a href="http://moneycentral.msn.com">http://moneycentral.msn.com</a>
Yahoo! Finance	<a href="http://finance.yahoo.com/">http://finance.yahoo.com/</a>

Some of these Internet sources require subscriptions in order to access their entire databases.

**Learning Comes Quickly** With a modest investment of time, you will learn how to use Internet sources and search engines to run down information on companies and industries quickly and efficiently. And it is a skill that will serve you well into the future. Once you become familiar with the data available at the different Web sites mentioned above and with using a search engine, you will know where to go to look for the particular information that you want. Search engines nearly always turn up too many information sources that match your request rather than two few; the trick is to learn to zero in on those most relevant to what you are looking for. Like most things, once you get a little experience under your belt on how to do company and industry research on the Internet, you will find that you can readily find the information you need.

## THE TEN COMMANDMENTS OF CASE ANALYSIS

As a way of summarizing our suggestions about how to approach the task of case analysis, we have compiled what we like to call “The Ten Commandments of Case Analysis.” They are shown in Table 2. If you observe all or even most of these commandments faithfully as you prepare a case either for class discussion or for a written report, your chances of doing a good job on the assigned cases will be much improved. Hang in there, give it your best shot, and have some fun exploring what the real world of strategic management is all about.

**Table 2** The Ten Commandments of Case Analysis

To be observed in written reports and oral presentations, and while participating in class discussions.

1. Go through the case twice, once for a quick overview and once to gain full command of the facts; then take care to explore the information in every one of the case exhibits.
2. Make a complete list of the problems and issues that the company’s management needs to address.
3. Be thorough in your analysis of the company’s situation (make a minimum of 1 to 2 pages of notes detailing your diagnosis).
4. Look for opportunities to apply the concepts and analytical tools in the text chapters—all of the cases in the book have very definite ties to the material in one or more of the text chapters!!!!
5. Do enough number crunching to discover the story told by the data presented in the case. (To help you comply with this commandment, consult Table 1 in this section to guide your probing of a company’s financial condition and financial performance.)
6. Support any and all off-the-cuff opinions with well-reasoned arguments and numerical evidence; don’t stop until you can purge “I think” and “I feel” from your assessment and, instead, are able to rely completely on “My analysis shows.”
7. Prioritize your recommendations and make sure they can be carried out in an acceptable time frame with the available resources.
8. Support each recommendation with persuasive argument and reasons as to why it makes sense and should result in improved company performance.
9. Review your recommended action plan to see if it addresses all of the problems and issues you identified—any set of recommendations that does not address all of the issues and problems you identified is incomplete and insufficient.
10. Avoid recommending any course of action that could have disastrous consequences if it doesn’t work out as planned; therefore, be as alert to the downside risks of your recommendations as you are to their upside potential and appeal.

# Endnotes

<sup>1</sup> Charles I. Gragg, “Because Wisdom Can’t Be Told,” in *The Case Method at the Harvard Business School*, ed. M. P. McNair (New York: McGraw-Hill, 1954), p. 11.

<sup>2</sup> *Ibid.*, pp. 12–14; and D. R. Schoen and Philip A. Sprague, “What Is the Case Method?” in *The Case Method at the Harvard Business School*, ed. M. P. McNair, pp. 78–79.

<sup>3</sup> For some additional ideas and viewpoints, you may wish to consult Thomas J. Raymond, “Written Analysis of Cases,” in *The Case Method at the Harvard Business School*, ed. M. P. McNair, pp. 139–63. Raymond’s article includes an actual case, a sample analysis of the case, and a sample of a student’s written report on the case.

<sup>4</sup> Gragg, “Because Wisdom Can’t Be Told,” p. 10.