



Helpsheet

CASE STUDIES 2

Use this sheet to help you:

- conduct an in-depth analysis of a business situation of a real or fictitious company
- produce a report that presents your analysis and recommendations

5 minute self test

A standard case study analysis may take into account the following areas. Before you read the advice given in this Helpsheet, spend a few minutes considering what may be explored in relation to each of these.

1. The history, development, and growth of the company over time
2. The identification of the company's internal strengths and weaknesses
3. The nature of the external environment surrounding the company
4. A SWOT analysis (or another kind of analysis)
5. The kind of corporate-level strategy pursued by the company
6. The nature of the company's business-level strategy
7. The company's structure and control systems and how they match its strategy
8. Recommendations and implementation plan

(Business Resources for Students, 2003)

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Introduction: what is a case study?

'A case study [analysis] presents an account of what happened to a business or industry over a number of years. It chronicles the events that managers had to deal with, such as changes in the competitive environment, and charts the managers' response, which usually involved changing the business- or corporate-level strategy.'
(from Seperich, Woolverton, Beierlein and Hahn, 1996)

In some subjects, you may be required to analyse a case study. This involves analysing a business situation based on a real or fictitious company or companies and producing a report or essay-style response to it. The task usually requires you to pretend you are a consultant or manager facing a particular business problem. Your role is to analyse the situation carefully and to provide recommendations.

This Helpsheet will outline a general procedure and series of specific questions that can help you conduct a detailed analysis of such a case.

Bear in mind that the term "case study" can also refer to a study of a business situation that does not involve analysis of a real or fictitious business situation presented to you by your lecturer, but rather investigation and analysis of a real situation which can involve use of a range of research techniques such as interviews with staff etc. If you are asked to conduct a study of this kind, refer to the TLU Helpsheet, *Case Study: Research Method*. The TLU Helpsheet *Case Study 1* contains an overview of a case study format that may be appropriate at undergraduate level.

Why is this task important?

As with any task at university, there are reasons to take this task seriously beyond desire of a good mark. Below are some of these:

- The task can introduce you to organisational problems that you may not have experienced but may need to solve when you begin working in a company.
- The task presents an opportunity to identify and solve realistic problems by applying theories and concepts gained during the course.
- The task can become a focus for discussion of ideas in tutorials. You may have to present your solutions and argue for them and thereby build valuable debating skills.
- Debate and discussion about real cases simulates what happens in the business environment, making the task appropriate for future managers and CEOs.
- Most corporate decisions are made by groups. Therefore most case study analyses are done as group-work. Group tasks are set by your lecturers or tutors as you need to learn organisational skills and skills for managing yourself and others. Putting together a final report from parts written by different members of a group, keeping others motivated, etc., is not easy, but this is exactly what you will have to do as a manager.



Case study procedure: general guide

The following analysis uses, as an example, a general strategic analysis (i.e., analysis of external and internal environment, strategy, structure and implementation). Your lecturer may want you to write an analysis that has different requirements, which they will make clear to you. Therefore use this example as a general guide, not a model for all kinds of case analysis.

Case study procedure: detailed guide

Step 1: Analyse the company's history, development, and growth

You should first look at the history of the company and the events that have led it to its current situation. Sometimes these events have a bearing on how to solve the current problems in the company. Some things you might like to consider:

- What circumstances led to the company being established?
- What products did it make initially and what does it make now?
- How does the company make new product decisions?
- How has the company evolved over time?
- How has it chosen its marketing strategies?
- How did the company take steps to enter new markets?
- How and why did the company choose to merge or takeover another company?
- What have been the main changes to the company during its history? (e.g., types of employees, strategic direction.)

Step 2: Identify the company's internal strengths and weaknesses

The strengths and weakness, opportunities and threats to the company should then be analysed. You will need to:

- Look at the value creation functions of the company
- Outline the functions in which the company is currently strong and currently weak. (Some companies might be weak in some areas and strong in others.)
- Make lists of these strengths and weaknesses.

Step 3: Analyse the external environment

The next step is to identify the opportunities and threats from the external environment. Here you should consider:

- The environmental factors relevant to the industry
- The environmental factors that affect companies (and the company you are analysing in particular)
- Porter's five forces model and lifecycle model and the particular stage of the lifecycle that the company is in
- Other factors (for instance, demographic factors, global financial changes, etc.)



Step 4: Evaluate the SWOT analysis

After listing the strengths, weaknesses, opportunities and threats you need to analyse them. Things you might like to consider are the following:

- Is the competitive position of the company strong or not?
- Can the strategic direction of the company continue?
- How can the company consolidate its strengths, enhance its opportunities, overcome its threats and minimise its weaknesses?
- Can it change its corporate strategies to achieve the above or is something else needed?

It is crucial to analyse the strengths, weaknesses, opportunities and threats—not simply give a shopping list of the key factors. You must discuss each factor in detail and provide evidence for your claims.

Step 5: Analyse corporate level strategy

Using information available, try to assess the strategic corporate directions of the company.

The following areas are very important:

- the line(s) of business of the company
- its subsidiaries and acquisitions
- the relationship among the company's core and non-core businesses

Questions such as the following will need to be answered:

- Are resources exchanged freely between different parts of the company?
- Is synergy between the subsidiaries warranted or needed?
- What is role of the company's portfolio of investments?
- How diversified is the company?
- Does the company operate as a core business?
- Is the company functioning as it should given the current environment?
- Could changes in strategic direction and corporate culture make a difference to operations?
- Could weaknesses become strengths given certain changes / environmental factors?
- Should the company consider merging or diversifying?
- Has the strategy changed during its development as a company?
- Have these changes been good or bad overall? Why?
- What improvements can be made to the company's product lines? etc.

**Step 6: Analyse business level strategy**

The business level strategy of a company might be the same as the corporate level strategy if it is a single business. If the business has different levels, there will be many business-level strategies. You need to look at each.

You will need to assess some or all of the following:

- The aim of the company's global competitive strategy—i.e., is it differentiation, low cost, or targeted markets
- The value of the investment goals of the company given its strategic focus and the stage in the lifecycle of the company
- The product range of the company, its differentiation, and competitiveness.
- How the company is using strategies to build competitive advantage (quality, efficiency, innovation, responsiveness to customer needs, etc)
- The marketing strategy of each of the business levels in the company
- What production techniques are being used and how they can be improved
- Whether or not the company is doing research and development
- Whether or not this research and development is effective and adequately tied to corporate aims
- Whether or not the corporate strategy accurately reflects the aims of the company in terms of producing low-cost or differentiated products? (The strategy will be very different).
- Whether or not the company had developed the right competencies in terms of staffing, production techniques, marketing, etc.
- Whether or not the company can simultaneously pursue both a low-cost and a differentiation strategy

Step 7: Analyse structure and control systems

Different corporate strategies require different structures. These need assessment. Issues you might like to consider:

- Is the hierarchy or decentralized control of the company adequate given the levels in the company?
- Should horizontal differentiation be adopted? (Does it use a functional structure when it should be using a product structure?)
- Are appropriate control systems being used?
- Are appropriate rewards being given to managers?
- Is cooperation among divisions being encouraged by a suitable reward system?
- What political issues in the company are bearing on problems the company is facing?
- What action plans can be adopted to meet the goals of the company?

Step 8: Make recommendations

Recommendations need to be made once the analysis is complete. They will be based on what was uncovered in the analysis section and will follow logically from the analysis.

Be aware that students often confuse the findings, conclusions and recommendations.

- Findings are factual and verifiable statements of what happened or what was found
- Conclusions are your own ideas that you deduce from your findings
- Recommendations are what you want done



You will need to recommend precise courses of action that the company needs to take.

e.g., *The company should adopt a horizontal control structure and reduce its product lines to include only the following products: ...*

Recommendations might include:

- an increase in spending on specific research and development projects
- the divesting of certain businesses, a change from a strategy of unrelated to related diversification
- an increase in the level of integration among divisions by using task forces and teams
- a move to a different kind of structure to implement a new business-level strategy.

(Business Resources for Students, 2003)

Write your recommendations in the form of an action plan. It is good to include a timetable of what should be done when. The more specific, the better. Include how changes at different levels of the company will necessitate changes at other levels.

Writing up the analysis

Follow the general format of a report (see TLU Help Sheet: *Research Reports and Essays* (whichever you have been instructed to use)).

Write in a well-structured style: 'This report is a case study analysis of Company X. The report focuses mainly on A, B and C. First, the external environment of Company X will be discussed... Third, we discuss Company X's strategic direction... Last, we provide recommendations for turning around Company X's business.'

Use plenty of headings and subheadings to structure your analysis. Have different sections for the Findings and the Analysis or Discussion. You might have a section specifically for Porter's five forces model as part of your environmental analysis and sub-sections for other analysis tools used. Think about the format carefully. There is no "right way" but it is possible to adopt a confusing, repetitive and disorganised format if you are not careful.

Further advice

The following advice of Seperich, Woolverton, Beierlein and Hahn (2003) may also be useful when conducting case study analysis:

1. Read the case thoroughly

To understand fully what is happening in a case, it is necessary to read the case carefully and thoroughly. You may want to read the case rather quickly the first time to get an overview of the industry, the company, the people, and the situation. Then, read the case again more slowly, making notes as you go.

**2. Define the central issue**

Many cases involve several issues or problems. Identify the most important problems and separate them from the more trivial issues. After identifying what appears to be a major underlying issue, examine related problems.

3. Define the firm's goals (only if applicable)

Inconsistencies between a firm's goals and its performance may further highlight the problems discovered in Step 2. At the very least, identifying the firm's goals will provide a guide for the remaining analysis.

4. Identify the constraints to the problem (only if applicable)

Constraints may limit the solutions available to the firm. Typical constraints include limited finances, lack of additional production capacity, personnel limitations, strong competitors, relationships with suppliers and customers, and so on. Constraints have to be considered when suggesting a solution.

5. Identify all the relevant alternatives

The list should include all the relevant alternatives that could solve the problem(s) that were identified in Step 2. Use your creativity in coming up with alternative solutions. Even when solutions are suggested in the case, you may be able to suggest better solutions.

6. Select the best alternative

Evaluate each alternative in light of the available information. If you have carefully taken the preceding five steps, a good solution to the case should be apparent. Resist the temptation to jump to this step early in the case analysis. You will probably miss important facts, misunderstand the problem, or skip what may be the best alternative solution. You will also need to explain the logic you used to choose one alternative and reject the others

7. Develop an implementation plan

The final step in the analysis is to develop a plan for effective implementation of your decision. Lack of an implementation plan even for a very good decision can lead to disaster for a firm and for you. Don't overlook this step. It is important as a future manager to be able to explain how to implement the decision.

(Seperich, G.J, M.J. Woolverton, J. G. Beierlein and D. E. Hahn, 2003)

References

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