

## The Case Method

One of the most time-honoured forms of communication and knowledge transfer is the narrative: The earliest abstract philosophical concepts were conveyed as allegorical accounts, either for the purpose of education or debate and a scientific tradition was built around the testing of the premises which either supported or attacked the truth and validity of the implicit arguments made by these stories. Few would question the relevance of the case study, the modern equivalent of the allegory, as a basis for formulating hypotheses for further (quantitative) research, but many would contend, as Matthew Miles (1979) did in an *Administrative Science Quarterly* article titled '*Qualitative data as an attractive nuisance*' that research based upon case study was unlikely to transcend story-telling.

### What is a case study?

In general, a case study is an empirical inquiry which:

*Investigates a contemporary phenomenon within its real-life context: when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.*

Case studies are only one of many ways of doing social science research, with experimentation, observation, surveys and archival information (as mentioned above) each suited to a certain type of research problem, degree of experimenter control over events and historical/contemporary perspective and focus.

What are case studies? By design, case studies usually take as their principal subject selected examples of a social entity within its normal context. At the simplest level, the case study provides descriptive accounts of one or more cases, yet can also be used in an intellectually rigorous manner to achieve experimental isolation of one or more selected social factors within a real-life context. Despite the popular misconception that case studies are limited to qualitative analysis they can use both qualitative and/or quantitative information.

The nature and implementation of international business policy as changed as quickly as conditions in the international business environment have changed. International business is a small community which tends to learn very quickly from experiences in other parts of the world, and therefore requires an intuitive, imaginative approach to information collection, generation of alternative strategies and decision making. Unfortunately, we can't acquire either of these two qualities through reading texts or learning to manipulate quantitative models, but we can hopefully learn to recognise similar patterns from the experiences of others: In this course we will rely heavily upon the use of examples and case studies to illustrate learning points and situations. Since these cases are drawn from real-life, the quality

of the ultimate solutions may not be ideal or universally applicable: It is up to the student to view each situation critically.

## **A recommended case study methodology**

### **1.) Read the case**

This may sound a bit obvious, but not everyone appears to do this. A quick skim through the case and attached exhibits provides an overview of the structure of the case and will hopefully suggest the nature of the problem. Case writers tend to follow an unwritten convention that the problem should not be hidden in the middle of the case and usually the main issue is broached on the first half of the first page, or the last half of the last page.

It is also useful to identify the key actors in order to determine if interpersonal strains are likely to be an important dynamic of the case. This is particularly important in an international case where issues of cultural disparity may be particularly relevant.

Once the background of the case has been determined it is necessary to read through the case very carefully (yes, including all of the exhibits) considering the important contextual detail which is carefully distributed throughout the case. The case authoring process tends to encourage the writer to remove unnecessary detail, so it is unlikely that anything may be safely ignored. This may be especially true with respect to the exhibits. When financial information is included in the exhibits it is usually prudent to perform at least a rudimentary analysis of the numbers.

### **2.) Clearly identify the problem.**

Every case study has at least one major strategic problem. In some cases the lecturer may choose to focus the case analysis on one particular problem, significantly simplifying the task. Otherwise, the student needs to identify and qualify the critical problem or issue.

Students should be aware that certain cases tend to suggest a problem which is itself symptomatic of a more fundamental underlying problem. If a sailor identifies water in the bottom of a boat as a problem, bailing is indicated. If the underlying problem is a large hole in the bottom of the boat, bailing might be a rather futile solution.

### **3.) Define the objectives of the eventual solution - 'critical success factors'**

Looking past the symptomatic solution it is necessary to consider the inter-relation of the issues in the case. Quite often problems are complex, and several sub-issues need to be addressed before the main problem can be answered. Generally speaking, these may be categorised as critical success factors. Critical success factors are the particular points which must be addressed in order for an eventual solution to be successful. In the case of Eurotunnel, for example, critical success factors in the construction phase might have included timely completion, sticking to a fixed budget, government support and technical feasibility. The eventual performance of the construction phase is then judged by these criteria.

Critical success factors might also be expressed as objectives. This is especially relevant if a solution requires two different parties to agree a common set of terms - such as in the case of a joint venture. The best solution is the one which matches the two sets of objectives most efficiently.

Identifying critical success factors or objectives is important as they will create a type of scorecard which may be used to assess the different proposed solutions. Without this critical step completed it is very difficult to decide when the analysis is complete.

### **4.) List alternative solutions**

Very seldom does a business problem come with a single 'correct' solution. More likely, there are a range of possible solutions, each of which promises a different set of advantages and disadvantages. One of the things which makes business research interesting is that various parties will rank these alternatives in a different order, and there is usually a long and sometimes emotive discussion before any consensus can be reached. Ultimately, only one alternative is chosen, so it is never quite clear if other alternatives would have worked out better.

Alternatives must be mutually exclusive. If it is possible to combine two options then they violate this condition, and never were really alternative. For example, Gordon Geko Holdings plans to open a new production facility in the Hoosian Republic. Its alternatives for entry are: Direct investment in a wholly-owned subsidiary; an equity joint venture with the Minister of Defence's brother; or direct investment (as above) with sales through a local retail chain. The first two alternatives really are alternative - it is impossible to do both. The first and the last share a common element, and therefore are not really alternatives. The last is an elaboration of the first alternative.

Even if certain alternatives seem obvious, it is dangerous to stick with these few. Quite often a competitor (or worse, a colleague) will come up with an alternative which was less obvious and therefore left out of the analysis. Producing alternatives is similar to brainstorming - the objective is to produce as many alternative solutions as possible. Try to formulate possible solutions - not the best solution, but as many possible solutions as you can.

Example one illustrates listing of alternative solutions:

***Example one***

Problem: *The Phantasian Government has increased the royalty rate on copper concentrate produced in the company's mine, making production only marginally viable.*

**Alternatives**

- 1.0 Threaten to close operations
- 2.0 Reduce operations so that the net royalty payment remains the same
- 3.0 Provide financial support to the Phantasian opposition party, and hope for an early vote of non-confidence
- 4.0 Bribe the Minister of Mines and Energy
- : :
- : :
- n Do nothing

Remember, at this stage, it's quantity, not just quality which counts. Don't rule out any possibility yet. Once you have listed all of the possible alternative solutions, list the advantages and disadvantages of each. Example two illustrates this:

**Example two**

Problem: *The Phantasian Government has increased the royalty rate on copper concentrate produced in the company's mine, making production only marginally viable.*

	<b>Alternatives</b>	<b>Advantages</b>	<b>Disadvantages</b>
1.0	<b>Threaten to close operations</b>	<ul style="list-style-type: none"> <li>* Will alert the Phantasians of the consequences of their decision without forcing a shut-down</li> </ul>	<ul style="list-style-type: none"> <li>* Possible loss of goodwill</li> <li>* May cause government to over-react</li> <li>* They may call our bluff</li> <li>* May be seen as a breach of contract</li> </ul>
2.0	<b>Reduce operations so that the net royalty payment remains the same</b>	<ul style="list-style-type: none"> <li>* Will probably avoid direct reaction from government</li> <li>* Will effectively reduce economic rent, hopefully resulting in reduced royalties</li> <li>* May increase world copper prices, hence the value of our stockpile</li> </ul>	<ul style="list-style-type: none"> <li>* Will disrupt deliveries to smelter, hence possible customer dissatisfaction</li> </ul>
3.0	<b>Provide financial support to the Phantasian opposition party, and hope for an early vote of non-confidence</b>	<ul style="list-style-type: none"> <li>* May result in royalty reduction if opposition wins</li> </ul>	<ul style="list-style-type: none"> <li>* Loss of goodwill</li> <li>* Increased political risk</li> <li>* Against company policy</li> </ul>
4.0	<b>Bribe the Minister of Mines and Energy</b>	<ul style="list-style-type: none"> <li>* May result in royalty reduction</li> </ul>	<ul style="list-style-type: none"> <li>* Against law in host country</li> <li>* Against law in home country</li> <li>* Against company policy</li> <li>* We might get caught</li> </ul>
	⋮		
n	<b>Do nothing (<i>always an option!</i>)</b>	<ul style="list-style-type: none"> <li>* No additional negative consequences</li> </ul>	<ul style="list-style-type: none"> <li>* We would have to live with increased royalties</li> </ul>

Some alternatives may easily be ruled out. Alternative four in the example above may be immediately withdrawn from consideration because it violates certain conditions which are distinctly infeasible, narrowing the field. Some alternatives may be dropped if they offer the same degree of disadvantage, but less advantage than a similar alternative. By removing

infeasible and sub-optimal alternatives, the field may be narrowed to a few good alternatives. These may be considered at greater length, perhaps using quantitative methods of analysis such as simulation and one alternative ultimately chosen.

### **5.) Matching theory and case**

This is not really a stage of case analysis, but rather an underlying theme.

Often, certain methods of analysis covered in the text or readings may be suggested. Try to fit these into your analysis where practical, but don't limit yourself to copying a model out of the text - try to adapt the material to fit the case - not vice versa!

### **6.) Select an alternative and draw conclusions**

Once alternatives have been fully explored, infeasible and sub-optimal ones ruled-out, it is necessary to select one of the surviving alternatives. Quite often the choice is simple and intuitive, however there are often two or three good alternatives which appear to be equally good. The choice may require a closer look at the decision criteria, and there are several ways of doing this, either formally or informally.

A decision grid may be used to match the alternatives with the decision criteria- either critical success factors or objectives. The decision grid applies a weighting (for example, a scale of 1 to ten) to each of the combinations of alternative and criteria to assess the 'goodness of fit' of each relationship. The weighting is usually subjectively derived, or in plain English, it is a guess. The attractive feature of this type of model is that the guesses, or assumptions, are made explicit and therefore provide a starting point for further discussion.

A further embellishment of this type of model requires that the objectives are given a weight in order to compensate for relative importance. For example, if one objective, say objective "B" is roughly twice as important as another (Objective "A") the relative weightings reflect this difference. In Example 3, the first alternative scores 2, 1 and 2 respectively for each of the objectives. To derive the total weighted score in the first alternative we calculate:

$$2(.25) + 1(.45) + 2(.30) = 1.55$$

Example 3 illustrates the relatively low attractiveness of any of the proposed alternatives.

**Example 3:***A decision grid - matching fit of objectives*

<b>Alternative</b> (weighting in brackets)	<b>Objective</b>			<b>Total weighted score</b>
	<b>"A"</b> (.25)	<b>"B"</b> (.45)	<b>"C"</b> (.30)	
	<i>(1 is low, 10 high, X impossible)</i>			
<b>Threaten to close operations</b>	2.00	1.00	2.00	1.55
<b>Reduce operations so that the net royalty payment remains the same</b>	5.00	3.00	3.00	3.50
<b>Provide financial support to the Phantasian opposition party, and hope for an early vote of non-confidence</b>	6.00	1.00	3.00	2.85
<b>Bribe the Minister of Mines and Energy</b>	9.00	4.00	X	Impossible
:				
:				
<b>Do nothing</b>	1.00	2.00	1.00	1.45

Recommendations should be clear and explicit. While real-world business problems may occasionally lead to inconclusive analysis, it is usually unacceptable in a teaching case study to conclude that further analysis is necessary. Recommendations need to address the original problem, appear feasible and not lead to further complications. Furthermore, they should be easily implemented.

**7.) Implementation**

The ultimate test of a strategy is in the implementation. A brilliant strategy, proposed as a result of a brilliant analysis may be a total flop in implementation while a pretty mediocre strategy may succeed in the long run because it is easily implemented.

It is certainly worth including a brief discussion of implementation strategy in a case analysis. The implementation plan should discuss the stages of implementation, the timing and sequence of each stage, and hopefully, the manager who will be responsible at each stage. A basic implementation plan will cover these points briefly, perhaps noting the stages which are critical for the completion of future stages, and those which may run concurrently with others. A more complete plan might include critical path models (CPM) or a Gantt chart. (These are discussed in operations research programmes and texts)

## **Conclusion**

Case studies provide an excellent opportunity to try out the diverse and often contradictory set of concepts and techniques studied in Business Schools. While they tend to discuss problems which have long since been addressed (successfully or otherwise) the actual solution is of little consequence, since we can never know if the alternative actually chosen and implemented was the best of those available at the time, or if the solution was effectively implemented. There is, in effect, no right answer to a case study, although case analyses may be judged on the basis of clear structure, logical argument and internal consistency.