How to Analyze Case Studies – A Framework

Conducting a case analysis is very different than just reading an article, memorizing a text, or answering a set of word problems. Case studies are designed to immerse you in a realistic business scenario and asks you to make decisions as if you were in the role of the protagonist. There is never a definitive right or wrong answer to a case. How correct your decisions are, are wholly a function of how well you have justified, supported, and planned for the implications of those decisions. We encourage you to read over the case *at least three times*:

1. **On Your First Read Through** - Approach the case as a story. Do not try to memorize facts for conduct any analyses yet. Read to just get the context, setting, and over all feel for the situation given.

2. **On the Second Read Through** – Identify, and start to piece together the motives behind:
    a. **The Major Characters** – Make note of who the protagonist (the main characters) or decision makers are. Note their names, positions, and what may incentivize their actions.
    b. **The Companies, Organizations, or Groups** – Again, take note of not only who these are, but also try to figure out what their motivations are.
   At the end of the second read through, try to state what the tension points are in the case, and what factors most influence the decisions that must be made. Identify the decisions the protagonist must make, while understanding what positives and negatives s/he must weigh when making those decisions.

3. **On the Third Read Through** – Slowly pick through the case for facts that might influence the decision factors you identified in your second reading. Organize the facts by decision factor, categorizing them as pro/con whenever you can. Leave placeholders if a fact might seem useful, but requires you to make a few assumptions.

After your third reading of the case is when we you should start to form recommendations on how the protagonist should respond. Create a pool of possible recommendations, prioritize them, and ultimately choose one to fully advocate. Treat your recommendation like a scientific hypothesis that needs to be proven, and you are to use the evidence you gathered and organized on your third reading to show that the positives outweigh the negatives, and that your chosen recommendation is indeed the strongest alternative.

Remember, your recommendation will likely not be a straight yes/no or go/no-go recommendation. Good recommendations are nuanced and caveated with clearly stated assumptions. Good recommendations are given with boundary conditions of when and under which factors the recommendation is or is not valid. The caveats, details, and boundary conditions you include show audience that you have thought about the major factors and implications that affect the decision.

A Few More Hints on Case Analysis:

Identify Missing Information & Carefully Form Assumptions
Most cases are designed so that you are not expected (or encouraged) to conduct outside research or bring in external sources of information. However, a case will never have *all* the information you want or believe you may need to make the 'perfect' recommendation. When you believe you do not have information that you think is necessary to proceed, ask yourself:
- If I had this information, how would it change my recommendation? Is it enough to just state as a caveat to your recommendation that if XXX fact was true, then the recommendation would be stronger or weaker?
- Is there other information in the case that can serve as a proxy or good substitute for the information that you are hoping for? Often times key case information is presented in numerical tables, exhibits, figures, or quotations. It is subtle, but pearls are usually found in non-descript looking oysters.
- If I analyze the numbers in the exhibits or tables, can I get to the information I'm looking for? Numbers can tell you a lot, if you take the time to interpret them. Pull out a calculator and Excel and get crunching.

If, after all that, you still believe you are missing key information – then it is time to make an educated assumption:
- Clearly state the assumption – what fact or state are you assuming?
- Validate the accuracy or reasonability of the assumption by citing a source or by providing a line of reasoning or logic,
- Then discuss how your recommendation changes *with __and__ without* the assumption.

Define the Problem and Tension

When you identify the problem, the tension, or the decision to be made, make sure you are identifying the root of the problem, and not just the symptoms that have manifested from the underlying tension. If you do not dig far enough to identify the root of the problem, you run the risk that your recommendation will only treat the symptoms and not actually solve the problem cause at hand. When you have identified what seems to be a problem, but are unsure if it is a root cause or just a symptom, ask yourself 'Why did this happen?" When you cannot reasonably come up with a good answer to this "Why did this happen?" then you have likely hit upon the root cause of the problem – and it is this problem that you should be making a recommendation upon. For example, a 'Why' exercise to identify the root problem of an issue might look like:

- Sales at the restaurant are down.
    >>Why have sales gone down?
    - Average check per cover is lower than it used to be.
        >>Why has average check/pp decreased?
        - Fewer guests are purchasing beverages with their meals.
            >>Why are fewer guests purchasing beverages with their meals?
            - Fewer guests are ordering sodas and/or juices.
                >> Why are fewer guests ordering sodas/juices?
                - Dietary trends have shifted as consumers lead a healthier lifestyle. Guests are drinking less soda/juices for health reasons.

Based on this drill-down, the underlying problem identified could be stated as:

> *Changing consumer preferences have decreased beverage sell-through rates per*
> *guest, resulting in lower average checks and an overall decline in sales.*

Notice how this problem statement is informative, and indicates what issue(s) must be addressed to solve the problem. Do you see how the detailed problem statement above is better able to spark a meaningful discussion than a generic declaration that "The problem is that sales have decreased."

Identify Multiple, Reasonably Possible Next Steps or Recommendations

Do not jump to conclusions or commit to the first recommendation that you think of. Start by creating a list of possible recommendations – one of which is always to just do nothing. Be careful that the recommendations you come up with are more than just band-aids that address symptoms, or temporarily fix front-line issues. For example, going back to the beverage sales example above, easy recommendations may be to:

- Offer healthier beverages
- Advertise or promote water and other 'healthier' beverages
- Create a pre fixe meal or bundle that includes a beverage, but charges a slightly higher price.

While these three recommendations may all ameliorate our problem with lower beverage sales – they are all tactics for the same strategy – try to sell more beverages. A set of strategic alternatives should be high-level…for example:

- Target a market with more stable eating and drinking preferences,
- Decrease the restaurant's reliance on beverage sales.

Each of these strategic recommendations could be implemented through a variety of tactics – but the important part is to come up with *strategic* recommendations. Not a bunch of recommended tactics.

Evaluate the Outcomes of the Most Viable Next Steps & Recommends

Once you have your list of reasonably possible recommendations, it's time to evaluate them and choose one. Which one you choose to advocate for should be a function of:

1. How well does the recommended strategy actually solve the problem?
2. Does the recommendation fit with the Company's vision/mission/culture/goals?
3. What are the financial implications of the recommended strategy?
    a. How much will it improve revenues on an ongoing basis?
    b. How much will it improve the cost structure on an ongoing basis?
    c. What will implementation cost?