

The Student Guide to the Case Method

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A case analysis is an effective tool for teaching, learning, and most importantly, practising the art and science of management. The case method immerses students in real-life situations, allowing them to develop their business skills by analyzing realistic situations, applying business theories and tools, and making substantiated recommendations. However, working with cases is a pedagogical approach unfamiliar to most new business students and often inadequately understood by advanced students.

The Student Guide to the Case Method introduces students to the case method and, in discrete notes, walks them through the tasks that are typically involved in case assignments: analyzing a case, discussing cases in class, writing case reports and giving presentations (individually and in groups), and writing case exams. A final note introduces students to the most common business tools used for case analysis. This guide is best used as a complete package to orient students to the case method, but each note also stands on its own and can be used to supplement other course materials.

This student guide is suitable for use in any undergraduate, graduate, or executive program using the case method.

The guide:

- orients students to the case method;
- builds their confidence in using cases and performing case analyses;
- provides students with reliable structures and tips for writing effective reports, giving engaging presentations, and writing successful exams; and
- introduces students to basic business tools and their use in case analysis.



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THE STUDENT GUIDE TO THE CASE METHOD

By Laurie George Busuttil and Susan J. Van Weelden

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NOTE 1: UNDERSTANDING THE CASE METHOD	5
1. Introduction to Understanding the Case Method	6
2. Purpose of the Case Method	6
3. Reading a Case.....	7
4. Analyzing a Case	7
5. Scope of the Case Guide Series.....	7
6. Case Analysis and Academic Integrity.....	8
NOTE 2: PERFORMING A CASE ANALYSIS	10
1. Introduction to Performing a Case Analysis.....	11
2. Identify the Issues	11
2.1. Pay Attention to Questions	11
2.2. Distinguish Symptoms from Issues.....	12
2.3. Limit Issues to a Manageable Set.....	12
3. Analyze the Issues	12
3.1. Use Case Facts.....	13
3.2. Use Business Concepts, Models, and Tools	13
3.3. Use Outside Research Sparingly.....	13
4. Develop and Evaluate the Alternatives	13
4.1. Develop Alternative Solutions	14
4.2. Evaluate the Alternative Solutions	14
4.3. Use Case Facts and Business Concepts, Models, and Theories to Evaluate the Alternatives	15
5. Recommendations	16
5.1. Apply Criteria for Making Sound Recommendations.....	16
5.2. Craft Your Recommendations.....	16
5.3. Base Your Recommendation on the Information You Have	16
5.4. Evaluate Your Recommendations	17
6. Variations on performing a Full Case Analysis	17
6.1. Analytical Cases.....	17
6.2. Partial Case Analysis.....	17
NOTE 3: PREPARING TO DISCUSS A CASE.....	18
1. Introduction to Preparing to Discuss a Case in Class.....	19
2. Prepare before Class	19
3. Contribute to In-Class Discussion	19
4. Listen to others in Class	20
4.1. Use Active Listening Techniques.....	20
4.2. Use Listening Etiquette.....	21
5. Enhance the Quality of Your Class Participation	21
NOTE 4: PREPARING A WRITTEN CASE REPORT	22
1. Introduction to Preparing a Written Case Report.....	23
2. Play Your Assigned Role	23
3. Identify the Issues	23
3.1. Be Clear	23
3.2. Settle on a Manageable Set of Issues	24
3.3. Use Your Issue Statement to Let the Reader Know What to Expect	24
4. Analyze the Issues	25
4.1. Test the Case Facts.....	25
4.2. Use Business Concepts.....	25
4.3. Use External Research Sparingly.....	26
4.4. Adhere to Length Constraints	26

5. Develop and Evaluate Your Alternatives.....	26
6. Make Recommendations	27
7. Content and Format of your Report	27
7.1. Length	27
7.2. Font	27
7.3. Spacing	28
7.4. Page Numbers	28
7.5. Headings and Subheadings	28
7.6. Cover Page	28
7.7. Executive Summary	28
7.8. Introduction	29
7.9. Body of the Report	29
7.10. Conclusion.....	29
7.11. Figures and Appendices.....	29
7.11.1. The Purpose of Figures and Appendices.....	29
7.11.2. Quantitative Figures and Appendices.....	30
7.11.3. Numbering of Figures and Appendices.....	30
8. Writing Style, Grammar, and Spelling.....	31
8.1. Basic Criteria of a Well-Written Report	31
8.2. Use of “I Think” and “I Believe”	31
8.3. Formal versus Informal Reports.....	31
9. Professional Language, Tone, and Tact	32
9.1. Use Professional Language	32
9.2. Use Constructive Language.....	33
9.3. Use <i>Must</i> and <i>Need</i> Sparingly	33
10. Case Reports Written by Teams	33
10.1. Team Meetings.....	33
10.2. Brainstorming	34
10.3. The Task of Writing the Report	34
11. Case Analysis and Academic Integrity	34
NOTE 5: MAKING AN ORAL CASE PRESENTATION	35
1. Introduction to Making An Oral Case Presentation.....	36
2. Purpose of a Case Presentation	36
3. Criteria of a Good Presentation.....	36
4. Content of a Case Presentation	37
4.1. Presentation of a Full Case Report.....	37
4.2. Presentation without a Case Report	37
5. Audiovisual Aids.....	38
6. Presentation Skills.....	38
7. Handling Audience Questions.....	39
8. Team Presentations	39
9. Role Of The Audience.....	40
10. Dress for Success.....	40
NOTE 6: PREPARING FOR AND WRITING A CASE EXAM	41
1. Introduction to Writing a Case Exam.....	42
2. Purpose of a Case Exam	42
3. Preparing for a Case Exam.....	42
3.1. Reread Notes and Texts	42
3.2. Practise Writing a Case under Exam Conditions.....	43
4. Writing a Case Exam.....	43
4.1. Read the Instructions	43
4.2. Read the Case	44

4.3.	Prepare an Outline.....	44
4.4.	Write Your Report.....	45
4.4.1.	Prioritize and Manage Your Time.....	45
4.4.2.	Identify the Issues.....	45
4.4.3.	Analyze the Issues.....	45
4.4.4.	Identify Alternative Solutions.....	45
4.4.5.	Evaluate Alternative Solutions.....	45
4.4.6.	Make Your Recommendation.....	46
NOTE 7: USING COMMON TOOLS FOR CASE ANALYSIS.....		47
1.	Introduction to Common Tools for Case Analysis.....	48
2.	Horizontal Analysis.....	48
3.	Vertical Analysis.....	49
4.	Ratio Analysis.....	49
4.1	Profitability or Activity Ratios.....	50
4.1.1	Return on Assets.....	50
4.1.2	Profit Margin.....	50
4.1.3	Gross Profit Margin.....	51
4.1.4	Expense Ratios.....	51
4.1.5	Asset Turnover.....	51
4.1.6	Inventory Turnover.....	51
4.1.7	Receivables Turnover.....	52
4.1.8	Return on Equity.....	52
4.1.9	Earnings per Share.....	53
4.1.10	Price-Earnings Ratio.....	53
4.2	Liquidity Ratios.....	53
4.2.1	Current Ratio.....	53
4.2.2	Acid Test Ratio (Quick Ratio).....	54
4.3	Solvency Ratios.....	54
4.3.1	Debt Ratio.....	54
4.3.2	Debt to Equity Ratio.....	55
4.3.3	Times Interest Earned.....	55
5.	Assessing Profitability.....	55
6.	Break-Even Analysis.....	56
7.	Market Potential and Market Share.....	56
8.	SWOT Analysis.....	57
9.	PESTLE Analysis.....	57
10.	Porter's Five Forces Framework.....	58
11.	Stakeholder Analysis.....	60
12.	Industry Success Factors.....	60
13.	Value Chain Analysis.....	60
13.1.	Industry Value Chain.....	60
13.2.	Organizational Value Chain.....	61
14.	Competitive Position Matrix.....	61
15.	Strategic Cluster Map.....	62
16.	Resource Gap Analysis.....	62
17.	Core Competencies.....	63
18.	Competitive Advantage Analysis VRIO.....	63
19.	Case Analysis and Academic Integrity.....	64

NOTE 1: UNDERSTANDING THE CASE METHOD

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A *case* or *case study* is a real business story that requires you to step into the role of a manager or a member of the management team that faces a dilemma, or the role of a consultant assisting an organization that faces a dilemma. Acting in that role, you are tasked with resolving the issues or problems that the profiled organization is facing at a particular moment in time. Alternatively, you are asked to evaluate and choose among opportunities that exist for the organization at a specific point in time. Those issues and opportunities may be confined to a specific discipline in business, such as accounting, marketing, human resources, or strategic management. However, the challenges often involve several disciplines, reflecting the multi-faceted nature of business in practice.

The case method involves learning by doing. It provides you with an opportunity to apply your knowledge and skills to real-life and realistic situations. Listening to class lectures, reading about various business subjects, and performing quantitative and qualitative analyses to solve well-defined problems are all valuable learning tools; however, management skills and knowledge cannot be developed by these methods alone. Management requires more than applying a storehouse of prepackaged solutions or standard answers. Each situation faced by management has its own variables unique to the situation. Using the case method provides you with valuable opportunities to develop and practise skills you will need in those situations.

1. INTRODUCTION TO UNDERSTANDING THE CASE METHOD

This note introduces you to the case method. It provides an overview of the steps used in case analysis and the types of case assignments you might encounter. It is designed to help you develop a basic understanding of the case method and to guide you in approaching your first few cases. Subsequent notes provide more detailed guidance about individual steps in the process.

2. PURPOSE OF THE CASE METHOD

Case analysis is used as a teaching and learning tool to *practise the art and science of management*. The situations described in cases are less structured than the typical problems and questions found in most textbooks. There is not necessarily one right answer to resolving the issues, problems, or opportunities (collectively referred to hereafter as “issues”) faced by the organization in the case. While some answers could be better than others, there is no answer key at the back of the book to tell you whether you have made the right choices.

The organization described in the case might be familiar to you, and you might even be able to find out what the organization actually did in the situation described in the case; however, the approach taken by the organization is not necessarily the one you should recommend. Also, because cases describe relatively current or recent situations, enough time might not have passed since the decision point in the case to allow you—or others in the business world—to evaluate whether the organization made the best possible choices. You are asked to draw your own conclusions and support them with your own analysis.

Learning with the case method will help you develop essential management competencies, skills, and abilities. You will use technical, analytical, problem-solving, and creative skills. You will hone your written and oral communication skills by writing reports, participating in class discussions, and making presentations. You will develop your ability to work effectively with others by preparing team case reports and presentations.

Along the way, you will learn about a wide variety of industries, organizations, and management issues.

3. READING A CASE

Before reading the case itself, read the course requirements in the syllabus or on the course website. In addition to understanding the general purpose of the case method, it helps to know what your instructor wants you to do with the case—prepare for a class, answer questions, perform a complete analysis, prepare a written report or presentation, or undertake some combination of those tasks.

When you read the case for the first time, resist the temptation to highlight important facts and to begin doing analysis and generating alternative solutions. If you use a highlighter on the first read, you will soon find yourself highlighting most of the case, especially in a short case that is rich in details. Instead, during the initial read, establish who the decision maker is and what decision needs to be made. Highlight any questions raised by the principal actors or characters: they usually indicate what work is expected (e.g., answers to specific questions, specific types of analysis, or evaluation of specific alternatives). Identify key goals of the organization, industry key success factors (if they are made explicit), and important constraints (e.g., the urgency of a decision, or the lack of resources or expertise). Develop a preliminary understanding of the issues facing the decision maker.

Then read the case more carefully a second time. Armed with an initial understanding of the issues, you are now prepared to assess the relevance and importance of specific case facts. Highlighting the case facts at this stage will help you to be able to quickly extract them and use them effectively in your analysis. During your second read of the case, you can also gain a better understanding of the issues and begin to consider what analysis to perform with the case facts you have identified as relevant and important.

Subsequent reads of the case will likely be confined to rereading specific sections of the case as you undertake the analysis described briefly in Section 3 and described in more detail in Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054.

4. ANALYZING A CASE

Over the course of your business studies, you will face a variety of cases. Most of the cases will be in written format, but cases can also be provided as videos. The length of cases will vary, as will the breadth and complexity of issues they cover. As well, some cases will direct and limit the scope of your analysis, while other cases will pose general questions that require a more skilled approach to case analysis.

Regardless of the size and scope of the case, case analysis involves four basic steps:

- A. Identify the issues, problems, and opportunities.
- B. Analyze the issues, problems, and opportunities.
- C. Develop and evaluate alternative solutions.
- D. Make recommendations for action.

Especially for complex cases, a case analysis is usually an iterative process. While an essential first step is to identify the issues to be resolved, analysis of those issues can refine the issues that were initially identified, leading to a revised issue statement.

5. SCOPE OF THE CASE GUIDE SERIES

This note and others in the Case Guide Series are designed to provide an overview of the case method. They provide a general template or pattern for case analysis that you can apply in various courses throughout your business studies. There is no one right way to analyze a case, just as there is no one right answer or solution to the issues presented in a case. You will encounter a variety of situations, issues, tasks, and topics that all require you to use judgment in applying the guidelines provided in the Case Guide Series.

The Case Guide Series covers five separate tasks that can form part of your case assignments.

Case analysis: For all case assignments, you will be required to analyze the case by performing one or more of the steps described in Section 3 (i.e., identify the issues, analyze the issues, develop and evaluate alternatives, and recommend a course of action). *Analyze*, in the broad sense, refers to the full process of applying the case method. *Analyze* can also specifically refer to the case analysis step of probing into and dissecting issues. In both contexts, analysis is a critical component of the case method, so it is discussed first and receives the most attention. (See Note 2—“Performing a Case Analysis,” No. 9B18M054, and Note 7—“Common Tools for Case Analysis,” No. 9B18M059.)

Class discussion: In some courses, instructors will use discussion of the case to apply and supplement the lecture material; in other courses, instructors will use discussion of the case as the main pedagogical tool. To benefit from the discussion and to provide meaningful input, it is important to adequately prepare. (See Note 3—“Preparing to Discuss a Case,” No. 9B18M055.)

Report writing: You could be asked to prepare a written case report—either individually or as part of a small team. For this task, the emphasis is on organizing your analysis and findings in a written report that effectively communicates those findings to the reader. In most instances, you will be asked to play a specific role (e.g., the internal manager who is the decision maker in the case or an external consultant to that decision maker), and to write a report to a specific reader or group of readers (e.g., the vice-president of marketing or the board of directors). (See Note 4—“Preparing a Written Case Report,” No. 9B18M056.)

Oral presentation: You could be asked to present your analysis and findings to the class, either individually or as part of a small team. The goal in this exercise is to develop and deliver a concise presentation that captures the main thrusts of your analysis and presents them in a professional and engaging manner. Here, too, you will usually be asked to play a specific role and to present to a specific target audience. (See Note 5—“Making an Oral Case Presentation,” No. 9B18M057.)

Case exam: Your instructor might use the case method as a testing or examination tool. The goal in this situation is to showcase your analytical and writing skills under the time pressure of an exam setting. It will be important to read the case intentionally so that you can isolate relevant facts and data, identify issues, decide on the appropriate qualitative and quantitative analytical tools to use, and perform the necessary analysis. Time management will be crucial so that you can complete all required steps, including providing appropriate recommendations and a plan for their implementation. (See Note 6—“Preparing for and Writing a Case Exam,” No. 9B18M058.)

When completing any of the above tasks, follow the specific instructions provided by your instructor in the course syllabus or course package. These specific instructions always supersede those contained in the Case Guide Series. Different instructors have differing expectations, which is good practice for the workplace, where you will need to give careful consideration to the preferences of your supervisor or client—in terms of both content and style.

6. CASE ANALYSIS AND ACADEMIC INTEGRITY

Because case analysis is complex, it may often seem helpful to discuss the case informally or formally with other students before participating in a class discussion, writing a report, or making a presentation. Managers and consultants often discuss problems with other people, within the constraints allowed by confidentiality. *Therefore, your instructor may allow, encourage, or even require such discussion. However, to ensure academic integrity and to avoid plagiarism, unless your instructor has specifically indicated that some degree of discussion is permissible, you should consult with your instructor before engaging in any collaboration.* This restriction on outside discussion is especially necessary when preparing reports and presentations.

It may also seem helpful to search the Internet for teaching notes for cases or for case reports or slide presentations prepared by other students. Academic integrity requires that you refrain from using such resources, in full or in part. Any attempt to use the work of others and to pass it off as your own is plagiarism. If the instructor is suspicious that plagiarism might be involved, you may be asked to upload a copy of your case report through Turnitin.com.

While using the work of others may appear to provide a shortcut to a good grade, the quality of online sources and the work of other students is often suspect, at best. Most importantly, you deprive yourself of the learning opportunities the case method offers.

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NOTE 2: PERFORMING A CASE ANALYSIS

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1. INTRODUCTION TO PERFORMING A CASE ANALYSIS

For all case assignments, you will be required to analyze the case by performing one or more of the basic steps of analysis (i.e., identify the issues, analyze the issues, develop and evaluate alternative solutions, and recommend a course of action). *Analyze*, in the broad sense, refers to the full process of applying the case method. *Analyze* can also specifically refer to the case analysis step of probing into and dissecting issues. In both contexts, analysis is a critical component of the case method.

This note of the Case Guide Series guides you through the specific process of analyzing a case. This method for basic case analysis can be used for several purposes: discussing the case in class, writing a report, making a presentation, and writing a case exam.

2. IDENTIFY THE ISSUES

The first step in analyzing the case is to identify the organization's issues, problems, and opportunities (collectively referred to hereafter as "issues") that you will attempt to resolve. A clear understanding of the issues is paramount; otherwise, your analysis and your generation of alternative solutions will lack the necessary focus. Although some cases will direct your attention toward specific issues (especially early in your business studies), a considerable degree of judgment is usually required to identify the issues.

2.1. Pay Attention to Questions

Questions from three sources provide important clues about the key issues:

- *The principal actors or characters in the case.* These clues are musings or direct questions raised by the principal actors themselves. You can usually find these clues at the beginning and end of the case, but they might also be sprinkled throughout the case.
- *Your instructor.* Questions can often be found in the syllabus or course package, or on the course website. These questions are sometimes intended to limit your analysis to issues that fit within a specific topic of discussion. At other times, these questions are intended to focus your attention on the most important issues.
- *The author of the case.* In cases presented in textbooks, the case author sometimes provides attention-directing questions at the end of the case.

If, in your analysis of the case, you have not answered all of the questions posed in the case or in your course syllabus, you have likely either omitted an important issue or become sidetracked by minor issues. Moreover, even if you have resolved some issues, if you have not addressed all of the questions posed in the case or in your course syllabus, your analysis will likely fail to totally satisfy your instructor—and later, your supervisor or client.

Especially in upper-level courses where the cases are, in general, more complex, your instructor could expect you to look beyond the more obvious issues or those suggested by the case principals to consider issues that people close to the situation could have overlooked. You should address these supplementary issues in addition to, not instead of, addressing the specific requests posed by principals in the case or by your instructor.

2.2. Distinguish Symptoms from Issues

To correctly identify issues, it is important to distinguish between symptoms and underlying causes. Your goal should be to focus on the underlying causes. To uncover them, ask the question “Why?” until you can no longer provide a satisfactory answer.

For instance, an organization might be suffering from low productivity. Asking why productivity is low might lead you to conclude that employee morale is low and that employees are not motivated to perform well. Probing further, you might find that both of these issues arise because the reward system does not adequately recognize good performance. Low productivity and employee morale are symptoms of the underlying cause.

Alternatively, an organization might be plagued by low customer retention. Asking why customers are going elsewhere might lead you to conclude that customer service is poor, product defect rates are high, existing competitors have improved their product, and a new competitor has entered the market. The last two items are root causes because asking “why” will not lead to further answers. Therefore, they are issues to resolve even though they are not within the organization’s control. Asking “why” for the first two items might lead you to the third issue, namely that the company’s goals and reward systems emphasize efficiency rather than product quality.

2.3. Limit Issues to a Manageable Set

Once you have identified the issues, you might need to reduce them to a manageable size to enable you to effectively carry out the subsequent steps in case analysis.

For some cases, you might be required to resolve a single issue. However, you should still identify sub-issues, and decide which are most important and which you have the time and space to tackle. For example, the issue might be to set an admission price for a new museum. Possible sub-issues to consider include fit with the mission of the museum, customers’ ability and willingness to pay, the possibility of differential pricing (e.g., lower rates for students), competing forms of entertainment and their admission prices, costs that need to be covered by the admission price, and the break-even point. To identify the most important sub-issues, consider the information in the case, the questions discussed in Section 2.1, and the nature of the course.

Other cases might present multiple issues. You might find it helpful to look for relationships among the issues and cluster them under one overarching issue. For instance, in an organizational behaviour case, you might be able to trace several issues—such as unclear decision making processes, inability to deal with job stresses, and inability to delegate—to the root issue of inadequate training of managers. Dealing with one issue is easier than dealing with three separate issues and will lead to better solutions.

Other cases might not have an overarching issue; instead, you might face a seemingly unconnected set of distinct issues. You will then need to prioritize the issues, using the questions referred to in Section 2.1, and your judgment, so that you give adequate time and attention to the most important issues.

3. ANALYZE THE ISSUES

Analysis involves examining the issues in detail. It requires that you dissect the issues and consider them closely to understand their nature and key elements.

3.1. Use Case Facts

One aspect of analysis is using case facts to develop a detailed understanding of the issues. You can use the case facts to help build logical arguments, develop findings, and draw educated inferences rather than casual guesses. For instance, if the issue in an organizational behaviour case is inadequate managerial training, facts from the case should indicate that the training provided to managers did not sufficiently clarify decision making processes or how to delegate tasks, or both. Or, for a marketing case, an issue with increased competition might be supported by the case facts describing the entrance of new competitors into the market, new products introduced by competitors, or price reductions offered by competitors.

Many important case facts are contained in a case's figures and exhibits. These case facts could include data about the worldwide market size, the competition, the company's revenues and profit, industry sales, product prices, or organizational charts. Study each figure or exhibit to determine the key insights it offers. Go beyond the specific facts highlighted in the body of the case; figures and exhibits usually include additional facts that can be interpreted in other ways to enhance your analysis.

3.2. Use Business Concepts, Models, and Tools

Another aspect of analysis is the use of business concepts, models, and tools to analyze the issues. For example, in an organizational behaviour case, you could use equity theory or expectancy theory to explain why an organization's reward system has been unsuccessful in motivating employees. In a marketing case, you could apply the model of a product life cycle or the concept of a target market; you could also calculate market share and changes in market share. To analyze issues in an accounting case, you could use tools such as contribution margin analysis or capital budgeting. In an integrated strategic management case, you might apply the concepts of value chain and competitive advantage, compute financial ratios, and apply tools such as a competitive position matrix and Porter's five forces framework.

You will sometimes be given directions to apply specific concepts or tools; other times, you are expected to use your discretion in selecting the most relevant concepts or tools to apply. For some cases, the analysis will largely rely on qualitative models and tools. However, many cases will involve both qualitative and quantitative elements.

Note 7 of the Case Guide Series—"Using Common Tools for Case Analysis," No. 9B18M059—describes some common qualitative and quantitative tools for analyzing issues and possible courses of action.

3.3. Use Outside Research Sparingly

Analysis might also include conducting and integrating outside research—for example, researching the industry and competitors—to supplement the information provided in the case. However, for many cases you will encounter in your studies, you will not be asked to obtain outside research beyond any background knowledge required to understand the facts of the case. This approach is consistent with the requirement that you put yourself in the role of either the manager or a member of the management team making the decision. You are asked to make that decision based on the same information the actual managers in the actual organization had at that actual point in time.

4. DEVELOP AND EVALUATE THE ALTERNATIVES

In this step of a case analysis, you first identify alternative solutions to address the issues you previously identified and analyzed, and then evaluate the advantages and disadvantages of each alternative. The best alternatives will resolve more than one of the identified issues.

4.1. Develop Alternative Solutions

When identifying alternative solutions, go beyond the *status quo* (which might or might not be a viable solution, depending on the company's situation) and beyond identifying a poor alternative and a very good one. Strive to develop multiple viable alternatives that are not chosen with a bias toward or against a particular course of action. Creative thinking will enable you to develop novel approaches. Avoid a premature evaluation of the alternatives, and try to develop as many alternatives as possible.

Even if you know the course of action the organization ultimately chose, resist the temptation for that knowledge to bias your development and evaluation of alternatives. This topic is further discussed in Section 5.3.

4.2. Evaluate the Alternative Solutions

Assessing the advantages and disadvantages of each alternative solution represents another form of analysis, as is quantifying the financial impact of an alternative solution. Some of the case analysis tools described in Note 7 can be used to analyze alternative solutions, in addition to being used to analyze issues.

When you evaluate your alternatives, present a balanced assessment of both the advantages (pros) and disadvantages (cons). Use of biased or one-sided arguments undermines both the usefulness of your analysis and its credibility. Where possible, suggest how to overcome any significant disadvantages.

If you have difficulty generating pros and cons, establish a set of criteria for decision making and use those criteria to identify pros and cons. For example, in a strategic management case, decision criteria might include the degree to which the action

- fits with the organization's mission, value proposition, and goals;
- fits with stakeholder preferences;
- is profitable;
- increases market share;
- enhances the organization's brand;
- capitalizes on specific external opportunities;
- helps to mitigate external threats;
- uses internal strengths;
- avoids or mitigates internal weaknesses;
- builds on an existing competitive advantage or helps to create a competitive advantage;
- requires additional resources and competencies;
- can be accomplished within the organization's existing structure; or
- mitigates or increases risks, including environmental and reputational risks.

The principal in the case or the questions in your syllabus or course pack might have alerted you to some of the decision criteria to be applied. If so, be sure to use those as your starting point in establishing a set of decision criteria.

Measuring alternatives against decision criteria also helps to keep the analysis consistent, reducing bias. For instance, by applying the criteria, you avoid citing a loss of market share as a disadvantage of one alternative but overlooking the same disadvantage in another alternative that is your implicit favourite.

When identifying pros and cons, be as specific as possible. For instance, instead of stating that an alternative will be unprofitable, indicate that the alternative will result in net losses of \$72,800 and \$52,500

in years one and two, respectively. Instead of claiming that an alternative will increase market share, indicate that it will increase market share by an estimated three to four per cent by year five. Rather than arguing that an alternative will capitalize on an organization's strengths, indicate the specific strengths that will be capitalized on and how they will be leveraged.

When working with financial measures, if you can incorporate all of the information about revenues and costs into a profitability measure, it is unnecessary to then itemize individual revenues or expenses as pros and cons. Doing so would be redundant and is not nearly as valuable as doing the financial analysis required to determine profitability.

Your evaluation of alternatives should also go beyond obvious disadvantages such as being "costly" or "time-consuming." A costly alternative might still be highly advisable, especially if it generates sufficient advantages. Almost all courses of action involve some cost and time, so clearly distinguish how these factors vary from one alternative to the next and, when possible, provide evidence. For instance, one potential product line might require a significant push by the sales department to make it successful, whereas another might not require as much effort because it fits better with the organization's existing product lines and target market.

Once you begin to evaluate your alternatives, you will probably be able to quickly discard a few alternatives after some preliminary analysis. For instance, in a strategic management case, one alternative could lie far outside the organization's existing competencies and contradict one or more of the organization's clearly stated goals. Discarding one or more unsuitable alternatives will allow you to focus your detailed analysis on the more feasible and more helpful alternatives. Nonetheless, some preliminary analysis is important to ensure that you do not rule out options too quickly as a result of your own biases.

It can sometimes seem expedient to group a few alternative solutions and evaluate them as a package. However, evaluating combined alternatives can be difficult because each component usually has its own pros and cons. Also, evaluating packaged alternative solutions often obscures some of the issues, resulting in an evaluation that is less thorough than if each alternative had been evaluated separately. Therefore, it is usually preferable to wait until the recommendation phase to combine alternatives.

4.3. Use Case Facts and Business Concepts, Models, and Theories to Evaluate the Alternatives

When evaluating alternative solutions, you will have another opportunity to introduce key facts from the case and to apply concepts, models, and theories from the course to support your analysis. Some of those concepts and models will tie directly to the decision criteria referred to in Section 4.2.

For instance, in a strategic management case, alternatives can be evaluated by assessing their fit with stakeholders' preferences and by identifying resource gaps that would need to be filled to implement each option. In an organizational behaviour case, if negative group norms are an issue, you could use theory to propose ways to build positive norms, such as rewarding desired behaviour and providing feedback about unacceptable behaviours. In a human resource case, you could evaluate alternative ways to recruit new managers by considering the theoretical pros and cons of various recruitment techniques and assessing their prospects for success, given the company's specific needs and circumstances. In a finance case, solutions could be evaluated against the company's required rate of return or payback period. In a marketing case, you could demonstrate how a proposed product is designed to meet the needs of the firm's current target market or how its short development time would allow the firm to begin selling the product before its competitors do.

The examples in the preceding paragraph illustrate that the evaluation of alternative solutions usually involves some additional analysis. The analysis of the issues and of the alternative solutions should fit together; the concepts, models, and theories used to analyze the issues should be consistent with those used to evaluate alternative solutions. The goal in both exercises is to provide analyses that demonstrate sound argument and logic, and are supported by careful use of the case facts and appropriate analytical techniques (some of which are described in Note 7).

5. RECOMMENDATIONS

5.1. Apply Criteria for Making Sound Recommendations

The last step of case analysis is to choose your recommended solution to the issues. Your recommended solution will often consist of a combination of alternatives because issues are usually not so simple that a single solution will suffice. Your goal is to develop recommendations that are useful, given the issues that you are trying to resolve; consistent with your analysis; reasonable, given the organization and its environment; feasible, given the organization's resources; and convincing to your reader.

Articulate the decision criteria (e.g., those listed in Section 4.2) that you have established and applied in developing your recommendations. If the principal in the case has established the decision criteria, your recommendations should explicitly address how your recommended solution meets those criteria.

5.2. Craft Your Recommendations

Your recommendations should include sufficient operational-level details to enable their implementation. For example, specify who should implement the recommendations, how, when, and in what priority. You might want to develop a more complete implementation plan and attach it to your report as an appendix, after briefly referring to the plan in the body of the report. This approach helps to build a convincing, persuasive argument for your recommendations.

If you are specifically asked to design a separate implementation plan, your recommendations will be more general, and the details regarding who, how, when, and in what priority will be included in the implementation plan.

Your recommendations should address all the issues you identified, and should be both supported by and consistent with your analysis. Where appropriate, demonstrate how and why your recommendations would be acceptable to key individuals in the organization. Ensure that the organization is financially able to implement the action plan and has the expertise, time, and other organizational resources necessary to do so.

5.3. Base Your Recommendation on the Information You Have

Avoid recommending that further information be obtained or that additional analysis be completed. Instead, base your recommendation on the information you have, even if you believe more information is needed. Managers rarely have all of the information they desire. If further analysis is absolutely essential, your recommendation should specifically state what should be done, why, and by whom.

If the assigned case study is based on actual events, you might already know the course of action that management chose, or you might be able to obtain this information through further research. Resist the temptation to recommend this alternative, which assumes that management made the best decision. Base your recommendation on the information that management had at the time it faced the decision and *on the analysis that you conduct*. Only time allows us to evaluate the effectiveness of an organization's actual

chosen course of action. Even years later, we might not know whether outcomes would have been better for the organization had another alternative been chosen.

5.4. Evaluate Your Recommendations

Before finalizing your recommendations, take time to evaluate your recommended solution by asking the following key questions:

- Does the recommended solution address the issues identified in the analysis?
- Is there theoretical support for the solution?
- Does the recommendation address the pros and cons identified when you evaluated the alternative solution?
- Does the recommendation suggest how to mitigate or overcome the most critical disadvantages, including any risks posed to the organization?
- Does the recommended solution meet organizational goals?
- Is the recommended solution financially viable? Is it feasible from a resource perspective?
- Is the recommended solution acceptable to various stakeholders of the organization (e.g., management, employees, shareholders, and customers)?
- Does the recommendation provide sufficient details to enable the organization to implement it?

Being able to answer these questions affirmatively will help your recommendations meet the key criteria of being useful, consistent, reasonable, feasible, and convincing.

6. VARIATIONS ON PERFORMING A FULL CASE ANALYSIS

The basic four steps (identify the issues, analyze the issues, develop and evaluate alternative solutions, and recommend a course of action) are required for a full case analysis. This section discusses two variations to a full case analysis: analytical cases and partial case analysis.

6.1. Analytical Cases

Some cases might not describe the issues to be resolved but might, instead, describe issues either in the context of a success story or in a situation where it is too late to resolve the issues. In such cases, the focus is on analyzing what can be learned from the organization's successes or failures so that future prospects for success can be enhanced, or similar predicaments can be avoided or better handled by either the organization in the case or others. Business concepts, models, and tools should still be applied. For example, the leadership of an organization could be analyzed to identify which styles of leadership were evident and their effectiveness in the circumstances described in the case. Alternatively, a corporate initiative might be analyzed to determine its effectiveness in addressing resistance to change and its application of other change management principles.

6.2. Partial Case Analysis

Due to time or space constraints, your instructor might require only a partial case analysis. For example, you might be asked to focus only on identifying and analyzing the issues. Alternatively, the case might clearly define the issues, and you might be asked to only identify and evaluate possible alternative courses of action. Another form of partial case analysis is a "directed case," in which you are directed to answer a specific set of questions about the case.

Even though a full case analysis might not be required, it is still important to see how the task you are asked to perform fits within the larger picture of a full-fledged case analysis involving the four steps discussed above.

NOTE 3: PREPARING TO DISCUSS A CASE

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1. INTRODUCTION TO PREPARING TO DISCUSS A CASE IN CLASS

The method for a basic case analysis presented in Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054—can be used for various purposes: discussing the case in class, writing a report, making a presentation, or writing a case exam. This note helps you to adequately prepare to discuss a case in class and to provide meaningful input to the class discussion. The guidelines in this note are for general use. You should always defer to your instructor’s requirements, which may differ or be more specific.

2. PREPARE BEFORE CLASS

To benefit from many of the opportunities of the case method, you need to do your own analysis before class and make your own decisions based on that analysis.

Read the case once for familiarity and a second time to gain a full command of the facts, so you have good insight into the issues. As you read the case the second time, highlight the key points and make notes based on your assigned tasks. If questions about the case are provided in the course syllabus, they are intended to be used only as guidelines to identify the issues and some of the analysis to be done. You are still required to come to your own conclusions regarding the issues and relevant analysis.

In most instances, you are expected to do a full analysis of each case: identify the key issues, problems, or opportunities (collectively referred to hereafter as “issues”); analyze the issues using case facts and relevant business tools, concepts, and models; develop and evaluate some alternative solutions (again drawing on case facts and appropriate tools, concepts, and models); and recommend a course of action.

Prepare two or three pages of notes to take to class. These notes will give you talking points for the class discussion. Use your notes in class to keep track of the points your colleagues raise and to quickly identify opportunities to add to the discussion. As you track the discussion, you can formulate arguments to challenge your colleagues’ analysis of the case or to revise your own thoughts about the case.

Due to time or space constraints, your instructor might require only a partial case analysis. For example, you could be asked to focus only on identifying and analyzing the issues. Alternatively, the case might clearly define the issues, and you could be asked to only identify and evaluate possible solutions. Another form of partial case analysis is a “directed case,” in which you are directed to answer a specific set of questions about the case. In such cases, your preparation for class should focus on the partial analysis you have been directed to perform.

3. CONTRIBUTE TO IN-CLASS DISCUSSION

Your willingness to participate in the discussion of a case will enable you to consider a variety of viewpoints and insights, and thereby gain the full benefits of the class’s collective knowledge and experience.

In class, the instructor’s role is to facilitate discussion, often by asking questions. Students should do most of the talking, and you should be prepared to provide supporting reasons for your views. You are expected to show respect for others’ opinions, but you are also encouraged to challenge each other. Similarly, you are expected to be willing to submit your analysis and conclusions to scrutiny by others, without becoming defensive. Several good plans of action are usually possible, so do not refrain from taking and maintaining a minority position, provided you can defend your position using sound analysis. On the other hand, feel free to change your position and recommendations as others’ views emerge and a more complete range of information is assembled.

Due to time constraints, it is impossible to discuss every aspect of a case in class. Therefore, your instructor might steer the discussion in a particular direction, or the discussion might centre on only one or two steps of the case analysis; for example, identification and analysis of issues might be the focus of one case, while on another occasion, the issues might be clearly defined and your task could be to focus on developing possible solutions. Nevertheless, you are welcome to introduce additional ideas, other issues or a new alternative, for instance. Doing so will help to avoid feeling frustrated because some of your best ideas are not discussed. While your instructor might not be able to discuss your ideas to your complete satisfaction, you can enrich the discussion by noting additional aspects of the case that are worthy of more consideration.

Generally, the class as a whole will perform a more thorough and creative analysis than would be possible by any one person working alone or by any given small team of students. Therefore, do not be discouraged because you did not consider a particular solution. As new ideas are raised, be prepared to supplement or adjust your prepared analysis and recommendations.

4. LISTEN TO OTHERS IN CLASS

Listening to others in class is hard work. Use active listening techniques, apply listening etiquette, and refrain from activities that will prevent you or others from hearing what the speaker is saying.

4.1. Use Active Listening Techniques

Listen for the ideas the speaker is presenting, not just the words being spoken. Link what one speaker is saying to what others have already said. By doing so, you can build on their arguments or dispute their conclusions by making direct reference to their statements.

Listen critically for the main argument the speaker is presenting, so you can understand how the speaker's argument differs from yours, and how the speaker uses case facts, concepts, and models in analysis. Recognizing the logic of the speaker's argument aids you in structuring your own argument in response.

Active listening helps you build on analyses and arguments presented by previous speakers. Ask questions that clarify a speaker's use of case facts, concepts, and models, and that clarify the conclusions drawn by the speaker. Briefly summarizing a previous speaker's comments in your notes ensures that you have understood what a colleague has said. This summary can also help you to establish and refine agreement among class members at various stages of the case discussion process.

Avoid making judgments about a speaker's ideas; quick judgments limit your willingness to hear what the speaker is saying, which can lead you to discount the value of your colleague's contribution to the case discussion. Having preconceived ideas about what a speaker might say can cause you to tune out of the conversation; and when you tune back in, you could have missed a critical component of the speaker's argument.

Finally, approach a discussion with an open mind: you might discover during the class discussion that you misinterpreted a fact or misapplied a concept or model, and that the analysis, alternatives, and recommendation provided by others is more appropriate than yours.

4.2. Use Listening Etiquette

Listening etiquette begins with focused attention on the speaker. Allowing colleagues to share what they have diligently prepared shows respect for the time they have spent preparing and recognizes the value of their thoughts and contributions.

Give feedback to the speaker through your body language: maintain eye contact with the speaker, nod and smile when appropriate, and physically lean into the conversation. Show respect by allowing the speaker to completely finish speaking. A pause could simply be the speaker taking an opportunity to gather thoughts, not an indication that the speaker has finished talking.

Appropriate listening etiquette requires that you do not carry on side conversations while a speaker has the floor. Side conversations distract not only the speaker but also those around you, and could prevent a speaker's ideas from being understood by the entire group.

Appropriate listening etiquette also requires that you not be distracted by electronic devices. Ensure that your laptop is open to your notes and the case. Turn off your cellphone and put it out of sight. When your attention is distracted by electronic devices, you also distract those around you and interfere with the collective understanding of the case.

Good listening etiquette helps you to develop essential management competencies, skills, and abilities. Your technical, analytical, problem-solving, and creative skills will be sharpened as you evaluate your own analysis against that of your colleagues.

5. ENHANCE THE QUALITY OF YOUR CLASS PARTICIPATION

There is no one single way to earn high marks for preparation and participation. However, the following guidelines can enhance the quality of your class participation:

- Identify the most important issues, including those that might have been overlooked by those closest to the situation.
- Provide supporting arguments for any statements you make or conclusions you draw, but be clear and to the point.
- Share appropriate analyses; for example, bring your proposed organizational chart or your financial analysis on a flash drive, or at least be prepared to share a few key specifics of your analysis. This is a clear way to demonstrate your preparation.
- Come to a decision and be prepared to give your recommendations. Any analysis you have completed is of minimal value if it does not culminate in a decision.
- Participate in all phases of the discussion—identification and analysis of the issues, development and evaluation of alternatives, and development of an action plan.
- Interact with other students. Ask them to provide support for their arguments. State why you disagree with their opinion. Build on their analysis, but avoid merely repeating what they have said.

NOTE 4: PREPARING A WRITTEN CASE REPORT

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1. INTRODUCTION TO PREPARING A WRITTEN CASE REPORT

The method for a basic case analysis presented in Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054—can be used for various purposes: discussing the case in class, writing a report, making a presentation, or writing a case exam. This note guides you in preparing a written case report by applying the four steps of case analysis described in Note 2.

The report described in this note assumes that you are performing a full case analysis (rather than doing a partial case analysis or taking an analytical approach). The guidelines relating to format, organization, and written communication are for general use. You should always defer to your instructor’s requirements, which might differ and be more specific.

2. PLAY YOUR ASSIGNED ROLE

For each case assignment, you will be asked to adopt a specific role as a student, consultant, employee, or manager who is writing a report to a specific person or persons. Depending on your assigned role, your analysis could be written as a report to your instructor, your supervisor, the board of directors, or to the client who engaged you as a consultant.

In this note, we generally refer to the person who will receive the report as the reader. It is important that before you begin writing your report, you have a clear understanding of who will be reading your report and that person’s (or those persons’) needs and expectations. Your report should be written with your reader(s) in mind.

Your audience is reading the report to gain an understanding of how you propose to solve an issue. They are pressed for time and are often inundated with information. They want their information quickly and easily without having to bring extra thought to the process of reading. The following are some suggestions to make your report reader-friendly:

- Avoid jargon, inside terminology, and undefined abbreviations.
- Keep your sentences simple and straightforward, use paragraphs to group similar thoughts, and keep your paragraphs short.
- Make the information easy to find by using headers and page numbers, clear and informative section headings, and accurate cross-references.
- Avoid decorative elements and be generous with white space—extra lines—between sections so your reader can easily see how information is clustered.

Always use professional tone and tact. However, if you are playing the role of an external consultant, you can be a little bolder in making your points than if you are playing the role of someone from within the organization—especially when writing to a supervisor.

3. IDENTIFY THE ISSUES

3.1. Be Clear

A high-quality case report focuses on the most important issues and clearly identifies those issues at the start of the report. Without a clear statement of the issues, problems, and opportunities (collectively referred to hereafter as “issues”) that you intend to address, your report will wander aimlessly from one topic to the next and be of limited value to your reader.

3.2. Settle on a Manageable Set of Issues

It is important to arrive at a set of relevant issues that are manageable within the size constraints of your written report. (See Note 2 for more information about evaluating and prioritizing issues.) In a short report (e.g., 1,000 to 1,500 words), you can usually effectively address only two or three issues. In a longer report (e.g., 2,500 to 3,000 words), you might be able to address five or six issues. Focusing in-depth on a few key issues is generally more productive than a cursory analysis of many issues. Particularly in long or complex cases, you will need to make choices among the issues and determine priorities.

3.3. Use Your Issue Statement to Let the Reader Know What to Expect

An easy way to let the reader know what to expect in the upcoming analysis is to ensure that the issues you identify are the same issues that you subsequently analyze. Something you first identify as an issue might sometimes dissipate or diminish in priority after you begin your analysis, and other issues might surface. This change in priorities is part of the normal iterative process of case analysis. Although you should begin your draft report with a clear issue statement, the issue statement will evolve to a certain degree as you complete your report. Double-back after you have completed your initial analysis of the issues and revise your issue statement accordingly. In the final version of the report, the issues you identify at the start of the report should be in absolute agreement with your subsequent analysis and recommendations.

For a complex case, your issue statement should also identify the sub-issues associated with each issue. Noting the sub-issues will help to prepare the reader for the analysis section. For instance, the owner of a business might contemplate whether to expand to the United States. As an issue statement, the question of whether to expand to the United States is superficial and can be made more precise. A full issue statement might include whether the company has the resources to successfully execute such a move, whether the American market is more attractive than the Canadian one, and whether such a move fits with the preferences of others who own a significant share of the company. The reader of the report is then set up to expect, for example, a resource gap analysis; an analysis of market size, growth trends, and the degree of competition in both the American and Canadian markets; and an analysis of stakeholder preferences.

To provide another example, a 1999 strategic management case about WestJet Airlines Ltd. asked two questions: “Should WestJet move into Eastern Canada? If so, how soon and to what extent?” For that particular case, a sample issue statement might be

The main issue facing WestJet is whether to move into Eastern Canada. Three key factors to consider in this decision are the degree to which such a move will require the company to deviate from its successful Southwest model, how the move would fit with corporate goals, and the level of competition WestJet would face in Eastern Canada compared with in Western Canada. The second issue facing WestJet is to determine the timing and magnitude of any eastward expansion that would be compatible with the company’s goals and resource constraints, and align with competitors’ plans and capabilities.

This issue statement provides a logical foundation for the following analyses: an assessment of what the Southwest model involves, and how it gives WestJet a competitive advantage; an assessment of goals, such as keeping debt low and continuing to grow in Western Canada; and an analysis of the competition posed by Air Canada and other low-fare entrants in both Eastern and Western Canada.

Although the issue statement does not explicitly lay out the types of analyses that will follow in the report, it should provide enough hints and clues that a reader will not be surprised to find a section on “The Southwest Model” or “Analysis of the Competition.” This approach to building an issue statement also ensures that you are being deliberate in selecting and applying various analytical tools and models.

Remember, a reasonable degree of clarity about the issues is necessary to begin preparing your case report, but expect your understanding of the issues to evolve as you progress through your analysis. Ensure that your final issue statement reflects your refined identification of the issues and accurately orients the reader to the rest of the case report.

4. ANALYZE THE ISSUES

4.1. Test the Case Facts

To produce a high-quality report, you need to present the case facts in a way that contributes to your analysis and adds value to your report. Avoid merely reiterating or rehashing case material. When you restate case facts, be sure they form part of a logical argument and are accompanied by inferences and findings.

To ensure that you are using the case facts appropriately, read each sentence in your report that includes a fact from the case and ask yourself, “What’s my point?” If the answer to this question is not addressed in the same sentence or in the next few lines of the report, either delete the fact or explain the inference that you intended to draw. For example, there is little value in repeating that “the company currently holds a five per cent market share in Canada” unless you use that fact to support, say, the contention that the company has room to grow its Canadian customer base prior to expanding into the United States.

You do not need to use a formal footnote when referring to material from the case. Direct quotations from the case should be acknowledged by citing the page number of the case in the body of the report, but keep direct quotations to a bare minimum, using them only where special emphasis is desired.

4.2. Use Business Concepts

Business concepts that are used as part of your analysis should add value to your report and be relevant to your reader. Avoid discussing theories or models unless you explain them sufficiently and fit them to the situation in the case. For example, discussing what constitutes a competitive advantage is of little value unless you then proceed to use the VRIO model developed by Jay Barney to illustrate that the organization’s resources and capabilities are valuable, rare, inimitable, and that the firm is organized to exploit those resources and capabilities.

The required level of explanation depends on the reader’s knowledge, educational background, and organizational position. You might not need to explain common business terms, but do not assume that your reader is familiar with academic or business models such as Victor Vroom’s expectancy theory or the growth-share matrix developed by Boston Consulting Group. Some business terms, such as *competitive advantage* and *core competencies*, are widely used but different people might understand them differently. When in doubt, briefly explain a term. For example, you might specify that an organization’s competitive advantage refers to how it intends to attract customers by offering something that is of value to them and differs from what its competitors offer.

Specifically and deliberately apply business concepts to the case. For example, a discussion of Raymond Vernon’s model of a product life cycle should categorize the company’s products into various life cycle stages and assess the implications of having two-thirds of the company’s products in the maturity and decline stages.

A case report is not an academic research report; avoid writing that is overly theoretical and academic. Considerable skill is required to successfully integrate business theory so that it is perceived as practical and not overly conceptual. At the same time, you want to show your instructor that you are able to apply the course material and demonstrate to the intended reader that you have the appropriate expertise relevant to the situation.

4.3. Use External Research Sparingly

To keep your task of writing a case report more manageable, most of your reports will not require external research. When your instructor does request external research, the results of your research should also be presented to add value to the report, making it clear why the research is relevant to the situation. Never append external research to your written report without using that research to help dissect issues or build arguments. Acknowledge the source of any external research with a reference note (e.g., a footnote, endnote, or in-text citation).

4.4. Adhere to Length Constraints

Your instructor will usually set a word or page limit for your report. Learning to be concise and efficient with your writing will prepare you for writing excellent reports for busy professionals.

The analysis portion of your report should be substantial. Together with the evaluation of alternatives, it will form the bulk of your report. However, because of length constraints, be judicious in deciding how much and which parts of your analysis to include in your written report.

Some of the analysis is mainly for your own benefit—helping you understand the organization and its industry—rather than being of value to the reader. Your instructor might ask you to include such analysis in an appendix, with appropriate references to the appendix in the report. Alternatively, your instructor might ask you to exclude such analysis from the report to make room for analysis that will be of more value to the reader.

5. DEVELOP AND EVALUATE YOUR ALTERNATIVES

Depending on how long your report is and how complex the issues are, you could evaluate as few as three or four alternatives or as many as seven or eight. It is rarely possible to do a good job of evaluating more than eight alternatives.

Sometimes, it can seem expedient to group a few alternatives together and evaluate them as a package. However, it can be difficult to evaluate combined alternatives because each component usually has its own pros and cons. As well, evaluating packaged alternatives often obscures some of the issues and results in an evaluation that is less thorough than if each alternative had been evaluated separately. Therefore, it is usually preferable to wait until the recommendation phase to combine alternatives.

Rather than providing a complete evaluation of the pros and cons of all your alternatives, it might be sufficient to only briefly mention some of the alternatives and give a short rationale for why they were discarded early in the evaluation process.

Since analysis of alternatives is a key part of any written report, ensure that you sufficiently discuss your selected alternatives in the body of the report. Listing the pros and cons in bullet form or presenting such information in tables is an efficient way to evaluate alternatives. However, avoid using phrases that have ambiguous meanings, such as “requires additional resources” or “uses core competencies.” Such phrases leave the reader to draw inferences. Instead, specify the resources that are required or the core competencies to be used.

Using lists and tables can also have disadvantages. Too many lists and tables can lead to a report that appears cluttered and is difficult to read. However, a report that is text-heavy can also be cumbersome to read.

Therefore, strike a balance. For instance, discuss key pros and cons in paragraph form and supplement the text with a table containing additional pros and cons. Avoid duplicating content in both paragraphs and tables. To help evaluate your alternatives, establish a set of decision criteria and use those criteria to identify pros and cons. Measuring alternatives against decision criteria also helps to keep the analysis consistent, reducing bias. (Evaluating alternatives is discussed in detail in Note 2.)

6. MAKE RECOMMENDATIONS

In general, avoid introducing new analysis or new alternatives in the recommendations section of your report.

Your recommended solution will be one of the alternatives or a combination of the alternatives you evaluated. In some instances, in an effort to keep a report short, you might be asked by your instructor to combine your evaluation of alternatives with your recommendations and present only the solutions you recommend for adoption.

Your goal is to develop recommendations that will be useful, given the issues that you are trying to resolve; consistent with your analysis; reasonable, given the organization and its environment; feasible, given the organization's resources; and convincing to your supervisor or client. Your rationale should capture the main reasons for adopting your recommendations and show how you have mitigated any significant drawbacks.

Your recommendations should be specific enough that they provide the organization with an action plan, including who will implement the recommendations, how, when, and in what priority. In addition to discussing the basic plan of action in the body of the report, it is helpful with lengthy cases to provide an implementation chart in an appendix to capture the details at a glance.

Some instructors prefer that you separate your recommendations and implementation plan into two sections of your report, and provide a more expansive action plan with priorities for implementation, detailed timelines, and personnel assignments.

7. CONTENT AND FORMAT OF YOUR REPORT

7.1. Length

Your instructor will specify the number of pages or words for each case assignment. Adhere to the restricted length by organizing your report effectively, prioritizing your material, avoiding repetition, and choosing your words carefully. As discussed in Section 3.2, select a manageable set of issues and ensure your set of alternatives is also workable.

Presenting some of your analysis and findings in figures or appendices is an economical use of space, often allowing you to present more information in less space than you could in the body of your report (see Section 7.11).

7.2. Font

Use the font specified by your instructor in the assignment or course syllabus or on the course website.

7.3. Spacing

Unless your instructor directs you otherwise, reports should be double-spaced. In business, reports are normally single-spaced; however, double-spacing is usually used in academia to allow room for your instructor to provide feedback.

7.4. Page Numbers

The executive summary, which appears directly after the cover page, is not numbered, nor is it calculated in the page count or word count. The remaining pages should be numbered, but the page number should not be shown on the first page. Pages containing appendices should also be numbered, using Roman numerals. Appendices are not included in the page count or word count, although your instructor might set a separate limit on the number of appendices or the number of pages used for appendices.

7.5. Headings and Subheadings

Use headings even in short reports; include subheadings in longer reports. Headings and subheadings improve readability by informing your reader what to expect and by keeping your reader oriented within the structure of your report. They make it easier for a reader to return to the report and quickly find needed information. Headings and subheadings also help you to organize your thoughts more carefully, keeping you and, subsequently, your reader focused.

7.6. Cover Page

A professional report should include a cover page that identifies the name of the person or persons for whom the report is prepared, the name of the person or persons who prepared the report, the date, and the subject of the report, as shown in the following sample.

REPORT

TO: Jordan Kerr, President, Kerr Manufacturing Ltd.
 FROM: Nancy Drake, Eagle Consulting Group
 DATE: September 20, 2017
 SUBJECT: Customer Retention Difficulties

7.7. Executive Summary

An executive summary is required unless your instructor specifies otherwise. Write the executive summary *after* you complete the rest of the report, but place it immediately after the cover page and before the report's main content.

The executive summary is designed to outline the report's most important issues and recommendations. It should stimulate the reader's interest in the rest of the report, (e.g. by including profit projections for your recommendations, or for indicating the projected growth in market share) convincing the reader that reading the whole report will be worthwhile and valuable.

For the size of report you will produce while a student, the executive summary should not exceed one page (250 words). For a very long report (e.g., 40 or 50 pages), a two-page summary might be justified.

7.8. Introduction

The first section in the report is a brief introduction, which should capture the purpose and scope of the report. The purpose of the report states why you have been asked to write the report. The scope identifies what you will do in the report (e.g., identify issues, analyze those issues, and develop and evaluate alternatives).

The introduction should never include a salutation, such as “Dear Sir” or “Dear Madam.”

The introduction is not a brief summary of the case. Your supervisor or the person who hired you as a consultant is already familiar with the facts. However, a sentence or two in the introduction about the company’s current situation helps to explain the purpose of the report. As discussed in Section 4.1, case facts should be included in the report only to make a specific point. Therefore, do not spend time and words reiterating case facts in the introduction.

Depending on the style preferred by your instructor and the complexity of the case, identifying the issues can form a key part of the introduction to your report. Usually, though, you will identify the issues in a subsequent section that focuses exclusively on identifying the issues. The latter approach generally is favoured because it more clearly distinguishes the issues for both you and your reader.

In general, the introduction should not exceed a half page in length (125 words). If you identify the issues in your introduction, the introduction could be as long as a page (250 words).

7.9. Body of the Report

The body of the report is typically divided into sections for issues, analysis of issues, alternatives, and recommendations. Especially for the analysis and alternatives sections, use subheadings for each issue and each alternative to make your report more readable and user-friendly. Subheadings also help you to organize your thoughts (see Section 7.5). Similarly, use paragraphs to separate each group of related thoughts from the next. Use of many short paragraphs will also make your report more readable.

If your report includes figures or appendices, make specific reference to the figure or appendix at the appropriate place in the body of your report. This reference directs the reader to link the content in the body with the supplementary information.

7.10. Conclusion

The final section in a written report is the conclusion. This section should provide a very brief (no more than a quarter to a half page) summary of the main findings of the report. The conclusion should also convince the reader that it would be beneficial for the organization to adopt the recommendations in the report. The conclusion should follow strictly from your analysis and avoid introducing any new material, since you will have already clearly built your argument in the analysis section of the report.

7.11. Figures and Appendices

7.11.1. The Purpose of Figures and Appendices

Figures or appendices are used to capture some of your analysis or recommendations in a form more succinct than prose. Quantitative analysis is usually best presented in figures and appendices. Some forms

of qualitative analysis also lend themselves to figures or appendices, such as a complete Porter's five forces analysis or a resource gap analysis. Appendices are also used to present external research, organizational charts, and other supplementary information. There is no value in reproducing exhibits from the case itself in your report. Instead, refer directly to exhibits contained in the case, using a phrase such as "Exhibit 3 in the materials provided to us" or "case Exhibit 3."

Depending on the size of your report, some items should be incorporated within the body of the report while others should be appended to the back. It is conventional to include relatively short charts or tables or small graphs within the report and to attach longer items to the back of the report. Depending on your instructor's preferences, small charts, tables, and graphs within the body of a report are referred to as *figures, illustrations, or exhibits*; *exhibits* sometimes refer to material appended to the end of a report, but, more commonly, that content is referred to as *appendices*. Whatever terminology you use, be consistent throughout the report.

Each appendix is usually considered to be a stand-alone item that the reader can refer to both during and after reading the body of the report. To help draw the reader into the appendix and to make key information readily accessible in the body of the report, figures can be used to summarize key items from an appendix. For example, a figure can summarize three or four key financial ratios that are provided as part of a comprehensive ratio analysis shown in the appendix.

To use figures and appendices effectively, limit their number to suit the size of your report. Also, be sure to refer to material from these items in the body of the report.

7.11.2. Quantitative Figures and Appendices

Quantitative figures and appendices should provide a level of detail that is suited to the audience and allows the information to be presented in a readable font (at least 10 points, and depending on the font, preferably 11 or 12 points). For example, a board of directors will not want to review dozens of pages of detailed spreadsheet analysis. The board will expect the report writer to make judicious choices about the number of scenarios and level of detail to present. On an income statement, it is generally sufficient to display four or five expense categories rather than list the 15 or 20 individual expense items, and to state items in thousands or millions of dollars to reduce the number of digits displayed. It will also likely be sufficient to display the most likely, worst-case, and best-case scenarios. However, your supervisor or your instructor might want to see more analysis and a greater level of detail than a board member would require.

All quantitative appendices should include a clear trail of assumptions, calculations, and explanations. For example, if your pro forma (forecast) income statement projects a growth in sales of five per cent for each of the next two years, clearly state this assumption and explain why this assumption was used (e.g., it represents the average growth rate for the past three years, or it is the projected increase in demand for the industry). For financial statements, the clearest trail is established when you provide an additional column for assumptions. Alternatively, beside each relevant line item, insert a superscript reference number that corresponds to a numbered note at the bottom of the financial statement.

7.11.3. Numbering of Figures and Appendices

Sequentially number (or letter) all figures and appendices to correspond with the order in which they are discussed in the report. Label figures and title appendices to show at a glance what they contain; e.g., "Figure 1: Growth of Market Share, 1995 to 2015" or "Appendix 1: Porter's Five Forces Analysis."

Figures and appendices should also be professional in appearance and format. Word processing software offers a wide range of colours and designs for charts, graphs, tables, and illustrations; however, unless you are providing the printed copy of the report (and thus have control over the final appearance), avoid the use of colour and keep illustrations simple. Also avoid the use of special effects such as drop shadows and special, complex, or elaborate shapes. Use shading (i.e., fill) in tables and illustrations only when absolutely necessary. The width of borders should be between 0.5 and 1.0 points in size. When designing tables, use only the borders you need to separate rows and columns. Too many lines, vertical or horizontal, add clutter to content and often make a table more difficult rather than easier to read.

Figures and appendices are typically not included as part of the prescribed word count; however, your instructor might prescribe a separate limit on the number of figures and appendices.

8. WRITING STYLE, GRAMMAR, AND SPELLING

8.1. Basic Criteria of a Well-Written Report

Your report should be well-organized and well-written. Careful attention to grammar—including sentence structure, paragraph structure, word usage, and punctuation—and spelling is essential. Your instructor might evaluate this aspect of your report separately or might show an explicit deduction from your overall grade in an effort to emphasize the cost of poor organization, faulty grammar, and misspellings. A poorly written report will have a negative impact on the reader that will adversely colour the reader's view of the entire report. For your work to be perceived as professional, competent, and credible, your report needs to be well written.

While spell-checkers and other electronic tools are of some value, they do not detect all types of errors (e.g., using “weather” instead of “whether”). It is also helpful to have someone else review your report for readability, clarity, spelling, and grammar. However, a review by another person does not replace the need to take the time and effort to carefully review your own work. Plan your time to allow at least a day or two between finishing your first draft and editing your report; otherwise, you might simply see what you saw the last time. It can also be helpful to read your report aloud or to read the paragraphs in reverse order from the end to the beginning. Finally, you should print and proofread your report. Your eyes and brain have the ability to notice things in a printed copy that are not seen on a screen. Prepare and proofread figures and appendices with the same care as applied to the body of the report.

8.2. Use of “I Think” and “I Believe”

Avoid the tendency to preface conclusions and recommendations with phrases such as “I think,” “I believe,” or “We are of the opinion that.” The entire report represents your thoughts, beliefs, and opinions. It should be clear from the context whether you are citing facts or drawing a conclusion. While qualifying expressions can be used occasionally for special emphasis, their overuse leads to a report that appears tentative.

8.3. Formal versus Informal Reports

When deciding on the tone of a report, consider the audience, the customary style within an organization, and the preferences of your supervisor or instructor. A report to a board of directors of a large corporation should use more formal language than a report to a small business owner. For example, it is more formal to write, “The report recommends that the organization [do X]” than to write, “I recommend that the organization [do Y].”

If your report is directed to your supervisor or a client who is the owner of a small business, use of “I” or “we” is generally acceptable. As well, when addressing the recipient of the report, it is generally acceptable to use “you.” However, if the sentence refers to the recipient’s department or organization as a whole, use “the department” or “the company” or a shortened version of the company name.

Opinions differ on whether it is acceptable in a report to use the passive voice (e.g., “It is recommended that”). In general, the active voice (e.g., “We recommend that”) is more compelling than the passive voice, and it demonstrates more confidence in, and ownership of, the recommendations. The active voice is also easier to read and generally uses fewer words.

9. PROFESSIONAL LANGUAGE, TONE, AND TACT

9.1. Use Professional Language

The report should use professional language that is both concise and clear. Say something well the first time, and you will eliminate repetition and make room for new content. Keep your sentences short. Ensure that each word communicates the meaning you intend.

Avoid flowery language. Remember that you are writing a business report, not an English essay. Also avoid trite expressions, colloquialisms, and slang. For example, use the word “receive” instead of “get;” use “will earn a profit” instead of “will make money;” use “high risk” rather than “big gamble.”

Use words such as *never*, *always*, and *very* sparingly to avoid exaggeration and generalization. Such words are often unnecessarily inflammatory. As such, they might cause the reader to become defensive, and they might reduce your credibility.

Avoid the use of technical language that your reader will not understand unless you have explained such terms. This guideline also applies to use of theories and models. While you are required to use course concepts in an academic case report (in your role as a student), you are also required to apply them in a way that makes them understandable and relevant to the report recipient (in your assigned role as a subordinate or a consultant).

For instance, in an organizational behaviour case, you might choose to apply expectancy theory to explain why employees are not motivated. It is sufficient to state (with appropriate support) that employees do not believe that behaviours being asked of them will lead to customer satisfaction, or they do not believe that their supervisors will reward improvements to customer satisfaction, or they do not value the organization’s rewards. Simple, clear conclusions are preferable to a theoretical outline of what expectancy theory is and what it says about motivation.

Also avoid the use of jargon or “business speak.” Jargon obscures your intended meaning and creates the potential for misunderstanding. Jargon also changes with generations; using jargon that might be understood by a young generation of business people might leave an older businessperson frustrated and feeling excluded. Similarly, jargon does not usually translate well or consistently across languages, and is potentially confusing, excluding, or even offending to an international reader. Instead of “reaching out” or “touching base,” “contact” the person. Rather than pursuing “buy-in,” “seek agreement” on a course of action.

Use big words only to the extent that you can do so effectively. In general, clarity and conciseness are more important than trying to impress your supervisor, client, or instructor.

9.2. Use Constructive Language

Since a case report culminates in recommended alternatives for action, the goal is to be persuasive. Throughout the report, be positive, constructive, tactful, and considerate of the reader's feelings, so as not to alienate the reader.

Although one important facet of the report is to identify issues, care should be taken to avoid overly negative language, especially when the report is addressed to your superiors. For example, rather than stating that "management has failed to recognize that the current strategy is no longer effective," state that, "due to significant changes in the external environment, the company has reached the stage where a new strategy is required to ensure its ongoing success."

Avoid accusatory statements such as "poor management" or "management has neglected to." It is more appropriate to state, for example, that "there were insufficient controls in place" rather than "there was a lack of internal controls" or "management failed to establish internal controls." Using appropriate language and tone will make the reader more receptive to what you say in the report about various issues. It will also make your analysis and recommendations more credible.

9.3. Use *Must* and *Need* Sparingly

Also related to tone and tact is the use of the word *must*. In general, avoid telling the recipient of the report what the person *must* do. Overuse of that word reflects a lack of distinction between essential actions and suggested recommendations. As well, *must* has the connotation of ordering or commanding action. Your reader will react more positively, just as you would, to phrases such as "I recommend," "It would be beneficial to," or "The company should," rather than being told what the reader *must* do.

It is also preferable to use wording such as "Your department should" rather than "Your department needs to." Reserve *need to* and *needs to* for actions that are absolutely essential to emphasize their critical nature. Use "I recommend" for actions that would be prudent or wise.

10. CASE REPORTS WRITTEN BY TEAMS

10.1. Team Meetings

If you are assigned to complete your case as part of a team, plan to meet at least twice and perhaps three times to discuss the entire case. Set an agenda for each meeting and hold each other accountable for being prepared. For example, the goals of the first meeting might be to identify the issues and begin to analyze them. Prior to that meeting, each member of the team should read the case at least once, preferably twice, and make some preliminary notes.

The goals of the second meeting might be to develop and evaluate alternative solutions and to draft recommendations. Prior to that meeting, individual team members might be assigned the task of completing more in-depth analysis (e.g., calculating financial ratios, comparing the firm's product offering and value proposition to those of key competitors). Some team members might be assigned the role of capturing what was accomplished at the previous meeting by drafting one or more sections of the report.

The agenda for the final meeting might be to review the draft for consistency, clarity, grammar, and so on, and to finalize the report.

10.2. Brainstorming

One of the key benefits of working in teams is the ability to generate more ideas and to benefit from each another's ideas. For this advantage to be achieved, it is helpful to use a technique called "brainstorming" when identifying the issues and, especially, when generating alternative solutions. Brainstorming attempts to come up with as many ideas as possible by holding off on any evaluation or criticism of the ideas until a later time.

10.3. The Task of Writing the Report

The duty of writing the report can be split or rotated among team members, but the final product should represent a team effort and not simply be a piecing together of several individually-crafted sections. The latter approach usually leads to inconsistencies such as analyzing issues that were not mentioned in the identification of issues, failing to solve issues that were analyzed, or not using much of the analysis contained in appendices.

Some editing of a written draft should occur at a subsequent meeting or by means of circulating the draft to all members of the team. *The final report is the responsibility of the whole team*, not the individuals who are assigned all or part of the writing task. Your instructor might require all members of the team to sign off on the report to acknowledge this shared responsibility.

11. CASE ANALYSIS AND ACADEMIC INTEGRITY

Because case analysis is complex, it may often seem helpful to discuss the case informally or formally with other students before participating in a class discussion, writing a report, or making a presentation. Managers and consultants often discuss problems with other people, within the constraints allowed by confidentiality. Therefore, your instructor may allow, encourage, or even require such discussion. However, ***to ensure academic integrity and to avoid plagiarism, unless your instructor has specifically indicated that some degree of discussion is permissible, you should consult with your instructor before engaging in any collaboration.*** This restriction on outside discussion is especially necessary when preparing reports and presentations.

It may also seem helpful to search the Internet for teaching notes for cases or for case reports or slide presentations prepared by other students. Academic integrity requires that you refrain from using such resources, in full or in part. Any attempt to use the work of others and to pass it off as your own is plagiarism. If the instructor is suspicious that plagiarism might be involved, you may be asked to upload a copy of your case report through Turnitin.com.

While using the work of others may appear to provide a shortcut to a good grade, the quality of online sources and the work of other students is often suspect, at best. Most importantly, you deprive yourself of the learning opportunities the case method offers.

NOTE 5: MAKING AN ORAL CASE PRESENTATION

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1. INTRODUCTION TO MAKING AN ORAL CASE PRESENTATION

The method for a basic case analysis presented in Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054—can be used for various purposes: discussing the case in class, writing a report, making a presentation, or writing a case exam. This note guides you in making an oral presentation to your instructor and class colleagues. The note covers the purpose of a presentation and provides guidelines for preparing and presenting a case to a classroom audience. The note also provides general guidelines related to format, organization, and verbal communication skills.

The guidelines in this note are for general use. You should always defer to your instructor’s requirements, which may differ or be more specific.

2. PURPOSE OF A CASE PRESENTATION

Especially in the business world, an oral presentation is typically used to highlight the main findings in an accompanying written report. However, the oral presentation is distinct from the written report, largely because information presented orally is perceived and absorbed differently from information provided in writing.

An oral presentation should provide a broad overview of the main issues and recommendations. It should not provide the same level of detail as a written report, so be discerning in choosing which elements of your case analysis to emphasize. The overall goal of a presentation is to convince your audience that you understand the key issues and have a logical and feasible action plan for resolving them.

3. CRITERIA OF A GOOD PRESENTATION

A good presentation conveys information in a format that enables your audience to comprehend the intended message. With any communication, information is encoded by the sender, transmitted using one or more media, and decoded by the receiver. At any point in the process, communication can be disrupted, hindering the clarity of the message. A communication disruption can occur for a variety of reasons, including the amount of information being conveyed, the presentation tools and techniques being used, and the skills of the presenters. Good presenters are aware of the potential disruptions to a message and craft their delivery to minimize those disruptions.

For each case, you will be asked to play a specific role as a student, consultant, employee, or manager who is writing a report or making a presentation to a specific person or group, or both. Depending on the directions of your instructor, you will be presenting to your instructor, a manager, a board of directors, or a client who engages you as a consultant.

A good presentation addresses the needs and knowledge of the intended audience. However, while the presentation (and accompanying report) might be intended for one individual, you should present to the entire audience in the room. For instance, if the presentation (and accompanying report) is being directed to the vice-president of marketing, address your presentation to the vice-president and thank the individual for “inviting the rest of the management team to the presentation.”

Always use professional tone and tact. However, if you are playing the role of an external consultant, you can be a little bolder in making your points than if you are playing the role of someone from within the organization—especially when presenting to a supervisor.

4. CONTENT OF A CASE PRESENTATION

4.1. Presentation of a Full Case Report

Once a case analysis is complete and the report has been written, review the report and identify the key portions that the individuals reading the report need to know. These highlights will form the outline of your presentation and will help you to present what is written in the report and avoid introducing different material. Your audience will read your report to gain greater understanding of the information included in your presentation.

A full case presentation typically consists of three parts: the issues, key alternatives, and your recommendation.

First, describe the issue or issues you identified as being key to the case. Briefly provide your reasons for selecting those issues, reflecting the theories and models you used during the analysis stage (see Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054). Be mindful of your audience and offer your theoretical analysis only if it adds value. Use of too much theory, especially when it is not well applied, undermines your expertise and credibility. It is inappropriate and impractical to repeat all the theoretical analysis contained in the report or to cover it in detail during a presentation.

Second, present the key alternatives you identified as being possible solutions to the issue or issues, providing a brief rationale for each. Restraint is key: do not include in your presentation everything contained in your report. A presentation is a high-level review of your report, mainly focused on what you identified as the issues and ways to resolve them.

Finally, offer your recommendation. Persuade the audience that the solutions you have chosen will best resolve the issue. Anticipate objections the audience might raise and counter them in your presentation before they are raised.

As you structure your presentation, use the slide sorter capability of the presentation software to bring a logical flow to the content. Once you have the high-level points outlined on slides, you can easily write the script for the presentation since you will be writing with the end of your presentation (i.e., your proposed solution) in mind.

4.2. Presentation without a Case Report

In some courses, your instructor will ask you either to complete only specific components of a full case study, or to present the case without writing a full report.

If you are presenting only individual components of a case analysis, performing a full analysis, as outlined in Note 2 (identify the issues, analyze the issues, develop and evaluate alternative, and recommend a course of action), will better equip you to present the analysis of the specific components your instructor requires. For example, if you are presenting only the issues, your preparation should include analysis of those issues so you can confidently present the issue statement.

If only the presentation is required, it is essential that you have a sufficient understanding of the underlying issues and analysis to select the most appropriate material for your presentation. Because you will not have a written report to use as a roadmap for the presentation, it is crucial that you follow the four case analysis steps in Note 2 so that your understanding is sufficient to present the case in a convincing manner and so you can support your recommendations with sound logic. Provide enough detail in your presentation to assure your instructor that you understand the issues and have applied appropriate theory; at the same time, avoid overwhelming your audience with too much content and theory.

5. AUDIOVISUAL AIDS

Your presentation should be accompanied by audiovisual aids, such as presentation slides (e.g., PowerPoint, Prezi, or Google Slides), video clips, a blackboard or whiteboard, a flipchart, or handouts. These audiovisual aids can give your audience an outline of your presentation and show them some details (e.g., a ratio analysis or market share analysis) or an illustration (e.g., an effective advertisement). However, use audiovisual aids thoughtfully; avoid diverting your audience's attention from both you, as the presenter, and the main message you are communicating. The focus should be on the content, not on the technology being used to present the content.

Presentation slides should be simple and use at least 28-point font. Choose a sans serif font for text. It is simpler, cleaner, and easier to read on a screen. It also does not pixelate when enlarged by the projector, making it clearer to read, even for the audience at the back of the room.

Use short phrases that supplement—and do not reiterate—what you are going to say. Do not fill the slides with text, or your audience will be more focused on reading the slides than on listening to you. It might be necessary, especially with slides containing financial statements, to break the statements into sections on two or three slides. When communicating a message that contains financial data, consider whether a pie chart or graph might better convey the message.

Animations should be used with caution; they can be distracting and cause your audience to focus more on the graphics than on the content of your presentation. Use subtle transitions and animations, with bullet points “appearing” or “wiping in.” Avoid animated graphics or cartoon clip art; they quickly become annoying to the audience and reduce the professionalism of your presentation. If you use a graphic or photograph, use high-quality images that will not pixelate or degrade as they are resized on the screen.

Know the room in which you are presenting, especially how the lighting affects the room's projection screen. The room's lighting will dictate the colours you choose for the background and font in the presentation. For example, if the room has windows, choose starkly contrasted background and font colours so the text does not get washed out by the light, making it difficult for the audience to read.

If you prepare your slides using your own computer and software, preview your presentation in the school's lab to ensure that your presentation is compatible with the version of software available in the classroom and that your computer is compatible with the projection system. If you have the opportunity, preview the presentation in the room in which you will be delivering the presentation, so you can assess whether the content of the slides is readable.

If you intend to use a blackboard or whiteboard, plan how you will use it. Include in your speaking notes a quick sketch of what you intend to write on the board, and the location of each component you will write. This preparation enhances your professionalism and keeps the presentation moving.

6. PRESENTATION SKILLS

The role identified for you in the case or by your instructor will guide how you approach your presentation. Nonetheless, some key skills are required for all presentations.

During your presentation, speak loudly enough to be heard by all members of your audience. Use an expressive voice, speak at an appropriate speed (which might feel unnaturally slow), pause where appropriate for emphasis or to allow your audience to absorb information, and make regular eye contact with members of the audience. Remember that you are the authority on the subject, so do not just read what you have written in your report.

Choose words and structure your sentences to serve the nature and capacity of the audience. Keep in mind that people's ability to absorb information is lower when the information is presented orally rather than in writing.

While it can be more comfortable to stand behind the podium where you can read from your notes, step out from the podium—at least periodically—to connect with your audience. Be comfortable. Become a professional and polished version of yourself. If you are holding cue cards or speaking notes, keep them still as you refer to them, so they do not draw attention away from the message you are communicating.

Presentation skills improve with practice. Script, adjust, and practise your presentation until it fits the time you are allotted. By exceeding the time limit, you reflect a lack of preparation. Your instructor might cut you off, or if more than one presentation is scheduled in the class period, you might infringe on the time allotted to the next presenter.

7. HANDLING AUDIENCE QUESTIONS

A presentation usually includes time at the end for questions and answers, but some presenters prefer to take questions throughout the presentation. Whichever you choose, let your audience know at the start of the presentation how you will be taking questions. Some presenters take a mixed approach, responding to brief questions of clarification during the presentation, but reserving more detailed comments and questions until the presentation is finished. This approach works well in classroom presentations when the whole class is responsible for interacting with the presenter.

The ability to listen can set you apart as a business professional, and active listening skills enable you to understand what members of the audience are asking. Be present and listen fully to the question; if you start formulating an answer before the audience member has finished asking the question, you risk responding inappropriately or incompletely.

Acknowledge the audience member and the question. Move toward the person who asked the question—this is a perfect opportunity to move away from the podium. Establish eye contact with the person during the question and the first part of your answer, then broaden your attention to other audience members. Thank the individual for the question, and if other members of the audience might not have heard the question, repeat it so all can hear. If the question refers to an option you considered but did not discuss during the presentation, respond appropriately and explain why you did not include the topic in the presentation or why you discarded the alternative. If the question raises a point you had not considered, thank the questioner for the input and acknowledge that you did not include it in your evaluation. If time allows, discuss the topic further.

Always be gracious, courteous, and professional.

8. TEAM PRESENTATIONS

In the case of a team presentation, all members of the team should be involved in some aspect of the presentation, and the transition from one presenter to the next should be as seamless as possible. Each member's part in the presentation should be agreed on in advance to avoid both duplication and omission of material. As you prepare the presentation, identify each member's strengths and weaknesses so that you can capitalize on individual presentation skills and specialized understanding of the content.

During the presentation, team members who are not speaking should avoid being a distraction. Stand back from the speaker and remain still. Do not whisper among yourselves, stand in an awkward place, or fidget. Where possible, play an appropriate supportive role; for example, distribute handouts or run the slide show to free the speaker of these duties.

To ensure your presentation is professional, script and rehearse the presentation several times, including transitions from one presenter to the next.

9. ROLE OF THE AUDIENCE

As a member of the audience, you are actively involved in the presentation. Your preparation of the case for class discussion should equip you to critically evaluate the presenter's approach to the case. (See Note 2 and Note 3 of the Case Guide Series—"Preparing to Discuss a Case," No. 9B18M055.) Your instructor might also evaluate your preparation and participation in the class.

Just as the presenter plays an assigned role, so, too, should the audience members. For example, if you are taking the role of the board, ask questions that board members would ask. Such questions might ask about the level of risk assigned to a course of action, the estimated return on investment, and the impact on other stakeholders of the organization should the recommended solution be implemented.

Listen actively, focus on the speaker, allow the speaker to completely finish, listen for the ideas being presented, and listen critically for the presenter's main arguments. Good questions are a challenge to formulate, and they should respond to the content you heard from the presenter. Bring a two- or three-page summary of the case to class, and make notes in the margins of that summary to compare what the speaker presents against your own preparation of the case. Ask questions that clarify the presenter's position so that you can persuasively argue your own position.

Again, at all times, be gracious, courteous, and respectful of the presenter and of other audience members.

10. DRESS FOR SUCCESS

Attire for presentations should be appropriate for a business setting and should also reflect your audience. Appropriate attire includes dress pants, skirt, dress shirt, blouse, and/or tie. Jackets are optional, except for when you make a formal presentation to a board of directors. Your clothing should not distract audience members from focusing on the content of your presentation; it should also reflect the highest regard for professionalism.

NOTE 6: PREPARING FOR AND WRITING A CASE EXAM

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1. INTRODUCTION TO WRITING A CASE EXAM

The method for a basic case analysis presented in Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054—can be used for various purposes: discussing the case in class, writing a report, making a presentation, or writing a case exam. This note guides you in preparing for and successfully writing a case exam.

The guidelines in this note are for general use. You should always defer to your instructor’s requirements, which may differ or be more specific.

2. PURPOSE OF A CASE EXAM

The task of performing a case analysis might form part or all of your examination for a course. If it forms only part of your exam, your instructor will likely use short cases or direct you to restrict your analysis to specific tasks. If performing a case analysis represents the entire exam, you should expect a longer case with less direction, although your instructor might still provide a set of questions to guide your analysis.

A case exam is designed to test your ability to apply the case method under constraints of time and resources. If an exam is performed in a closed-book setting, you are expected to remember and understand course concepts, models, and theories well enough to apply them to the assigned case. If an exam is performed in an open-book setting, you must still have sufficient knowledge of concepts, models, and theories to be able to recognize which are relevant to the case and where to find them quickly in your notes or text.

Your instructor’s decision to evaluate your performance using a case exam indicates that the main learning outcome is application of the course concepts, models, and theories. Application requires a higher level of understanding than memorization and recall. This approach is also consistent with the classroom discussions if your course has made significant use of cases.

3. PREPARING FOR A CASE EXAM

Studying for a case exam is unlike studying for other types of examinations in that the goal of a case exam is application rather than memorization or recall. It also differs in that you do not know what type of questions to expect on the exam. For both of these reasons, you are limited in terms of what you can study before the exam. If the exam is open-book, your preparation should include determining the material you are most likely to want to use and how you will access it quickly.

3.1. Reread Notes and Texts

Reread your notes and reread your text in anticipation of the course concepts, models, and theories you are most likely to be asked to apply in the case exam. Your priorities should be guided by the following:

- Course learning outcomes in your course syllabus or on the course website.
- The types of cases assigned throughout the course—the size of case, nature of issues, topics covered, and types of industries.
 - While a case exam will not ask you to recall specific facts from cases used in class, cases used in class do provide some important clues regarding the issues you will encounter on the case exam.
- Types and depth of analysis required during the course—full case analysis, partial case analysis, or simply answering questions.

- Due to time limits in a case exam, you will not be expected to apply the same depth of analysis that you would be expected to apply in class discussion, written reports, or presentations. Nonetheless, a case exam will often require that you perform all of the usual steps of analysis. If all steps are not required, your instructor will usually alert you to this requirement before the exam. (For a discussion of partial and full case analysis and directed cases, see Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054.)
- Concepts, theories, and models emphasized in class discussions, especially those that were discussed frequently.
- Any instructions your instructor provides about the focus of the case exam.

3.2. Practise Writing a Case under Exam Conditions

It is useful to review one or two of the cases discussed in the course and redo the analysis under the time constraint imposed by the exam. Because you will be familiar with the case, consider giving yourself less time than will be available for the exam. Also, simulate exam conditions, including whether it is closed-book or open-book.

Practising for an exam helps you assess which case analysis steps will require better time management during the exam. Practice also gives you some confidence that you can perform the expected analysis within the allowable time.

4. WRITING A CASE EXAM

Writing a case exam can be an anxious time, given the time constraints and the uncertainty of being thrust into a new situation. Successfully writing a case exam requires that you remain calm and manage your time wisely.

4.1. Read the Instructions

Carefully read the instructions to maximize your opportunity to excel in the exam.

Your instructor will likely provide some questions, either at the end of the case or in a separate document. In a directed case, your assignment might simply be to answer those questions. In a case requiring partial or full case analysis, the questions should help you to identify key issues and the analyses you need to perform. For example, questions such as, “What threats are posed by traditional and non-traditional competitors?” and “Is the company’s competitive advantage sustainable? If not, how can it build a sustainable competitive advantage?” help you to identify potential issues as being increasing competitive threats and lack of a sustainable competitive advantage. The questions also suggest two types of analyses that might be helpful—a competitive position matrix and a competitive advantage analysis. Questions such as, “What are the pros and cons for the company focusing on a niche market?” or “Assess the potential of increasing the number of product lines,” help direct your attention to two potential alternative solutions for evaluation: serving a niche market or increasing the number of product lines.

In addition to carefully reviewing any questions provided by your instructor, look for instructions regarding:

- the role you are to assume when performing the analysis and writing the report;
- steps in the case method that are required for the exam;
- key issues; and
- the format of the report.

For example, consider these instructions:

Acting in the capacity of a consultant, write a report to James Alou, chief executive officer, who has asked you to evaluate the proposed new sales incentive plan for Andover Manufacturing Inc. (AMI).

Your report should identify the issues associated with the new incentive plan, analyze the issues, and present appropriate recommendations. Each recommendation should be justified by clearly identifying which issue or issues the recommendation is designed to address, by presenting its major advantages, and by addressing any significant disadvantages. It is NOT necessary to present possible alternatives that you do not recommend.

An appropriate heading, introduction (which can include identifying the issues), and brief conclusion are required. An executive summary is NOT required.

These instructions specify the role you are to play (a consultant). They direct your attention to evaluation of the new incentive plan, and suggest that there are issues related to that plan. The instructions also restrict the steps you are to perform in completing your analysis. Lastly, the instructions provide guidelines for the report format.

Watch for additional instructions regarding numbering of pages, required page headers, and assembly of your exam.

4.2. Read the Case

Give yourself time to read through the case twice. In your first read, skim the case. Your goal during the first read is to develop a preliminary understanding of the issues, problems, or opportunities (collectively referred to hereafter as “issues”) facing the decision maker. In the first read, resist the temptation to highlight text in the case, except for key questions raised by the principal actors or characters. Questions raised by the principals are important to note because they help you to identify key issues. (For further information about how to read a case, see Note 1 of the Case Guide Series—“Understanding the Case Method,” No. 9B18M053.)

Your second read of the case should be more deliberate to help you gain a better understanding of the issues and any potential solutions proposed by the principals. You should also identify relevant analyses to perform and case facts that you can use when performing those analyses. Highlighting the case at this stage will help you use the case facts effectively.

In a three-hour case exam, you should spend no more than 45 minutes reading the case.

4.3. Prepare an Outline

While preparing an outline of your report can appear to be an extra step that consumes valuable time, taking 15 minutes to briefly map out key parts of your report helps you to allocate your time and will likely save you time later. An outline provides a valuable roadmap to keep you focused, allowing you to move methodically from one step to the next. It prevents you from losing sight of excellent ideas and becomes especially important as you begin to feel more rushed toward the end of the exam.

Your outline should identify the main parts of your report, the key issues, important points for your analysis of the issues and the tools you intend to use, and at least some alternative solutions—particularly those raised by the principals in the case or identified in questions that accompany the case.

Your outline could also include key decision criteria to use when evaluating the alternative solutions you develop (see Section 4.4.5 or Note 2, Section 4.2).

4.4. Write Your Report

When writing your report, start each section on a separate page and double-space your answer. This format will allow you to easily add more material later without crowding what you have done so far. Remember to use proper report format, unless otherwise directed. Here, again, it is important that you have carefully read the instructions so that you do not spend time on tasks that do not help you earn marks.

Refer to Note 4 of the Case Guide Series—“Preparing a Written Case Report,” No. 9B18M056—for more information about the required components of a report and how to write an effective case report. Bear in mind that an instructor generally scales back the expectations for a report written under the time pressure of an exam.

4.4.1. Prioritize and Manage Your Time

Allocate your time to the most important tasks: the analysis of issues and the evaluation of alternative solutions. For the introductory paragraph and the conclusion, do just enough to achieve their required purpose. Provide an executive summary only if your instructor directs you to provide one.

During an exam, as long as you identify the key issues and key alternatives, it is generally better to analyze fewer issues and alternatives well than to attempt to deal with too many issues and alternatives, which might result in you running out of time. Here, your report outline will come in especially handy; refer to it to stay on track.

4.4.2. Identify the Issues

Keep your identification of issues brief and to the point so that you avoid repeating content when you perform the subsequent analysis. Also ensure that your set of issues is manageable.

4.4.3. Analyze the Issues

Use concepts, models, and tools to analyze the issues so that your analysis reflects the necessary rigour to demonstrate your mastery of course concepts. However, here again, adhere to your outline so that you do justice to all of your chosen models and tools.

4.4.4. Identify Alternative Solutions

Identify any potential solutions that were considered by the principals in the case or that were suggested by your instructor in the directions and questions provided to you. Since keeping things the same is seldom a viable alternative, you are generally better to allocate your time to alternatives that offer some improvement. Identify other alternatives, as long as your set of alternative solutions is still manageable.

4.4.5. Evaluate Alternative Solutions

Evaluate how effectively potential solutions will resolve one or more of the issues you have identified.

Establish your set of decision criteria to help you quickly generate the pros and cons of your proposed solutions and to evaluate your alternatives consistently. For example, in a strategic management case, decision criteria might include the degree to which the action:

- fits with the organization’s mission, value proposition, and goals;
- fits with stakeholder preferences;
- is profitable;
- capitalizes on specific external opportunities;
- builds on an existing competitive advantage or helps to create a competitive advantage; or
- requires additional resources and competencies.

It is especially important when performing a case analysis in an exam setting to choose a manageable set of criteria so that you can fully capitalize on a framework for developing pros and cons. (See Note 2 for detailed information about evaluating alternatives.)

4.4.6. Make Your Recommendation

In an exam setting, the most important parts of your recommendation are *what* you recommend and a *brief* summary of *why*—specifically how your recommendation resolves the issues you identified. As time allows, you can fill in the *who*, *how*, and *when*. If your instructor requires an implementation plan, consider using a chart, which is the most efficient way to complete this task during an exam, especially as your time draws to a close.

NOTE 7: USING COMMON TOOLS FOR CASE ANALYSIS

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1. INTRODUCTION TO COMMON TOOLS FOR CASE ANALYSIS

The method for a basic case analysis presented in Note 2 of the Case Guide Series—“Performing a Case Analysis,” No. 9B18M054—can be used for various purposes: discussing the case in class, writing a report, making a presentation, or writing a case exam. This note provides you with a few of the more popular tools used in case analysis and guides you in using those tools.

The guidelines in this note are for general use. You should always defer to your instructor’s requirements, which may differ or be more specific.

2. HORIZONTAL ANALYSIS

The data presented by the case author(s) in figures and exhibits will provide you with some of the best opportunities for value-added analysis. Reorganize and summarize the data. Perform additional calculations. Draw new comparisons. In doing so, you will be able to interpret existing information in new ways and provide support for new findings.

When data are presented in numerical form, a logical first step in analyzing the data is to compute percentage changes from one year to the next, or to assess the magnitude of the differences between one company and the next. Look for trends such as whether the company is gaining or losing market share compared with its competitors, and whether sales are growing or shrinking, and the rate of change.

When calculating year-over-year percentage changes, the earlier year’s number forms the base:

$$\text{Year-over-Year Percentage Change} = \frac{\text{Year 2} - \text{Year 1}}{\text{Year 1}}$$

For example, suppose you are given the following numbers:

Year	Sales
2015	\$184,700
2016	\$182,500
2017	\$179,800

The percentage decrease in sales from 2015 to 2016 = $\left(\frac{182,500 - 184,700}{184,700}\right) = 1.19\%$

The percentage decrease in sales from 2016 to 2017 = $\left(\frac{179,800 - 182,500}{182,500}\right) = 1.48\%$

For the two-year period:

The percentage decrease in sales from 2015 to 2017 = $\left(\frac{179,800 - 184,700}{184,700}\right) = 2.65\%$

From the above horizontal analysis, you can conclude that sales are declining at an increasing rate.

3. VERTICAL ANALYSIS

Vertical analysis or common size analysis expresses each item on a financial statement in terms of a percentage of a base amount. The base for income statement items is usually sales. For example, you can calculate cost of goods sold (COGS) or other expenses as a percentage of sales. Potential bases for statement of financial position (balance sheet) items are total assets or total liabilities. For example, you can calculate inventory as a percentage of total assets, or you can calculate current liabilities as a percentage of total liabilities.

Vertical analysis facilitates comparison between one business and its competitors of different sizes. It also allows a business to compare its own results from one year to the next. For instance, if sales were higher, one would expect COGS to also be higher. By expressing COGS as a percentage of sales, we can determine whether sales price increases are keeping pace with cost increases.

For example, suppose you are given the sales numbers in Section 2.1 and the following numbers:

Year	COGS
2015	\$85,800
2016	\$84,500
2017	\$86,200

$$\frac{\text{Cost of Goods Sold}}{\text{Sales}} = \frac{85,800}{184,700} = 46.4\%$$

Year	% of Sales
2015	46.4
2016	46.3
2017	47.9

You might note that for 2015 and 2016, COGS as a percentage of sales was fairly steady, but in 2017 the percentage rose significantly to 47.9 per cent. Referring back to Section 2.1, you might also note that sales had declined from the previous two years, leading to questions about not only the drop in sales but also the reasons for the sharp increase in COGS.

4. RATIO ANALYSIS

In many cases, it is beneficial to analyze an organization's financial performance by performing ratio analysis. Ratios show the relationship among selected items of financial statement data, as expressed by a percentage, rate, or proportion.

Ratios are useful only if they are compared to ratios of prior years, ratios of competitors, industry standards, and forecast ratios. Be judicious in both your calculation and interpretation of ratios to ensure that your financial statement analysis adds value to your report. The most valid external comparisons involve companies within the same industry, or industry benchmarks produced by such organizations as J.D. Power or Deloitte. General benchmarks, known as "rules of thumb" are sometimes available; however, industry benchmarks take precedence over general benchmarks, since ratios can be expected to vary considerably from one industry to the next.

When a ratio mixes balance sheet (statement of financial position) values and income statement (statement of earnings) values, use an average of the balance sheet values. (This approach is used because an income statement provides information about a company's performance over a period of time, whereas a balance sheet is comprised of values at one point in time.) When the value at the beginning of the time period is unavailable (e.g., when only two years' data are available and you are calculating comparison ratios for two years), use year-end values as a proxy for the average. However, the more asset values fluctuate over that period of time, the more use of a year-end value distorts the picture.

The following formula is used to calculate the average of balance sheet values:

$$\frac{\text{Ending Value} + \text{Beginning Value}}{2}$$

where one year's beginning value is the prior year's ending value.

Provided below are the formulas and brief interpretations of three types of ratios—profitability or activity ratios, liquidity ratios, and solvency ratios.

4.1 Profitability or Activity Ratios

Profitability ratios measure a business's ability to generate earnings from providing goods and services. Profitability ratios can be useful for comparing a business's present and past performance, or comparing a business with that of its competitors or industry benchmarks during the same period in time. The three main profitability ratios are return on assets (ROA), return on equity (ROE), and earnings per share (EPS). As will be shown below in Sections 4.12 through 4.18, changes to ROA can be explained by calculating other ratios.

4.1.1 Return on Assets

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

Return on assets (ROA) indicates the profitability of a business relative to the assets invested in the business. An ROA of 10 per cent indicates that for every dollar invested in assets, the business earns 10 cents in profit. Instead of net income (also referred to as profit or earnings), income from continuing operations can be used to provide a better benchmark for future comparison, since discontinued operations will no longer be available to generate profit.

ROA depends on two factors: profit margin and asset turnover. Thus, the equation for ROA can also be stated as follows:

$$\text{Return on Assets} = \text{Profit Margin} \times \text{Asset Turnover}$$

4.1.2 Profit Margin

$$\text{Profit Margin (Return on Sales)} = \frac{\text{Net Income}}{\text{Net Sales}}$$

Profit margin indicates the profitability of a business relative to its sales revenue, and reflects how well a business is controlling its various expenses. Expressing net income relative to sales revenue provides a more meaningful comparison of the business's performance from one year to another than merely comparing net income in the two years. A profit margin of 12 per cent indicates that for every dollar of sales revenue, the business has 12 cents left in profit after all expenses are deducted.

Profit margin, in turn, can be dissected to analyze how well individual expenses are being controlled.

4.1.3 Gross Profit Margin

$$\text{Gross Profit} = \text{Sales Revenue} - \text{Cost of Goods Sold}$$

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Net Sales}}$$

Gross profit is a preliminary measure of profitability. It measures a company's ability to maintain an adequate selling price above its cost of goods sold (COGS). Gross profit also measures the company's ability to pay operating and other expenses. If the gross profit margin is 30 per cent, the business has 30 cents left from every dollar of sales revenue to pay operating and other expenses. In other words, for every dollar in sales revenue, it costs the business, on average, 70 cents to make or buy the products it is selling, leaving 30 cents to pay operating expenses, such as wages and rent, and other expenses, such as interest. A declining gross profit margin is a sign that selling prices are not keeping up with increases in COGS.

4.1.4 Expense Ratios

$$\text{Expense Ratio} = \frac{\text{Expenses}}{\text{Net Sales}}$$

Expense ratios measure the portion of income that is spent on specific expenses. An expense ratio that is higher this year than the previous year could indicate that the company has potential problems with controlling costs in individual expense categories such as selling expenses, administrative expenses, and interest expenses. However, increasing the amount spent on expenses could also be the key to future growth, as would be the case, for example, if the business significantly increased its advertising and promotion expenditures or added new salespeople in an effort to increase sales.

Note that although you can calculate an expense ratio using COGS, the result would be the complement of the gross profit margin (i.e., if the gross profit margin is 34 per cent, then COGS is 66 per cent of the net sales).

4.1.5 Asset Turnover

$$\text{Asset Turnover} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

The asset turnover ratio, the second main determinant of ROA, measures how well a business uses its assets to generate sales. If the asset turnover ratio is 8.33 per cent, the business is generating 8.33 cents in sales for every dollar invested in assets. Thus, the two keys to improving a company's ROA are to improve the profitability of each sale of a good or service and to sell more goods and services in the first place.

4.1.6 Inventory Turnover

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

$$\text{Days in Inventory} = \frac{365}{\text{Inventory Turnover}}$$

The inventory turnover ratio measures the average number of times inventory is sold during the period. The higher this ratio, the more quickly inventory is being sold and, therefore, the more efficiently inventory is being used to generate sales.

The days in inventory ratio measures the average age of the inventory—the average number of days products remain in inventory, measured from the time the company produces or purchases the product to the time the product is sold to customers.

Days in inventory is an easier ratio to interpret than inventory turnover, but calculating days in inventory relies on first computing inventory turnover.

4.1.7 Receivables Turnover

$$\text{Receivables Turnover} = \frac{\text{Sales}}{\text{Average Accounts Receivable}}$$

$$\text{Average Collection Period} = \frac{365}{\text{Receivables Turnover}}$$

The receivables turnover ratio measures the number of times, on average, that receivables are collected during the year.

The average collection period shows the average number of days it takes a business to collect accounts receivables from customers. The average collection period should be evaluated in relation to the business's credit terms; for many businesses, accounts are due within 30 days.

The average collection period is the easier of the two ratios to interpret, but it cannot be calculated without first computing the receivables turnover.

4.1.8 Return on Equity

$$\text{Return on Equity} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Average Common Shareholders' Equity}}$$

$$= \frac{\text{Income Available to Common Shareholders}}{\text{Average Common Shareholders' Equity}}$$

Return on equity (ROE) is the second main ratio that helps to assess the profitability of a business. It measures the return on shareholders' equity—the profit relative to the investment of common shareholders (the true owners of the corporation). Because preferred dividends are reserved for and are paid out to preferred shareholders, they do not belong to the common shareholders and are subtracted from income before calculating ROE.

A ratio of 17 per cent indicates that for every dollar invested by common shareholders, the corporation earns 17 cents in profit. ROE is affected by two factors: ROA and debt to total assets. Thus, to improve its ROE, a firm can improve its ROA, increase its use of debt financing (known as increasing the use of leverage), or both. However, more reliance on debt financing also increases the risk that the organization will be unable to make interest and principal repayments.

4.1.9 Earnings per Share

$$\begin{aligned} \text{Earnings per Share} &= \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Weighted Average Number of Common Shares}} \\ &= \frac{\text{Income Available to Common Shareholders}}{\text{Weighted Average Number of Common Shares}} \end{aligned}$$

The third main measure of profitability is earnings per share (EPS), which looks at profitability from the perspective of common shareholders, who are the residual owners of the corporation. It expresses net income on a per share basis. EPS is widely used to compare profitability from one year to the next or to compare actual profitability against expected profitability. The calculation looks simple, but several accounting rules are applied to determine both the numerator (the income available to common shareholders) and the denominator (the weighted average number of common shares).

EPS is the only ratio that public companies are required to publish in their financial statements. Announcements of expected or actual EPS can cause stock prices to fluctuate, as the market reacts to the company's initial projections and its subsequent performance against those goals. However, because companies each have widely varying numbers of common shares, EPS cannot be used for intercompany comparisons.

4.1.10 Price-Earnings Ratio

$$\text{Price-Earnings Ratio} = \frac{\text{Market Price per Share}}{\text{Earnings per Share}}$$

The price-earnings (P/E) ratio looks at the market price of shares compared with earnings expressed on a per share basis. A P/E ratio of 10 indicates that an investor is willing to pay \$10 for every \$1 the share currently earns.

The P/E ratio is a measure of investors' beliefs about the company's future earnings potential. A high ratio indicates investors have confidence in the company and expect significant growth in profitability. Therefore, they are willing to pay a higher price for shares. It might also indicate that the shares are overvalued in the marketplace, making it a good time to sell those shares. A decreasing ratio indicates declining investor confidence.

The average P/E ratio over the past 80 years has ranged between 14 and 15.

4.2 Liquidity Ratios

Liquidity ratios evaluate a company's ability to pay its short-term debts as they come due. The ratios can be used within a company to track a business's performance by comparing the ratios over periods of time. The ratios can also be used to assess a company's performance compared with the performance of another company or compared with industry benchmarks.

4.2.1 Current Ratio

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Current assets are assets that are expected to be converted into cash, sold, or used up within one year of the organization's financial statement date.

Current liabilities are debts that are expected to be paid within one year of the organization's financial statement date.

The current ratio measures a company's current assets against its current liabilities. A current ratio of 1.8 means that for every dollar of current liabilities, the business has \$1.80 in current assets. A general rule of thumb is that this ratio should be at least 1.5 to 2.0, although as noted earlier, industry benchmarks always take precedence over general rules of thumb.

4.2.2 Acid Test Ratio (Quick Ratio)

$$\text{Acid Test Ratio} = \frac{\text{Cash} + \text{Short-Term Investments} + \text{Accounts Receivable}}{\text{Current Liabilities}}$$

The acid test ratio assesses a company's ability to pay its current liabilities with short-term assets that can be quickly converted to cash. An acid test ratio of 0.9 means that for every dollar a company has in current liabilities, it has 90 cents in highly liquid assets to pay those current debts. As a rule of thumb, a minimum healthy ratio is 0.9 to 1.0.

The current ratio and the acid test ratio both measure a business's short-term ability to pay its current debts as they come due. However, the acid test ratio is a more accurate measure of liquidity because it excludes current assets that are not quickly turned into cash (e.g., inventory) or intended to be turned into cash (e.g., prepaid insurance and supplies).

The inventory turnover and accounts receivable turnover ratios, discussed earlier as activity ratios (see Sections 4.1.6 and 4.1.7), are also liquidity ratios because a business's ability to pay off its own current liabilities depends to a great extent on how quickly it can sell its inventory and, in turn, how quickly it can collect payment from its customers. For example, if days in inventory is 53 days and the collection period is 45 days, the business needs to wait a total of 98 days (days in inventory + collection period) before cash is available to pay its own suppliers and to pay other operating expenses.

4.3 Solvency Ratios

4.3.1 Debt Ratio

$$\text{Debt to Total Assets} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

The debt to total assets ratio (also referred to as the debt ratio) measures the percentage of a business's assets that are financed by creditors. The ratio indicates how heavily a business relies on debt financing. A ratio of 0.55 means that for every dollar of assets, 55 cents is financed by debt; or, expressed another way, 55 per cent of a business's assets are financed by debt.

The level of debt that a business can handle depends on its earnings. As well, more capital intensive industries generally use more debt financing. However, in general, as the percentage of debt to total assets increases, the risk also increases that the business may be unable to meet its maturing obligations and ongoing interest payments. In general, 0.60 to 0.70 is an acceptable level.

4.3.2. Debt to Equity Ratio

$$\text{Debt to Equity} = \frac{\text{Total Liabilities}}{\text{Total Shareholders' Equity}}$$

The debt to equity (D/E) ratio is a variation of the debt ratio. Where the debt to total assets ratio measures how much of a company's assets are financed by debt, the D/E ratio measures how much of a company's debt is covered by shareholders' equity (including retained earnings). A ratio of 0.7 means that for every dollar of shareholders' equity, there is 70 cents in liabilities. A high D/E ratio usually means that a company is being aggressive in using debt financing to leverage growth.

Both the debt to assets and debt to equity ratios are sometimes calculated using long-term liabilities instead of total liabilities.

4.3.3. Times Interest Earned

$$\text{Times Interest Earned} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

Where EBIT refers to earnings before interest and taxes.

$$\text{EBIT} = \text{Net Income} + \text{Interest Expense} + \text{Income Tax Expense}$$

The times interest earned ratio (also known as the interest coverage ratio) is one measure of a corporation's ability to generate sufficient earnings to make interest payments as they come due. An acceptable range is typically 2.0 to 3.0, although, again, the suitability of this range varies by industry.

5. ASSESSING PROFITABILITY

If you are asked to evaluate the profitability of a specific alternative course of action, your approach should depend on the level of detail provided in the case facts. A simple measure of profitability is to calculate the contribution margin (CM) of individual products.

$$\text{Contribution Margin per Unit} = \text{Unit Selling Price} - \text{Unit Variable Costs}$$

$$\text{Contribution Margin Ratio} = \frac{\text{Contribution Margin Per Unit}}{\text{Unit Selling Price}}$$

Variable costs are those costs that vary directly, on a total basis, with increases or decreases in sales, such as labour or materials. As production volume increases, total variable costs increase proportionately; as production volume decreases, total variable costs decrease proportionately. Fixed costs are those costs that do not vary, on a total basis, with changes in sales; rather, they need to be paid regardless of the level of business activity. Total fixed costs remain the same, as long as sales fall within a relevant range of production. Examples of fixed costs include rent, insurance, utilities, and property taxes.

Variable costs per unit do not change as production volume changes, while fixed costs per unit do change as production volume changes.

You can calculate the contribution margin to compare the profitability of different services or products. Obviously, the larger the margin, the better for the company; but in any event, a positive contribution margin is required to help cover the fixed costs associated with production and distribution.

Another simple measure of profitability is to calculate the gross profit margin (see Section 4.1.3). Contribution margin is the better measure of profitability for decision making purposes—especially because it can be used to perform break-even analysis—but it requires having sufficient information from the case to distinguish between variable and fixed costs. Calculating the gross profit does not require the same detail.

Finally, if sufficient information is available in the case, pro forma (forecast) income statements should be prepared for each alternative course of action you are evaluating.

6. BREAK-EVEN ANALYSIS

One of the most helpful management accounting tools for case analysis is break-even analysis. While the goal of a business is not to just break even (i.e., earn zero profit), knowing the break-even point for a specific product or a group of products helps to measure how risky a given new product venture might be. If expected sales do not exceed the break-even point, a business will need to reconsider the product's price, find ways to reduce costs, or both.

$$\text{Break-even Point by Units} = \frac{\text{Fixed Costs}}{\text{Contribution Margin per Unit}}$$

$$\text{Break-even Point in Dollars} = \frac{\text{Fixed Costs}}{\text{Contribution Margin Ratio}}$$

A helpful variation on break-even analysis is to calculate the sales (in units or dollars) required to reach a target level of profit.

$$\text{Required Unit Sales for Target Net Income} = \frac{\text{Fixed Costs} + \text{Target Net Income}}{\text{Contribution Margin per Unit}}$$

$$\text{Required Sales in Dollars for Target Net Income} = \frac{\text{Fixed Costs} + \text{Target Net Income}}{\text{Contribution Margin Ratio}}$$

7. MARKET POTENTIAL AND MARKET SHARE

Market potential (MP) is an estimate of the revenue a company can expect to make from a product or service it plans to market.

$$MP = N \times P \times Q \times MS$$

Where N = total number of customers

P = average selling price

Q = average annual consumption quantity

MS = market share, which is the actual percentage of industry sales captured by a company

$$\text{Market Share} = \frac{\text{Company Sales}}{\text{Total Industry Sales}}$$

8. SWOT ANALYSIS

A SWOT analysis is an evaluation of the strengths (S), weaknesses (W), opportunities (O), and threats (T) faced by an organization. It is a popular tool for analyzing an organization's internal and external environments to identify various issues. A SWOT analysis can also be used to generate pros and cons when evaluating alternative courses of action.

Although strengths and weaknesses are listed first in the acronym, the assessment of opportunities and threats (i.e., the external analysis) is usually performed before the internal analysis.

Opportunities represent conditions in the external environment that an organization can take advantage of (by formulating and implementing appropriate strategies) to enhance its competitiveness, profitability, and overall success. Opportunities should not be confused with alternatives. For example, an increase in the demand for dark chocolate because of its cancer-fighting antioxidants and heart-healthy properties represents an opportunity (a favourable environmental condition). To take advantage of this opportunity, a confectionery company might consider alternatives such as switching some of its milk chocolate production capacity to dark chocolate or acquiring a company that specializes in the manufacture of dark chocolate.

Threats represent conditions in the external environment that endanger the competitiveness, profitability, and success of the organization. For example, the increasing incidence of obesity and diabetes pose threats to a confectionery company.

Opportunities represent possibilities, while threats pose constraints. Both are conditions that are outside an organization's control.

Strengths are activities the organization does very well or characteristics that enhance its competitiveness. Strengths can be found in skills, expertise, physical assets, human assets, or competitive advantages.

Weaknesses are activities the organization does poorly (compared with its competitors), resources it lacks, or internal conditions that make the organization vulnerable. These are areas that an organization can improve on; for example, a retail business is vulnerable if it does not have an online sales presence but its competitors do.

9. PESTLE ANALYSIS

A PESTLE analysis (see Figure 1) identifies changes and trends in six segments of the general, societal, or macro environment: political (P), economic (E), socio-cultural (S), technological (T), legal (L), and environmental (E). The analysis is also variably referred to as PESTEL (or PEST analysis if only the first four factors are considered). It evaluates the potential impact of changes and trends in the environment on both the industry and the organization, considering how the changes and trends affect supply, demand, competition, and each element of the company's value chain.

A PESTLE analysis can be used as a stand-alone tool, or it can be used in conjunction with a SWOT analysis to enhance the thoroughness of external analysis by more methodically identifying opportunities and threats.

Figure 1: PESTLE Analysis

Force	Examples
Political	Tariffs, trade agreements, and special interest groups that promote or oppose specific products (e.g., tobacco) or marketing practices (e.g., promotion of healthy body image)
Economic	Interest rates, inflation rates, stock market trends, unemployment rates, gross domestic product, productivity levels, disposable income levels, government deficits, monetary policies, tax policies
Socio-cultural	Society's values, beliefs, attitudes, lifestyles, and demographics; e.g., having children later in life, desire to live in the suburbs, attitudes toward saving and investing, attitudes toward leisure and careers, desire for healthy lifestyle; gender, age, and income distribution; ethnic makeup; education levels
Technological developments	Developments that lead to new or improved products or services, and changes in how products are delivered and marketed; e.g., social media, computer-aided manufacturing, artificial materials
Legal	Laws and regulations; e.g., competition, labour, taxation, intellectual property, product safety, corporate governance
Environmental	Trends related to pollution, global warming, and sustainable development; e.g., recycling programs, packaging, energy conservation, and reforestation

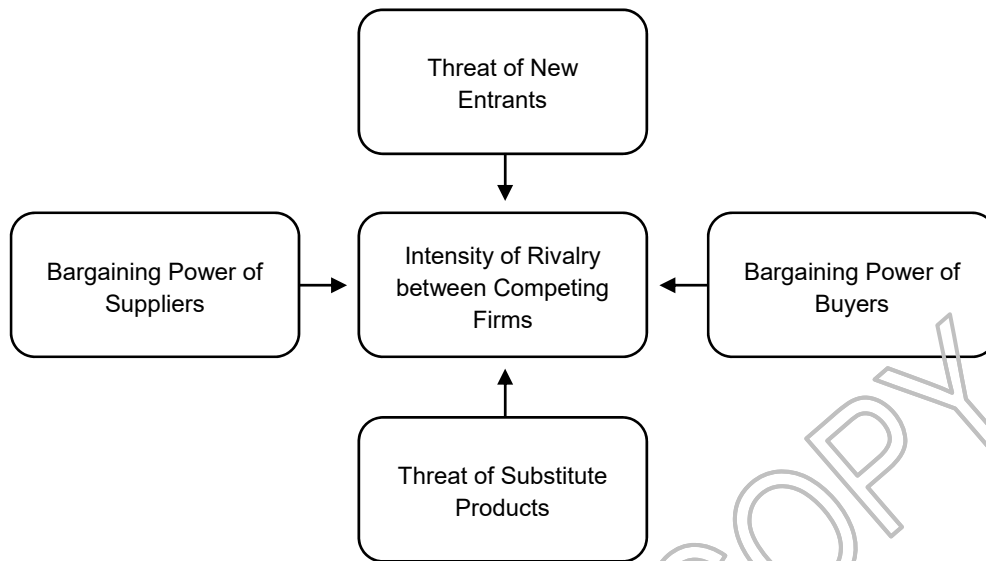
In the body of a report, use PESTLE to identify only the most important external forces. For example, for an automobile manufacturer, the most relevant forces might be abandonment of free trade agreements (P); increasing interest rates for car loans (E); pressure to use rapid transit systems (S); development of self-driving cars (T); higher damage awards for product safety violations (L); and lower emissions requirements (E). If it adds value to your report, a more extensive description of external forces can be put in an appendix.

10. PORTER'S FIVE FORCES FRAMEWORK¹

Porter's five forces framework (see Figure 2) is used to evaluate five competitive forces that influence an industry's profit potential or attractiveness, and to identify where economic profit lies in an industry's value chain (see Section 133.1). A five forces analysis can also be used to identify specific opportunities and threats in the industry, such as introduction of a substitute product or increased competitive rivalry.

¹ Michael E. Porter, "How Competitive Forces Shape Strategy," *Harvard Business Review*, March 1979, 137–145; Michael E. Porter, "The Five Competitive Forces That Shape Strategy," *Harvard Business Review*, January 2008, 57–71. Available from Ivey Publishing, product no. R0801E.

Figure 2: Porter's Five Forces



The threat of new entrants increases when barriers to entry are low, for example, when

- there are no economies of scale related to production, marketing, or distribution;
- product differentiation is low, so new firms do not have to spend heavily on branding;
- capital requirements are low, which makes entry into an industry less risky;
- switching costs are low, so new firms do not need to offer major improvements to get a customer to switch brands; or
- firms have easy access to distribution channels.

Intensity of industry rivalry increases, for example, when

- the number of competitors increases;
- competitors are equal in size and capability;
- demand for the product is growing slowly; or
- customers' costs to switch brands are low.

Threat of substitutes (products that provide similar benefits) is high, for example, when

- the relative price of substitute products decreases; or
- customer switching costs are low.

Supplier power is high, for example, when

- a supplier group is dominated by few companies;
- the supplier group's product is unique;
- there are no or few substitute inputs; or
- suppliers pose a credible threat of integrating forward into the organization's business.

Buyer power is high, for example, when

- the buyer group is concentrated or buyers purchase in large volumes;
- products purchased are undifferentiated;
- buyers earn low profits, which creates pressure to lower purchasing costs; or
- buyers pose a credible threat of integrating backward to make the organization's product.

In the body of a report, Porter's five forces analysis should be used judiciously to highlight key forces that make an industry attractive or unattractive to enter. For example, in analyzing whether a restaurant should

expand into catering, an organization would encounter an unattractive industry characterized by high threat of new entrants (capital requirements are relatively low and product differentiation is hard to achieve); fierce rivalry (many restaurants are doing catering, and demand for catered meals is growing slowly); high supplier power (there are only a few commercial food service companies); high buyer power (there are many caterers for buyers to choose from, and often they offer the same type of food); and a moderately high threat of substitutes (going to a restaurant, cooking yourself). A more complete Porter's five forces can be placed in an appendix, if you deem this to be value-added.

11. STAKEHOLDER ANALYSIS

A stakeholder analysis identifies the relevant internal and external stakeholders (e.g., customers, shareholders, employees, distributors, suppliers, and the local community) and what they need or expect from an organization as it pertains to the dilemma under consideration.

After identifying potential stakeholders and their interests, a company can either align its actions to meet the interests and needs of the stakeholders, or it can manage its relationships with stakeholders by addressing the consequences of the company's actions on the stakeholders.

A grid similar to that shown in Figure 7 for resource gap analysis can be used to summarize the existing preferences of various stakeholders, the new required preferences (i.e., to align with a particular alternative), major gaps between stakeholder expectations and corporate actions, and ways to reduce those gaps.

12. INDUSTRY KEY SUCCESS FACTORS

Industry key success factors (KSFs) identify what a company needs to succeed or win in the industry. KSFs include product qualities, organizational capabilities, resources, and market achievements that combine to create value for customers and are critical for long-term competitive success in the industry. An industry usually has only two or three KSFs; rarely are there more than five or six.

Identifying KSFs allows a company to assess its performance against industry KSFs. A company wants to perform well on all KSFs and be distinctively better on one or two to develop a competitive advantage.

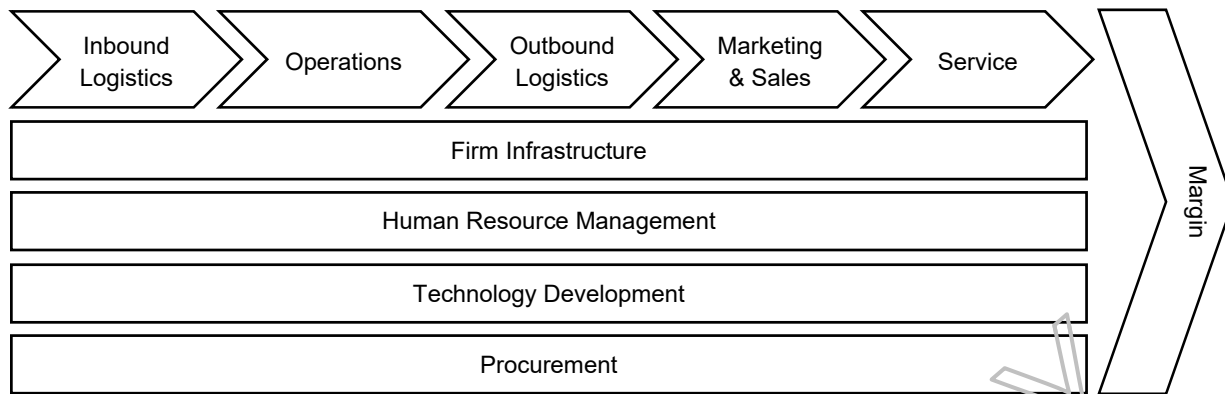
13. VALUE CHAIN ANALYSIS

13.1. Industry Value Chain

An industry value chain² (see Figure 3) consists of the activities that contribute to the process of firms within an industry providing a valuable product or service. Most businesses buy products or supplies from another company, transform them, and then sell them to customers. Therefore, an industry value chain includes the firms' own value chains as well as the value chains of their suppliers and distributors.

² Based on Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance* (New York, NY: Free Press, 1985).

Figure 3: Industry Value Chain



13.2 Organization Value Chain

An organization can use a value chain analysis to systematically identify its own capabilities and competitive advantages. Part of a sample value chain analysis for an organization is provided in Figure 4. The analysis is designed to evaluate the value chain of Birks Group, a Canadian jewellery company. Analyzing Birks’ value chain identifies where the company’s primary and supporting activities can be leveraged and integrated to add value and build an advantage over a competitor.

Figure 4: Value Chain Analysis, Birks Group

Primary Activities	
Operations	Jewellery factory: making models of jewellery, casting metals, mounting and setting jewels, polishing completed jewellery Watch factory: limited reassembly and customization of watches
Outbound logistics	Shipping of jewellery and watches
Marketing and sales	38 corporate stores in 15 Canadian markets
Service	Polishing and repairing of jewellery and watches
Secondary Activities	
Human resource management	Internationally renowned, award-winning, in-house design team
Firm infrastructure	Head office support by 62 managers in Montreal
Procurement	Sourcing metal and jewels for jewellery Sourcing watch components for limited reassembly

14. COMPETITIVE POSITION MATRIX

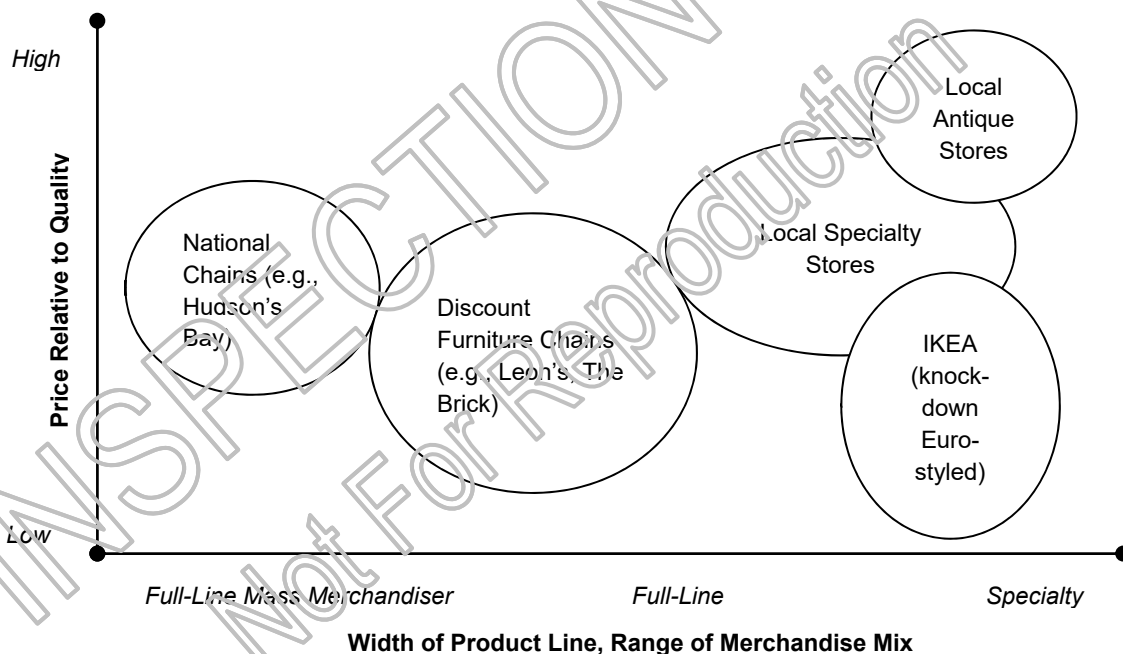
A competitive position matrix identifies competitive dimensions that add value and are important to the customer. Potential dimensions include price, delivery, price/quality mix, product/service characteristics, product/service scope, and geographical scope. The matrix uses these dimensions to compare the positions of competitors in an industry (see Figure 5). Competitors with similar characteristics and market positions can be grouped to make competitive analysis more manageable.

Figure 5: Competitive Position Matrix, Canadian Furniture Retail

	Geographical Scope	Price Relative to Quality	Selection	Service and Delivery
IKEA	National, in urban centres	Low to moderate	Low—only knock-down furniture	Low—consumers transport and assemble
The Brick	National	Low to moderate	High	Moderate—includes financing
Hudson's Bay (Home Outfitters)	National	Low to moderate	Moderate to high	Moderate to high
Independents	Local	Moderate to High	Low to high	High

15. STRATEGIC CLUSTER MAP

A strategic cluster map (or strategic group map) provides a convenient visualization of the competitive position of various firms in the industry, but the map limits the choice of competitive dimensions to two (see Figure 6).

Figure 6: Strategic Cluster Map, Canadian Furniture Retail

16. RESOURCE GAP ANALYSIS

A resource gap analysis identifies an organization's major gaps in resources and skills. It can be used to analyze issues and to develop the pros and cons for alternative courses of action.

In Figure 7, a partially completed template for a resource-gap analysis identifies gaps in a university's ability to serve adult learners through a continuing education program.

Figure 7: Resource Gap Analysis

Resource Category	Required Resources	Available Resources	Resource Gaps	Ways to Reduce Resource Gaps
Human Resources	Course instructors	Existing full-time and part-time faculty; alumni with experience in a variety of fields	Instructors who have experience with adult learners	Hire and train instructors
Operations	Curriculum	Existing courses	Material tailored to an adult audience with on-the-job experience	Have faculty adjust existing course material; have faculty develop new course material

17. CORE COMPETENCIES

Core competencies are skills and capabilities that an organization uses exceptionally well, such as developing curriculum for a diverse audience or delivering instructional content using user-friendly online platforms. Analysis of an organization’s core competencies can be used to identify strengths, as part of a SWOT analysis. When core competencies involve competitively important value chain activities, the competencies can evolve into competitive advantages.

18. COMPETITIVE ADVANTAGE ANALYSIS: VRIO³

The VRIO framework developed by Jay Barney suggests that resources and capabilities may offer a competitive advantage if they are valuable (V), rare (R), and inimitable (I) (i.e., difficult to imitate), and the firm is organized (O) to capitalize on those resources and capabilities.

Resources are *valuable* if they contribute to meeting customers’ needs at the price that customers are willing to pay. Resources are also valuable if they enable a company to develop alternatives to exploit opportunities, mitigate threats, and improve efficiency or effectiveness.

Resources and capabilities are *rare* if only a few competing firms possess them.

Resources and capabilities are *inimitable* if they are costly and difficult to imitate. Resources could be inimitable because they are physically unique; have been built up over time based on specific experiences (e.g., unique historical conditions); result from interpersonal relationships, group norms, or culture (social complexity); or because it is difficult to identify the resource, its value, or its competitive advantages (causal ambiguity).

Finally, resources and capabilities provide a competitive advantage only if the firm is *organized*—that is, the firm has the necessary structure, such as the appropriate employees, management, organization, control systems, reward systems, and culture—to capitalize on its resources and capabilities.

³ Jay Barney, “Firm Resources and Sustained Competitive Advantage,” *Journal of Management* 17, no. 1 (1991): 99–120.

19. CASE ANALYSIS AND ACADEMIC INTEGRITY

Because case analysis is complex, it may often seem helpful to discuss the case informally or formally with other students before participating in a class discussion, writing a report, or making a presentation. Managers and consultants often discuss problems with other people, within the constraints allowed by confidentiality. Therefore, your instructor may allow, encourage, or even require such discussion. However, *to ensure academic integrity and to avoid plagiarism, unless your instructor has specifically indicated that some degree of discussion is permissible, you should consult with your instructor before engaging in any collaboration.* This restriction on outside discussion is especially necessary when preparing reports and presentations.

It may also seem helpful to search the Internet for teaching notes for cases or for case reports or slide presentations prepared by other students. Academic integrity requires that you refrain from using such resources, in full or in part. Any attempt to use the work of others and to pass it off as your own is plagiarism. If the instructor is suspicious that plagiarism might be involved, you may be asked to upload a copy of your case report through Turnitin.com.

While using the work of others may appear to provide a shortcut to a good grade, the quality of online sources and the work of other students is often suspect, at best. Most importantly, you deprive yourself of the learning opportunities the case method offers.