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A FRAMEWORK FOR DEVELOPING A BUSINESS POLICY CASE

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ABSTRACT

The increasing use of business policy cases and the emerging importance of strategy oriented cases points to the need to improve their availability. One approach is through more attention to case content by case writers. Several desirable features of written cases are reviewed, one of which is strategy content. A framework for presenting the case text in a logical format for strategy content is suggested so that most cases so written will be useful in most business policy courses.

INTRODUCTION

Business policy/strategic management has grown to be a popular course in most undergraduate business administration programs. The "policy" course has always had a case oriented approach, although theoretical material has begun to appear in leading textbooks.

During the early period of growth of business policy, the major emphasis was on the use of cases which were functionally integrative in nature so that the student could integrate and apply program course material in solving business problems of interest to top management. Recently, there has been a shift in case emphasis toward the management decisions involved in the formulation and implementation of corporate strategy. This parallels the new interest in the theoretical side of the strategy process as an important part of the policy course.

We should expect the continuing use of cases in the business policy course, and an increase in the number and size of classes. In conjunction, the difficulty in finding and selecting suitable cases will become a more pronounced problem from the perspective of time and material resources of course instructors and textbook authors. Thus, there is an increasing need to improve the case selection process. One way to begin is to implement changes in the case writing process. This paper will present a description of desirable characteristics of business policy cases and a framework for insuring that basic strategy material is included in the case text.

A SUGGESTED FRAMEWORK FOR CASE WRITING

A new approach is to have a set of standards--guidelines and requirements--to assist the case writer and to establish continuity in the content of cases written for business policy courses. Hopefully, a much greater percent of cases reviewed for class use would be found acceptable. This process would also involve a refereeing body such as the Midwest Case Writers Association, and those cases which met the specified standards would be catalogued for distribution.

A sample of the literature on case writing seems to indicate that most of it deals in general terms with the writing process, i.e. the author's style, and it does not address case content [2;3;4;5;6]. In the Handbook on Case Writing the author makes the following statement, "One danger lurks in

the use of written specifications: if they are too rigidly constructed there is a risk that a CASE will be written to the specifications rather than about the facts [4,p.33] The risk of over concern for specification may be real, but we are concerned with specifications about what kinds of factual knowledge are presented. We are proposing that controls be established for the purpose of having information consistency and case quality.

DESIRABLE FEATURES OF CASES

We now turn to a review of desirable features of cases. A classic article entitled, "McNair on Cases [5]," describes four design features of a management case which can make it a "distinct literary form." The first feature is a time structure. In addition to writing in the past tense, it is important to clearly identify and relate events in a time perspective. Although chronology is not necessary, there must be some planned arrangement in the sequencing of events.

The next two features are called a narrative structure and an expository structure. A good narrative feature means that events and other parts of the case must be meaningfully related in addition to having the proper time perspective. The expository feature refers to the required explanation of the business and its industry. McNair is saying that a case must have a convincingly informative style suitable for a broad readership. Students may not be familiar with the subject industry.

The fourth feature is called a plot structure. There must be a question/problem/issue, so that the situation can be analyzed and a decision made about what should be done. In policy cases the possibility exists that no change in strategy may be the best decision.

CONTENT CHARACTERISTICS

Much of McNair's excellent advice given above concerns the writing process. However, we are concerned here with case content. McNair's plot structure is the problem element, and this characteristic has always been a necessary part of management cases. Students become familiar with problem solving in various business courses such as management science, production, statistics, marketing, and economics. The business policy case presents new aspects of problem solving, particularly the emphasis on problem identification. Whether the case study involves one key issue or several issues and problems which can be ranked and related depends upon the individual case being used, and its purpose in the course or program of study. The case writer must be aware that students will be asked to identify a problem or strategic issue.

A second content characteristic which is basic to policy cases is that of having an integrative nature. Integration of business departments or other units continues to be a part of the field of business policy/strategic management and the case must deal with how different

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parts of the company are interrelated. The usual ways are to involve 1) the functions of marketing, finance, and production, etc., or 2) several product divisions.

A third characteristic dealing with the content of a business policy case is that of strategy implications, i.e. relationships of the organization with the environment externally as well as the relationships among the resources within the organization. As mentioned before, the field of business policy has evolved from that of managing the integrative aspects of a single product business via the use of top management policy--to the field of strategic management where strategy decisions for single and multiple product/ division companies are the work of top management.

These three characteristics--problem, integration, and strategy--seem to fulfill the AACSB standard that the core curriculum include "(e) a study of administrative processes under conditions of uncertainty including integrating analysis and policy determination at the overall management level El, p. 381 ." The remainder of this paper is addressed to the strategy characteristic of case content. By developing a case around strategy content, it will be integrative and require a resolution of some strategy issue.

WRITING REQUIREMENTS FOR STRATEGY CASES

As indicated above, a case written for a business policy course should incorporate strategy material. Two requirements placed on the case writer will improve the likelihood that the case writing effort will result in the publication of a suitable case. A preliminary requirement suggests that a case writer obtain a commitment from the subject company/organization that their case can be written and published. This not only saves case writing time which would be lost if release can't be obtained, but it provides the company executives with a clearer understanding of what is to be accomplished.

The second requirement is the heart of this proposal. It is that a framework be followed for gathering information and deciding on the content of the case text. This framework should incorporate certain standards which are set to insure that strategy material is included.

A business policy case study requires an analysis of information. This analysis includes a determination and evaluation of the company's total strategic position and its objectives, as well as the identified relationship between the two. In addition, there should be an environmental analysis. Finally, the status of the company's resources must be incorporated into a strengths/weaknesses analysis so that a complete picture of the strategic position from an internal viewpoint is completed. Summarily, the relationships among the four elements--strategy, objectives, environment, and resources--should be examined.

Resulting evaluations will point to apparent significant changes--or other developments in corporate performance, successful strategy implementation, environmental threats and opportunities, and corporate strengths and weaknesses which can affect the future of the organization. Any relevant problems must be identified and solved by the case analyst.

Thus, a case study involves analysis, problem identification, and a solution. In a multiple problem case, however, there may be both operating problems and strategy issues. As a minimum, the written case must contain sufficient data/information for the student to analyze the situation from the strategy viewpoint.

Although a case contains limited information, the following topics should be covered to provide sufficient information for a

complete investigation of the strategy process for the subject company.

Strategy

The overall strategy position should be identifiable from the case information. Some of this information may be included in the industry/market part of the environmental situation described below. However, it is recommended that a section be devoted to a general description of the following major strategy elements;

1. Product/Customer mix
2. Facilities and operations
3. Vertical Integration
4. Marketing program.

The major product lines and any special features should be described. This includes changes, quality, varieties, etc. The target market including major customers, geographic scope, and potential new customers should be covered.

A general description of the facilities and operations is recommended. The operations should be explained from a task/technology viewpoint which deals with general corporate strategy. The situation regarding vertical integration may be covered under the operations heading. If not, the case writer could include some information of its impact.

A section on the marketing program could be included to discuss appropriate material dealing with distribution, pricing, advertising, and the sales effort as they apply to the overall strategy picture.

Corporate objectives should be described. The company purpose could appear in the case introduction, but the broad corporate objectives, of interest to top management, must be stated. Company performance can be covered in the text or left to analysis of financial statements. Lower level or minor goals can be discussed and this will reinforce the importance of goal analysis.

Environmental Situation

One of the major parts of a policy case study is the environmental analysis. The case text should give as complete a description of the external environment as possible given the case complexity constraint and a pertinent time frame. Some authors write to a fixed total length, and some writing engagements provide limited access to data and the environmental section must fit these constraints. The section should include information on some of the following topics: the general economic situation at the time of the case, the product life cycle, market size and a demand forecast plus any unique features of the market, customer segments, competitor identification and description, entry possibilities, government relationships, technological impact on product development, world relations, and social implications.

Company Resources

Finally, the description of the company should appear in one major section if possible and appropriate. Subsections can be used for each function such as marketing, finance, and production. It is advisable to have a separate section for management and organization.

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The case author should concentrate on describing resources and other strengths and weaknesses within the control of the company. This section is more direct and describes more specific strengths and weaknesses of the business functions than the earlier section which describes the overall strategy position.

The text can end abruptly without suggesting any strategic issue or set of questions. The instruction guide should be used to suggest issues, give possible solutions, and provide additional information. One important item is a description of what was actually done. Actually, an enterprise can be faced with a myriad of decisions and the solution or a strategic plan chosen may be the most acceptable one from a matrix of viable courses of action.

In the classroom setting, a student is provided a case of "givens" and is expected to determine the problem(s) of the Company and provide a recommended course of action to eliminate or minimize the problem(s). This must be done within the theoretical and practical aspects of case problem solving. The class generally agrees upon a solution and moves on to another case and lecture.

At this point in the student's learning process an important aspect is being overlooked. Where possible, the subject company's actual plan of action should be given as feedback to the student, so that a comparison of recommended versus chosen actions can be made. This feedback enables the student to objectively evaluate his/her recommendation comparing it to management's chosen plan of action.

This type of feedback provided by the instructor can prevent use of the case again because the "solution" to the case is available to other students. Thus, a considerable volume of cases must be available for use since they could only be used one time. This is a valid concern since the emphasis is placed on using relatively recent cases. However, for the serious student of business policy, consideration should be given to providing some method of feedback on a case basis, and the case writer should recognize the value to some instructors of knowing the decision actually made in the company.

GENERAL HOUSEWARES CORP. CASE

A case, General Housewares Corp., was written using the above framework [7]. The following major sections were included:

Strategic Position-Product/Market Emphasis. Here the products were identified. It was pointed out that GHC has three major product groups (divisions), and a general description of each product line was given. An excerpt from this section of the case follows:

The Giftware Group (25% of sales) manufactures and markets a variety of decorative and novelty candles, and it imports coffee mugs, canister sets, serving pieces, kitchen storage items, and related accessories for the home [7, p.11].

To complete the answer to "What products to what markets?" a general description of the market side of the strategy followed--the customer types, geography, distribution, and competitive advantage. The following is a sample statement:

The-Giftware products are also sold nationally and in Canada to approximately 10,400 customers of which the ten largest customers represented 25% of total

(1978) giftware sales of \$15.2 million [7, p.1].

Performance Goals. This section of the text briefly mentioned sales volumes, profits, and expenses, but referred to a later exhibit of financial data which was taken from published company records.

External Environment. Following the introductory comments were subsections for Government, Market, and Industry. The Government section included information about both regulations and support in the form of import restrictions. The Market section discussed the market's characteristics and the changing situation, the life cycles, and the difficulty in obtaining data for the total market. For example the case stated;

Even though the products made by GHC are distributed nationally and are targeted to all income levels, changes in demographic concentration, associated freight costs to point of sale, rising income levels, and changes in buying patterns due to age, social class, and housing styles are requiring new efforts for increased market penetration [7, p.31].

The industry section presented a lengthy discussion of the competition and barriers to entry, the import threat, and mergers.

Company Resources. A short section was included to present comments about the financial structure even though tabular data is given in three exhibits. A lengthy section described the organization and its management. A portion of this section follows:

Strategy decisions at all levels are made within a prevailing attitude of risk aversion, i.e., only outcomes with significant chance of success and with little or no risk of financial loss are chosen. This is due to the current financial-based problems faced by the corporation. Decision-making is decentralized within each group and extends down to the functional operating level at each plant [7, p.6].

The organization structure for top management is shown in an exhibit. Finally, the operations and marketing functions are described in separate sections. Two example paragraphs follow, one for operations and one for marketing:

Production equipment ranges from older stamping presses with zero book value to new, high technology furnaces requiring moderate capital investment. General Housewares does not, in general, utilize automation in the direct manufacturing process but does have extensive material handling capability through conveyor networks. All equipment, however, is of sufficient capacity and durability to satisfy production requirements [7, p.7]

Seasonally planned advertising (approximately 2.6% of sales dollars in 1978 and 2.2% of sales dollars in 1977) is placed in national magazines, TV, radio spots, storyboards and retail displays to help retail activity [7, p.8]

A copy of the GHC case can be obtained from the authors or the Harvard Business School Case Services. The case was reviewed, refereed, and accepted through the Midwest Case Writers Association 1981 Workshop.

Hopefully, the technique suggested here can be further developed so that a complete set of writing guidelines

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can be established, then a refereeing process can accept cases which would in turn be found acceptable to most business policy instructors. If the proposition that a framework is desirable, the next step is to refine and formalize the case content guidelines.

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