

Strategic Management – The Competitive Edge

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Lecture 19

Case Analysis

Welcome to this session. I will introduce you to case analysis and for this you have to refer to the Book on Case studies in Marketing-The Indian context. It is useful for analysis of strategic management as well. Again published by Prentice Hall, many of the examples that I have given in these different sessions, are in fact culled out from these case studies whether it is HMT, Infosys, all are listed here.

So, we have looked at Infosys, we have looked at Oracle, now, formerly it was known as IFLEX, we have looked at SAP India, we have looked at Wipro, ACE designers then some of the industries which became extinct due to this competitive arena, like the New Government Electric Factory in Bangalore, then you have so many cases from services marketing, whether it is Hotel Taj West End in Bangalore or the Standard Chartered Bank Credit Card division or a State Tourism Development Corporation with respect to Karnataka, Hotel Ashok in Bangalore.

In airlines which became extinct, in fact one of the first private airlines to enter the Indian market, why it became a failed experience. And holiday resorts whether it is Sterling, then fresh vegetables Namdhari's fresh, some of the automotive companies that is Daimler Chrysler. The book gives you a lot of information about these companies.

Now, before we go into the analysis of all this, we will just look at why should you go into this case analysis with respect to a subject like strategic management or marketing because they form the backbone for this real life study; because you should do a case analysis to get the know what is happening in the field. So, it should not just remain a theoretical exercise. So, in fact, now, the present day scenario is you do simulation exercises with respect to these cases. So, you yourself simulate the scenario as a player.

Now, let us look at why should you do case analysis, what does it help what does it do for a person? Essentially, it gives the performance of an organization over a period of time. So, you take any organization, you name the organization, you may be looking at it over a period of time, the last 5 years, the last 10 years, how did it perform? The question is why you are looking at that time period of 5 years or 10 years, because there were so many decisions that were taken during that period, which when you reflect after the decision is taken, you might just think could it have been done like this.

So, this is not something different, right from if you look at the Mahabharata War; suppose, some things had not happened when you may just think the Mahabharata war would not have happened and so, many people, lakhs of soldiers, would not have lost their lives. And so, many of the Athiratas and Maharatas would have been spared, because of some decisions which were taken, maybe rightly or wrongly resulted in the war. Similarly if you look at the Ramayan also rightly or wrongly, some decisions taken resulted in the Ramayan. For posterity both the Ramayana and the Mahabharata have become epics; and they in fact, give you in the present day context, many of the what you call the wisdom which were given by the sages, through these epics. So, it has become the fifth Veda.

Similarly, with respect to an organization after these 5 years or 10 years, when you look at that period, you took so many decisions. Suppose, when you look back in hindsight as a strategic analyst, you might think, perhaps the organization would have been better off had this type of decision not been taken or if the decision was taken in a different way. So, this is what many times people do, so they go back, back and forth; similar to this whole exercise we do in the present today setup thro' case analysis.

It is called the knowledge bank with respect to software organization, when a project comes in, the different aspects of the project are handled. So, many aspects of project management comes into picture and project management itself is a big exercise. So, that is also a big field which has developed. So, this project management is also considered to be a key for success.

So, information on organizations history and operations environment, this is what a case gives or should give; how did this organization come into being what is its operations environment and it should give you data related to functional areas. So, when you look at the functional areas of management, there are basically 4 of them it is marketing, finance, operations and human resources.

So, you may just wonder where is the IT and the other areas coming in, they are really facilitators; you find IT coming in all the functional areas of management whether you call it marketing analytics, or you call it financial analytics, or you call it operational analytics.

Then what does a case normally do it presents to students a realistic situation by which they are exposed to decision making practices. So, this is the most important aspect of case analysis.

So, you should present to the student a realistic situation. A realistic situation should help the student to make his own decisions with respect to a particular scenario of the company. Now whatever might be the decision that has been taken you make your own analysis and start

thinking suppose had it been done like this- this is where you we indulge in the class with respect to group presentations make your own decisions with respect to this case.

What is the objectives of this whole case method? 1. To acquire skills to apply theoretical knowledge to practice. So in fact, the case study habit with respect to management was first introduced through IIM Ahmedabad. Then, the theoretical skills to handle a particular situation; the first IIM to come into the country was IIM Calcutta, then IIM Ahmedabad, then IIM Bangalore. So, IIM Calcutta -they gave all the theoretical skills, IIM Ahmedabad applied all these skills to the particular functional areas to help the student to become a good decision maker.

Then came IIM Bangalore, it used both these things that is the theoretical expertize as well as the case studies expertize makes use of both of them, that is the expertize of both A and B. So now, there are so many IIMs in the country.

Now, the second aspect to get into the habit of diagnosing the problem, analysis and evaluation of alternatives and formulation of an action plan. So, the idea is you are presented a scenario, like a doctor, you diagnose the problem with respect to the company; this diagnosis is very important, if you diagnose the problem correctly 50 percent cure is done, not only with respect to the organization but with respect to the patient also.

So, correct diagnosis is key to the solution. So, case study helps to get into the habit of diagnosing the problem, analysis and evaluation of alternatives and formulation of an action plan. Then to learn to independently find the answers to practical problems do not look at what the company has done now you develop your own answers. Suppose you are faced with that type of a scenario, how would you have solved the problem that speaks a lot.

So I can give you one instance in the life of Sir MV the great engineer, when he was very young he was traveling by train in one of the states, I think Bihar. He was sleeping in that compartment and all of a sudden he got up and pulled the chain, the train stopped, when the train stopped they could find out who is the person who pulled the chain, they came to Sir MV, he was not Sir at that point of time, and asked him why did you pull the chain?

He gave an answer, which startled most of them; he said there is a crack in the rail line maybe about 4 to 5 kilometers from here then the whole railway engineers team came into the picture they said how can it be we have checked the line yesterday only, but still this boy said no, there is a crack, kindly check. They wanted to penalize this boy MV for pulling the chain. Then they checked and found what MV had said was in fact true; 5 kilometers down the railway track there was a crack. Then the next point which came to their mind was how did this boy find out that

there is a crack 5 kilometers ahead, he was after all sleeping. Then they asked this boy how could you make out that there is a crack in the railway line 5 kilometers down.

Then he said when I was sleeping, I was closely listening to the noise of the railway line and at one point, there was a slight difference in the noise which was coming; that difference in the noise can happen only if there is a failure or if there is some crack in the railway line. I thought that crack might come about 4 to 5 kilometers from this point.

In the whole process MV became very famous and so many things happened in his life, and he also became Bharat Ratna for his extraordinary engineering skills and when he passed away in 1962, none other than the US government wanted to do a diagnosis of his brain to find out how he was so intelligent and what all he wanted to do further; but that did not happen.

So, this is what the case method should give or should aid a person. To gain exposure to a variety of organizational and managerial situations. So this is what a case study is normally going to do.

So what is the type of benefit that you are going to get through the case method? Clear thinking in complex situations. So as a manager, you will find so many situations cropping up, you are in the thick of all these things. So every situation presents a challenge, when it presents a challenge you should not be caught off guard. So still in that complex situation you should be able to think calmly and clearly. So, this is benefit of the case method.

Devising consistent rational and creative plans, then application of quantitative knowledge, this is what I said the theoretical aspects and the quantitative knowledge was the strong arm of IIM Calcutta, the case studies was the strong arm of IIM Ahmedabad, so both these strong arms are used by IIM Bangalore. So, recognizing the value of information, group communication, better written communication, applying personal values to the decision making process, this is what is called the leadership style many times.

If you recall when we were doing the 7 S matrix, we refer to Tata Steel and the Russi Modi style of leadership. So, this Russi Modi style of leadership, which helped Tata Steel to sail through even though there was a difficult period. So, when many smaller steel companies almost closed shop, but still Tata Steel could go through.

Suppose, you want to develop a case study, so, many students would be interested, how should you go into developing a case study- should have the following aspects: looking at origin, history and growth of company over time, organizational analysis, then look at the external environment, then come out with a SWOT analysis, present the corporate strategy, present the

business strategy, then look at the organizational structure and control systems and look at the recommendations for the company in a particular scenario. So, this is what IT companies are doing.

So, project management is now becoming key. So, you are looking at different levels of project management and all these experiences you are trying to cash in through the development of a knowledge bank in the company. So, if you look at a company like Infosys or Mind Tree, its knowledge bank is so rich almost all the problem types are tackled.

So, knowledge bank is so rich that in that particular project management or project they handled they had come across so many types of scenarios, which can give them a treasure of decision making experience with respect to future projects; they might have faltered, again gone back, changed the strategy. Suppose you are new to the whole project, they suggest to you look at the knowledge bank. So, you go to the knowledge bank and find out what can be obtained through the knowledge bank with respect to the project you are taking up in the company or you are a part of in the company.

The most important aspect of this case study is looking at key ratios. It can be key financial ratios. In fact, there are 4 of them, one is the profitability ratio, second is the leverage ratios, third is the activity ratios, fourth is the liquidity ratios and apart from these, there are a few other ratios with respect to an organization. We will consider all these ratios in the next session. Thank you.