



The Why and How of Case Analysis

By Paul Juras, CMA

The field of accounting is changing drastically in the face of government regulations and technological innovation. Accountants are no longer just numbers crunchers. If you're a student majoring in accounting, you need to learn how to analyze the underlying data behind the numbers and make informed decisions. When you remove yourself from the relatively safe confines of the classroom and enter the business world, you must be able to put theory into practice. You'll be in a place where collaborative, team-oriented thinking is required to make decisions and communication is essential, and you'll need to understand different parts of the business, be a business partner, and think in an integrative manner.

So how do you develop the abilities to be a critical thinker, valuable team member, and persuasive advisor on business issues? One possibility is through work experience, but that isn't always possible for full-time undergraduate students. That leaves your coursework. But within the context of all this change in the industry lies a danger: As a student, you may have courses in the areas of financial analysis, audit, and tax but little or no exposure to business strategy and other professional skills. This means there may be a gap between the skills you learn in school and the skills needed to perform the evolving roles of an accountant.

It's up to you to master the skills you'll need, but what if your education hasn't fully helped you? One possibility is to learn through case analysis, and that's where this article may provide some help.

The Case for Cases

It has been well established that a gap exists between the skills companies need in their new accounting hires and the skills that most recent accounting graduates actually have. Colleges need to keep pace with the marketplace and help students develop the competencies to narrow the gap. Accounting is a discipline that contains concepts meant to be applied, which means students need opportunities for practice. Accounting programs need to integrate a variety of real-world competencies in order to produce graduates who are ready for the challenges they will face on the job. So don't be surprised if your classes begin to have less focus on abstract ideas and theories in favor of a more practical "what really happens" approach. Instructors may start bringing more real-world experience to the classroom, and this is where cases can play a role.

Like most accounting students, you're probably very familiar with the lecture approach to teaching. It's good at transferring information, but it has limitations. One of the most significant is that lectures don't encourage you, as a listener, to think about the content and apply it. Case analysis isn't like the lecture approach. A case isn't a long word problem with a right answer. In the lecture method, you *receive* knowledge from the professor and tend to be graded on your recall of facts. In the case method, you *make* the knowledge with the assistance of an expert. While case analysis isn't a perfect substitute for getting out of the classroom and getting direct experience, it offers an opportunity to encounter different settings, albeit through written words on a page.

This fundamental shift away from the lecture approach may fill you with some uncertainty or doubt about learn-

ing through cases, but don't let that scare you off. Even if you plan to go directly to graduate school before entering the workforce, don't think you can put off learning the practical skills that case analysis helps you develop. Know that cases are a routine part of graduate education. When it comes to learning about case analysis, resistance is futile. There's no escaping them. Rather than resist, consider the benefits.

What's In It for You?

Because cases have a specific context, their analysis creates an opportunity for you to think at a higher, more strategic level. In short, cases help you think like a manager, and you have to recognize that managers don't operate in a vacuum. Not only are you required to make a decision or provide a recommendation, but you also have to be able to defend the recommendations. In a case setting, you need to think about how other aspects of the business affect the situation being faced. You also must think through the impacts that any decisions have on other stakeholders both inside and outside the organization. Any analysis and recommendations you offer have to be relevant to the context of the case, which makes case analysis a great opportunity to move beyond the simplistic thinking inherent in most textbooks.

Having to defend your position is tied to a very important benefit of case analysis: the enhancement of oral and/or written communication skills. Whether it's through class discussion or a written assignment that will be handed in, you must be able to articulate a position clearly and support it with sound reasoning.

Another word of warning at this point: It will no longer be acceptable for you to simply devise or calculate an answer and then find out if it's right or wrong. In fact, you *must* get rid of the notion of a "right answer" to a case. Often cases aren't limited to a single correct solution. Those of you who usually want or need to know "the answer" may find no end to frustration while working cases. But that's yet another area of real life that cases expose you to—in business, many of the scenarios you will face or problems you'll need to solve won't have clear-cut answers.

The case approach may also give you a competitive edge in the job market. You'll have been exposed to a wider variety of topics and situations, which may give you more information and experience to draw on in job interviews. Increased confidence can also come from dealing with the unstructured fact patterns that are often present in cases, which also may help improve your per-

formance in an unstructured interview environment. Finally, another benefit of case analysis is the opportunity to read about and gain knowledge in an industry and/or setting you might not have encountered before.

Enough about the “why.” Let’s look at the “how.”

Reading a Case

While some cases might be relatively short, others might be as long as a chapter in a textbook. Also, cases might not follow a linear path. Relevant evidence may be scattered throughout the text. It’s often disguised or needs to be inferred, forcing you to deal with some ambiguity. Therefore, to analyze a case you need to identify and understand the important aspects of a situation and how they relate to each other and the situation overall.

Don’t rush into reading a case with your highlighter in your hand. When you begin reading, you won’t know what to look for. You should spend more time thinking about a case than reading it. To derive meaning from the text, think as you read. Ask yourself questions about the content in order to gain an understanding of the big picture. In short, think about this question first: “What is the situation?” Describing the situation puts you in a position to start asking questions relevant to a problem, such as:

- ◆ What are the key problems/issues?
- ◆ Who are the key players?
- ◆ What are their options?

Once you have a feel for the big picture, the real work begins. You now need to dig in and closely study what you think are the relevant content and exhibits. You have to decide what type of analysis to perform and what data is relevant. Your goal is to narrow down the possible courses of action in order to recommend and identify the one that seems most plausible to you and that has the most promise. At this point you might be thinking of the following questions:

- ◆ Does the proposal/alternative add sufficient value? If so, how can it be implemented successfully?
- ◆ Thinking from the perspective of a specified external stakeholder (maybe a potential creditor), would you agree with the decision to pursue a specific plan of action?

You also might simply consider a question such as “What would I do?” or “What would I recommend?” Keep in mind that you aren’t likely to get away with generic responses. Your decisions or recommendations should be consistent with the specifics of the case setting. For example, if you recommend raising prices, you should suggest a specific amount or range and then consider the possible

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reactions by customers and competitors.

At this point, you have been doing a great deal of thinking. Now you need to prepare your write-up or presentation. What makes a good write-up?

Developing a Persuasive Analysis

Writing or presenting about a case builds on the process of analyzing it. To convince a reader (or audience member) that your conclusion about the case is valid, you must offer evidence linked directly to the conclusion. Given the need to clearly state and support a position, you want to be clear and concise. Avoid fuzzy points of view, disjointed discussions of issues, and insufficient use of evidence. There are three major points to address:

- 1. The What**—Make a position statement.
- 2. The Why**—Use evidence to persuade the reader.
- 3. The How**—If needed, provide an action plan.

As you go over your work, think about how others might evaluate it:

- ◆ Is the task you are trying to address stated clearly?
- ◆ Are the major issues addressed?
- ◆ Does the report contain appropriate depth and scope of analysis?
- ◆ Are your assumptions clear?
- ◆ Are the approach and the language used appropriate for the intended audience?
- ◆ Is the report/presentation well organized?
- ◆ Are exhibits and/or graphs presented professionally?

When you think you’re finished with your analysis, you actually have a few more steps. Go back into the case to find more evidence that aligns with or supports your recommendation. By now, you should be able to go directly to the sections and exhibits that have what you need. Also be sure to stay focused on what you’re trying to prove. Give thought to an action plan, and think about how you would implement the decision you’re recommending.

Consider what actions are called for, and be sure to think in real-world, not ideal-world, terms. Don't just sketch out a broad approach to action. Think about tangible actions, and write them down. Finally, give a bit of thought to the order of the actions. Your action plan should be designed so that specific actions are taken at a certain time or in a certain sequence for a reason.

As I've noted several times already, cases aren't limited to one right answer. Otherwise there would be no opposition to the alternative or recommendation offered. Since there are several possible answers, there's one last but very important step: Question your own recommendation. Try to determine the greatest weakness of the recommendation and the strongest alternative to it. The goal isn't to undermine your work. It's to take a step back and look critically at the recommendation from an opponent's perspective. Every position has a weakness, and it's better if you're the one who recognizes it instead of the professor, your peers, or your boss. Here are some ways to think critically about your work:

- ◆ Can the problem be defined differently, and would that make a difference to the analysis? What's the weakest part of the analysis?
- ◆ What's the biggest downside of the recommended decision, and how would the downside be managed? What's the strongest evidence against the recommendation?
- ◆ Have you been objective in evaluating findings that oppose your overall position?

You now have a framework for performing a case analysis. Now all you need is some practice.

The Next Step

While accounting graduates are highly sought after, rising enrollment numbers are creating increased competition in the job market. As a student, you need to seek ways to distinguish yourself from others with similar grades and learning experiences. One popular way is to participate in case study competitions in which teams of students are given practical application problems with which to assess their technical knowledge and problem-solving skills. The Summer 2010 *Management Accounting Quarterly* article "Case Study Competitions Give Accounting Students a Competitive Edge" notes that case competitions provide competitors with opportunities to gain specialized knowledge, improve communication skills, develop a sense of teamwork, and heighten their chances in the job market. While that article mentions numerous case competitions, you'll find an opportunity in the very pages of

this magazine: The 2015 IMA Student Case Competition.

Started in 1991, the IMA Student Case Competition provides students an opportunity to practice their case analysis skills and build confidence. You wouldn't just be getting up and presenting—you would be communicating a position, selling a recommendation, or offering constructive, well-thought-out feedback to an option discussed in the case. Teams entering the IMA Student Case Competition are required to produce video presentations of their case analysis. The videos are evaluated in the first round of judging, and four teams are selected to make their final presentation live in front of a panel of judges at the IMA Annual Conference & Exposition. Each of the final four teams also receives a cash award.

Prize money aside, the IMA Student Case Competition covers some of the most current topics in management accounting, such as lean accounting, resource consumption accounting, and fraud. Former IMA Chair Sandra Richtermeyer, from Xavier University, has described the competition as "an excellent opportunity for accounting students to develop their strategic planning, decision-making, and presentation skills—critical skills required for success in the management accounting profession."

Take On the Challenge

As a reader of cases, you must be able to construct conclusions from the information in the text, filter out irrelevant or low-value portions of the text, furnish missing information through inferences, and associate evidence from different parts of the case and integrate it into a conclusion.

You draw from what you have learned (hindsight) and add the context of the current situation to gain an understanding of the problems, issues, or opportunities (insight) in order to plan how to move forward (foresight). You're exposed to new knowledge, expanding your knowledge base and improving your communication skills. And participating in case competitions can help you develop many "soft skills" such as confidence, motivation, responsibility, and teamwork.

I challenge you to form a team and compete in this year's IMA Student Case Competition. **SF**

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