

INTRODUCTION TO CASE ANALYSIS

In the Health Care Finance and Managerial Accounting classes the CASE METHOD will be used. This involves (at least)

- 1) Environmental /Background Description: Reading a case that describes a business situation, which normally includes financial or quantitative data. (SWOT analysis)**

- 2) Problem Identification: After reading the case, you must decide what the business ISSUE(s) or PROBLEM(s) is the organization faces.**

- 3) Plans for Analysis: You will need to decide how you will ANALYZE the material, PERFORM the analysis and MAKE A DECISION or RECOMMENDATION based on your analysis.**

- 4) Action Plan Proposition: Depending on the situation, you also may need to develop a PLAN of ACTION or IMPLEMENTATION PLAN for your decision or recommendation.**

- 5) Presentation Preparation: After this is done, you will need to prepare a written report and possibly an oral presentation to communicate your analysis and recommendation(s). As in all business decisions, you must be prepared to discuss and defend your ideas but also willing to listen and to analyze the ideas of others during or at the conclusion of your presentation. The ability to think on your feet during presentations will be one of the greatest challenges you will face in the course and in the business world.**

- 6) Conclusion & Reform: At the conclusion of the presentation and discussion, you may need to rewrite your analysis and recommendations if there is a consensus that changes need to be made. Sometimes, rewrite the case is needed for you to receive credit.**

After reading the Case, you will need to decide what the Issue / Problem Situation is and whether you have a Problem, Opportunity or Threat (SWOT analysis). After deciding what the issue / problem is, you must decide if the primary issue(s) you will be addressing is Financial, Organizational, Human, Marketing, Operational, Technology, etc. The Case normally will involve more than one issue or functional discipline but for the Finance and Managerial Accounting Courses your focus will be on the finance and accounting issues.

Once you have decided on the situation and the issues, you must decide how to analyze it. It is at this point that many managers and students determine they do not have all of the information they want or need. This is where you will need to do additional research or to make assumptions and justify them. It may mean projecting future sales where you might use regression analysis or you may need to refer to industry financial standards and ratios and make assumptions based on them. Managers never have all the information or time they want to analyze a problem. Good managers make reasonable assumptions they can justify when they don't have all of the data they want or need. They also make timely decisions so that problems are solved before they become larger and opportunities are not lost because decisions are ignored or made late.

When you start to look at the material the data may lead you to what you think is an obvious problem when on further examination it is not the real problem. Take the case of a hospital with low occupancy. Many students might assume that this is a marketing problem. If a large percentage of the patients come via capitation arrangements, a low occupancy might actually be good. The real problem might be excess staff relative to the actual number of patients or the capitation rate is too low if poor financial performance is the problem. Also never take the data given at face value since the way data is reported can be misleading. If you don't understand or you question the data, note what data is critical to your analysis and needs to be verified and suggest ways that you might validate the data.

The Plan of Action or Implementation Strategy you develop should consider as many of the business disciplines as you have studied in your classes to date. In the business world, you will need to coordinate and solicit input from all of the responsible parties in these functional areas.

EXAMPLE CASE ANALYSIS FORMAT

INTRODUCTION: Establish the foundation for the analysis and set the stage for the sections to follow in a **CONCISE** manner. You might want to state the criteria you will base your recommendation on or the goal that is to be achieved.

PROBLEM IDENTIFICATION: Identify the Major Issue(s) and Problem(s) to be solved. When applicable set Objectives for the analysis and distinguish between Short and Long Term actions and objectives. (I am using the term Problem here and afterwards. The issue may be an opportunity or a threat or a potential problem or opportunity that you are trying to avoid or to take advantage.)

ANALYSIS: Analyze the major issues and their role in the problem. **DO NOT** repeat the case facts but **EVALUATE** the significance of the available information. Set the stage for your recommendation. Where appropriate you will want to see how sensitive the analysis is to changes in volume, interest rates, price, etc. If a small change can have a large impact or would change your decision this must be given special consideration. This also will give you an idea where you will need to focus your attention during implementation.

RECOMMENDATION: **STATE** and **SUPPORT** your **RECOMMENDATION(s)** for solving the Major Problem(s) you identified. Apply the background you developed in your **ANALYSIS** to justify your recommendation. **DO NOT** assume your recommendation(s) will be accepted without having to defend it. Consider **COUNTERARGUMENTS** and be prepared to deal with them during questioning or in the written analysis.

IMPLEMENTATION: When appropriate, develop a Plan of Action to implement your recommendations. Provide timing, responsibilities, possible pitfalls and how to deal with them in your Plan of Action. **CONSIDERATION** of costs, personnel behavior,

organizational structure, customer and competitor responses should be addressed to help support your decision as appropriate.

PREDICTION & FURTHER SUGGESTION: The organization should have a mission, set of goals, industry standards, etc. to measure itself against. The Plan of Action should move the organization toward achieving these missions, goals or standards. Finally, an observation as to how this problem can be avoided or organizational goals and missions could be promoted should be assessed and predicted for improvements in the future.

SUGGESTIVE TIPS FOR YOUR CASE STUDY

- 1) There is no single right answer.**
- 2) What will work for one person or organization might not work for another.**
- 3) Different organizations have different Strengths, Weaknesses and Cultures.**
- 4) A Poor Plan Well Executed is normally better than an Excellent Plan Poorly Executed.**
- 5) In doing a Case Analysis, I recommend that you assume the people in the organization being analyzed are competent and you should try to understand why they are doing the things the way they do and learn from them.**
- 6) Don't think firing everyone or some radical and quick approach is the answer unless the organization is facing insolvency.**
- 7) If you are assigned a role in the case analysis, it may dictate the approach to take and how far you should go in making recommendations and developing plans of action.**
- 8) Know your audience.**
- 9) Ask a classmate to take notes during your presentation and the question and answer period.**
- 10) Suggest a short break between the presentation and the Q & A to allow you to collect your thoughts and to consult with your note taker if you need to collect your thoughts.**
- 11) If the write up needs to be redone, the notes taken will be valuable to you in determining what issues need to be addressed.**
- 12) Provide a copy of your final write-up to your classmates so they can review it prior to the final exam. The final will be one of the cases assigned in class analyzed from a different perspective.**
- 13) Be nice but firm. You need to ask appropriate questions and get answers to them.**