

Strategic Management - The Competitive Edge

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Module No. # 03

Lecture No. # 16

Internal Factor Analysis Summary (IFAS) and Case Study-1

Welcome to this class. In the last class, we were looking at - how do you sustain an advantage; that is how do you determine the sustainability of an advantage. So, I mentioned - durability and imitability become two important criteria in this regard.

What is durability?

Durability refers to the rate at which a firm's resources and capabilities become obsolete.

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Determining The Sustainability of an Advantage

Durability: Rate at which a firm's resources and capabilities become obsolete

Imitability: Rate at which a firm's resources and capabilities can be duplicated by others. A core competency can be imitated to the extent it is transparent, transferable & replicable.

- * Transparency - Speed with which other firms can understand the relationship of resources and capabilities supporting a successful firm's strategy
e.g., Gillette, Sensor, Mach 3.
- * Transferability - ability of competitor to gather resources and capabilities to support a competitive challenge
- * Replicability - ability of a competitor to use duplicated resources and capabilities to imitate the firm's success



I gave you examples for this; suppose, for some reason, the firm's resources start depleting, may be some wrong investment moves taken earlier or some new investments

not clicking - all those types of things, then, what is going to happen is all these will have a deleterious effect on the health of the firm. When the health of the firm starts deteriorating, the durability of its product line gets impinged. It will have effect on the durability of the product line itself.

Similarly, Imitability: That is the rate at which a firm's resources and capabilities can be duplicated by others. This is what I mentioned in the last class also. Suppose, a firm puts out a product and that product cannot be easily imitated by the competitors, then to that extent, that advantage is sustained. So, whatever resources the company has used to produce that product was well worth it. Suppose, it so happens that, the competitors in the market place can duplicate the product fairly fast, that is, whatever technological superiority you claimed - that is the company claimed, can be duplicated by others.

Then, what you thought was your core competency that is the company thought - this is our core competency, that itself is being threatened. So, this is where I said further, a core competency can be imitated to the extent it is transparent, transferable and replicable.

What is transparent? I gave an example and also gave a broader **this thing** definition or a broader outline of transparency. That is speed with which other firms can understand the relationship of resources and capability, supporting a successful firm's strategy. So, **I have**, I took the example of Gillette Mach 3; though there are so many competitors, not able to really duplicate this strategy. The result is the company's product line has been successful. It is doing well in the market place.

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Similarly, transferability - that is the ability of a competitor to gather resources and capabilities to support a competitive challenge. Now, it is not enough that, if you are a player in a market place and if there are already established players, then the owners lie on a new entrant to provide a challenge to the already established players. Then what is the ability of that competitor to gather resources? He should match the existing players, resources and capabilities. Then only he can give a competitive challenge to the existing firms.

So, what is Replicability? The replicability refers to the ability of a competitor to use duplicated resources and capabilities to imitate the firm's success. So, this is where I said many times, it becomes very important in this type of world where competitiveness is one thing; there is also duplication of your product which can come about. So, somebody can duplicate the same product, but the quality of the product will not be the same as your product, but it will also be introduced into the market; there would be some spelling difference, things like that. So, this is how, many of the grey markets function.

In fact, if you really see, several years back itself this type of market existed in India; now, not to speak of the present market, where the present Indian market, many times is flooded with Chinese goods. So, some of the Chinese goods, the quality of the Chinese goods is suspected. Suppose you go to a buyer, he himself will tell you, I cannot guarantee the quality of the goods; example, cells which we use in a transistor. So,

normally a cell would cost you between something like 8 rupees; this type of Chinese cell is available to you, a pen torch, a cell will be available to you at 2 rupees; so, one fourth of the price.

So, the seller of this type of cell will tell you that - fine you are buying this cell, but I do not guarantee the quality of the cell nor if something happens to the instrument you are using the cell with; I am not to be held responsible. He wants to clear himself of that responsibility role.

So this is what the grey market always has been. So, this is a very big challenge to established players. The established players or the established market players always look for Government's support in this regard to make themselves more secure against these types of threats.

So, what are we actually looking at? What we are looking at so far, is the internal audit of the firm; that is, looking at the internal corporate analysis of the firm. The internal corporate analysis of the firm looks at the strengths and the weaknesses. What we discussed was: the different ways that you can go about assessing the strengths and weaknesses of a firm; the different check list that can be followed; the way you can sustain core competency as an advantage in the market place; that gives you the sustainability of the advantage in the market place - all these we discussed.

Now, on the same lines that we drew the matrix for the external factors, that is opportunities and threats, we can draw a matrix for the internal factors. Where we call that the external factors analysis summary, this can be called as the internal factors analysis summary.

So, when I took the external factors analysis summary, I took a hypothetical Indian company and said, this could be the way you can go about rating. Now, you can, in the same way, go about rating for the internal factor analysis; the only difference that I have done here is - I have taken an existing firm and an existing analysis, which was done for this particular firm, by a well-known agency.

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Internal Strategic Factors	Weight	Rating	Weighted Score	Comments
Strengths				
S1 Quality Maytag Culture	0.15	5	0.75	Quality key to success
S2 Experienced top Management	0.05	4	0.20	Know appliances
S3 Vertical Integration	0.10	4	0.40	Dedicated Factories
S4 Employee relations	0.05	3	0.15	Good but deteriorating
S5 Hoover's International Orientation	0.15	3	0.45	Hoover's name in cleaners
Weaknesses				
W1 Process-oriented R&D	0.05	2	0.10	Slow on new products
W2 Distribution Channels	0.05	2	0.10	Superstores replacing small dealers
W3 Financial Position	0.15	2	0.30	High debt load
W4 Global position	0.20	2	0.40	Hoover weak outside UK & Australia
W5 Manufacturing facilities	0.05	4	0.20	Investing now
Total	1.00	3.05		



The firm that is taken is Maytag; a well-known American Firm into consumer appliance goods; so, has made a mark for itself in the American consumer market. Now taking this, a well-known consulting firm looked at the internal strategic factors of Maytag, and came out with this internal factor analysis summary, which I am presenting to you.

So, same way as we did the external factors analysis summary that is the EFAS: take five strong points for strengths and five strong points for weakness of the firm; look at the weights that are given for each of the strengths and the weaknesses; the sum of the weights should be equal to 1; then, the rating the same Likert scale is used. So, you are going from one end, poor to excellent; then you weigh that; what is the weighted score you are getting using the weight; then, rating for the company for that particular strength or weakness, you are finding out. Then you are making an analysis: how does it, how to really get to the whole for the company, how does the company look at this whole thing.

Now, when you look at this, if you see what is going to happen, take the quality Maytag culture: that is, the company Maytag places extreme importance on the quality aspect - quality culture. So, for this, the company gets a rating of 5; that is, it is excellent; the quality of Maytag is excellent, but the quality itself is given a weight of 0.15. So, the weighted score for the company Maytag on this particular strength turns out to be 0.75.

So, what is the comment on this? Whenever you are putting something into the market place, you should always try to put a quality product into the market place. So, you should not put a product which is having a suspect quality. That is, quality is the key to the success of a product or a product line, whatever you may term that. Now, this is the comment on this.

Second is experienced top management; how good is your top management? They are the people who are driving the strategy or who are going to drive the strategy in the market place. So, for this company, this weight for this particular factor is given at 0.05 and the company gets 4. What does it mean? It means, it has got very good top management. That means to say, a company gets a weighted score of 0.20. They know the business; that is, they are in the consumer appliances business and they know what business they are in.

So, **when you** if you go like that, similarly come to weaknesses process oriented R and D. So, the weight given for this is 0.05. So, the company is looking at only process oriented R and D, not product oriented R and D. So, **where is the**, what is the rating on this? It gets a rating of 2; that is, it is not so good. So, it gets a weighted score of 0.10.

Now, what is the comment? Slow on new products. Because it is putting more emphasis on the process oriented R and D, the product oriented R and D is slightly suffering, or not able to come out with new products in time. So, this is the way it is working.

So, this is how, if you really take the last, weakness manufacturing facilities, given a rating of 0.05, company gets a rating of 4; means, it has got very good manufacturing facilities. The weighted score the company gets is 0.20. What is it? Really, what is the comment that is coming in? The company tries to acquire other companies, like whomever in UK and Australia made some investments into that, to make its presence.

Similarly, it is manufacturing facilities in US itself; it started making investments. So, all that has given the company, a rating of 4; the result is - investing. Now, that is, the company is investing into its **manufacturing into its** facilities. So, this is how it is viewed. So, **this is the and** it has to invest further, in order to keep itself going in these competitive market. So, this is the way, an IFAS summary can be drawn.

Now, just a few points on all these - how do you really look at the situation emerging in the coming years.

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Global Issues for the 21 Century

- * As more & more Cos become hyper-competitive, it will become harder to maintain competitive advantage, unless a Co. has a distinctive competency which is not only hard to imitate but also durable. Durability has however little value during technical discontinuity.
- * Subcontracting by firms to reduce costs and become globally competitive
- * Primary activities to increase in importance in hyper-competitive global industries.
- * Autonomous work-teams may lead to greater efficiency and reduction in supervision. Work-teams should have better training to handle conflict management.



So, if you really see the type of emergence that is likely to come for the 21 Century, these are the types of things which may come: that is, as more and more companies become hypercompetitive, it will be harder to maintain competitive advantage, unless a company has a distinctive competency which is not only hard to imitate, but also durable. Durability has however little value during technical discontinuity.

What does this mean? So, we are looking at a hyper up competitive market in the present day era; weather you take the Indian markets, not to speak of the developed countries markets. Even in the Indian markets you are seeing hyper competition with respect to many of the products or product lines, which you are using on a day to day basis. Even in industrial products also, the competition is becoming acute. So, whether it is a consumer marketing or services marketing, or industry marketing, what is happening?

The competition is becoming quite acute; many players have come into the market. So, what you thought was your domain is being constantly threatened or is being infiltrated into by newer players. So, this is the way market is happening now. Now, when such a thing happens, what is going to be the change that you are seeing? It is, it will be difficult to maintain competitive advantage in this type of a hyper competitive

scenario, unless the company has a distinctive competency which is not only hard to imitate, but also durable. This is what I gave you - the example of this durability and imitability.

See, the Mach 3 was the one example which was taken; so, not easily possible to imitate; not easily possible for the other players to come out with a similar product. Then the company's advantage, competitive advantage is sustained. Suppose, it just all an advantage; it is not a competitive advantage, it is an advantage.

Large number of people in a company - is it an advantage or a disadvantage? It depends on the company that you are talking about; many times you are looking at thinning the strength. So, in each case, thinning the strength means that you are reducing work force size. So, if you have a large work force size, it is not an advantage for you. So, you should have a smaller work force. **Smaller work force you should have** smaller work force - is it working as an advantage for you in the market place? Yes. It may, provided you have the correct type of people in different position.

So, you (()) to have the correct type of people. This is the way things happen in a market place. So, **this is what** this was brought out in the global issues which will be coming in the 21st Century. This is the type of scenario which you are visualizing. So, it may be difficult for a firm which is not able to sustain the competitive advantage to hold on in this type of scenario.

So, **you must be** the firm must be able to sustain competitive advantage. The key to sustain competitive advantage is making it hard for the other competitive players to imitate; also your competitive advantage should be durable.

Now, suppose the technology itself becomes obsolete, then what is going to happen? That is you were in a particular type of technology? I can give you the example of this - Indian Telephone Industries. So, back in the 60s and the 70s, there was the Strowger and Crossbar telephone technology where, you had all these black telephones, weighing quite heavy. Mechanical type of telephones were used to a circular dial and used to ring and it used to get operated by the Strowger and Crossbar technology.

What happened in the 80s? The 80s saw this Strowger. In fact, the late 70s itself saw the Strowger and the crossbar technology slowly getting replaced by the electronic technology. So, EPEABX, all those types of systems; many things which started coming in using the printed circuit boards, PCB Technology - all those types of things started coming in. So, the mechanical technology started becoming obsolete.

Now, the product which the Indian Telephone Industries used to put into that Telephones into the market, Indian market was very good, no problem with that phone. It was working very well, but since the technology itself became..., but many times consumers used to feel that, this phone is very heavy. Suppose this phone, for some reason were to drop on your leg, then your leg will break - this is the type of comment which consumers used to make; that is, the phone used to weigh between 5 to 10 kgs. types of things So, this heavy phone, but was extremely rugged, durable - all those types of features it had.

But, now in the 80s, what is the type of thing which we saw? We saw the electronic element getting infused into the communications technology. So, the electronics - it changed the whole scenario. So, the product which was heavy became low in weight and what you had as a circular dial became a push button dial. So, what you had as a big dialing circle became a small pad. [Noise] It will go. So, this is the type of scenarios would come.

So, in such a situation, the company found that the terrific investment it had done into Strowger and Crossbar was becoming a liability; both the divisions were becoming a liability. So, the company worked very hard and trained the employees of these two divisions in electronic technology. They said - why do not you try? Why do not you acquire the skills of this PCB Technology? to come out with these electronic telephones instead of this Mechanical Telephones. So many things happened in this company. This is where a technical discontinuity happened with respect to the product.

During that type of a scenario, durability has no meaning because the technology itself has got changed. When the technology itself has got changed, how can you talk about the durability of the product? - Now, these are the issues which are going to be more and more predominant for firms in the 21st Century.

So, sub-contracting by firms to reduce cost and become globally competitive - this is what most of the software companies are doing. So, you go to a large company like Infosys; consider a major IT player in the Indian Scene. Look at the types of services outsourced. So, it does not have its own fleet of vehicles, things like that. So, everything is outsourced; whether it is outsourced to the travel agent or a BMTC or all those types of things. You find that many buses from the Bangalore Metropolitan Transport Corporation, ferry the employees going to Infosys from different parts of the city. In other words, what does it mean? The company does not want to encumber itself with a transport department; it would rather outsource those activities.

Similarly, many of the other activities are also outsourced; whether it is the catering activity or whether it is maintaining the premises of Infosys, everything is outsourced; given to, outsourced to different firms.

The result is - some of these activities the company has outsourced, made itself thin on that particular service line. That is, you do not, or you are not employing many employees; you can concentrate more on the core competency of your firm that is the development of software for different services; you can hire people in that. So, that is a better method to manage your projects and all those types of activities. Similarly, **what are you going** this is going to be more and more predominant in the 21st Century.

So, companies are trying to reduce cost and become globally competitive because the pressure is on the firm; come on, reduce the cost of the final product; how do you reduce the cost of the final product or the service? By trying to find out methods or the places where this cost can be reduced.

So, effective cost management will hold the key.

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Global Issues for the 21 Century

- * As more & more Cos become hyper-competitive, it will become harder to maintain competitive advantage, unless a Co. has a distinctive competency which is not only hard to imitate but also durable. Durability has however little value during technical discontinuity.
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Then, the next thing which can become very important is primary activities to increase in importance in hyper-competitive market.

So, what is this? This is what just we looked at the example of the value chain given by Porter. All the functional areas of management, the primary activities that is your sales, marketing, they are all going to become extremely important in a hyper-competitive market scenario; so, that is where the whole concentration should be. These are some of the issues which a company will face very hard.

Then, what is likely to happen? These are the new things which are happening. Autonomous work teams may lead to greater efficiency and reduction in supervisions. Work teams should have better training to handle conflict management. So, you have large projects. These large projects are split into different components. These different components or activity lines are headed by different people. So, you form your own teams to lead that particular activity. When you form your teams to lead that particular activity, what is going to happen?

So, you create an autonomous work team; that will lead you to have efficiency, that is increase in efficiency and it will also reduce the supervision; you do not have to supervise that team because you have given autonomy to that team to take its own decisions with respect to that particular activity.

Before doing this autonomy with respect to the work teams, you should also train them in conflict management because it is after all interaction with different persons. When you have different persons interacting, there is always likely to be different points of view; this different points of view have to be taken into account in such a manner that it is not going jeopardize the activity of line itself. So, you have to bring them together in such a way that the activity is not going to be disturbed, but goes ahead with this. This is the type of scenario which you are visualizing. You have virtual teams especially in IT Industries and harmony in working in this type of situations become extremely important.

Now, we drew that particular IFAS; we drew the EFAS; now using both of these, that is the IFAS and the EFAS, we can find out what is the type of SFAS; that is the strategic factors that the company should concentrate on.

So, I have given an example- I have taken the same example of Maytag, the American company, and what was done by a consulting firm for this particular company?

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Strategic Factor Analysis Summary (SFAS) Matrix

	1	2	3	4	Duration 5	6
Key Strategic Factors (Select the most important opportunities/threats from EFAS. Table 3.4 and the most important strengths and weaknesses from IFAS. Table 4.2)		Weight	Rating	Weighted Score	1 n t e r m e d i a t e	Comments
S1 Quality Maytag culture (S)	0.10	5	0.50		X	Quality key to success
S3 Hoover's international orientation (S)	0.10	3	0.30		X	Name recognition.
W3 Financial Position (W)	0.10	2	0.20		X	High debt
W4 Global Positioning (W)	0.15	2	0.30			Only in NA, UK, and Australia
O1 Economic integration of European Community (O)	0.10	4	0.40		X	Acquisition of Hoover
O2 Demographics favor quality (O)	0.10	5	0.50		X	Maytag quality
O5 Trend to super stores (O+T)	0.10	2	0.20		X	Weak in this channel
T3 Whirlpool and Electrolux (T)	0.15	3	0.45		X	Dominant industry
T5 Japanese appliance companies (T)	0.10	2	0.20		X	Asian premise
Total Score	1.00		3.05			

Notes:

- List each of your key strategic features developed in your IFAS and EFAS tables in Column 1.
- Weight each factor from 1.0 (most important) to 0.0 (not important) in column 2 based on that factor's probable impact on the company's strategic position. The total weights must sum to 1.00.
- Rate each factor from 5 (concomitantly to 1) (poor) to column 3 based on the company's response to that factor.
- Multiply each factor's weight times its rating to obtain each factor's weighted score in Column 4.
- For duration of Column 5, check appropriate column (short term - less than 1 year; intermediate - 1-3 years; long term-over 3 years).
- Use Column 6 (comments) for rationale used for each factor.



So, the results of this SFAS matrix are presented to you in this particular slide. So, how do you go about these key strategic factors?

So, just look at this. Select the most important opportunities/threats from ESAFs table 3.4; that is the one which was given earlier, and the most important strengths and weaknesses from IFAS that is the internal factor analysis summary.

Now, taking these important factors, what are you trying to do? You are listing: different strengths, different weaknesses, different opportunities, different threats and still holding the weight at 1, and the rating of the firm going again in the Likert scale from 1 to 5; that is you are going from poor to excellent.

Now, where are you weighing the weighted score? With respect to Hoover; so, if you really see quality - one of the most important strengths of Maytag, reflected as a strength just one; quality Maytag culture, Maytag gets 5 out of 5; the weighted score it gets is 0.50; the comment that, it was their quality is key to be successful in the market place, holds good. So, what is going to be the effect of this it is going to have a long term effect it is not something short term.

So, any one who associates a product with Maytag is likely to think that – yes, this is a product coming from Maytag; should be a very good quality product, no doubt about it, similar to the quality tag that you associate in India with respect to an automobile company say TVS two wheelers. Suppose, it is a two wheeler coming from TVS, you tend to think that, it should be a quality product less of problems because TVS also pays lot of importance or lot of attention to the quality culture.

Similarly, when we look at the types of threats, Japanese appliance companies are coming more in number; then what is going to happen? You find that, it can have some type of effect on the firm. So, these Japanese companies can make the Asia presence of Maytag to get delayed; it is actually got delayed due to this different companies. So, over all, the company gets a score of 3.05 out of 5; not very high, but slightly above average. So, this is the way you draw a strategic factor analysis summary and the company starts paying attention to these different factors.

So, for Maytag, this consulting firm suggested these different strengths, weaknesses, opportunities and threats on which it should concentrate. So, this is what is called the SFAS matrix. We have the EFAS matrix, you have the IFAS matrix; using the EFAS and the IFAS matrix, you draw the SFAS matrix.

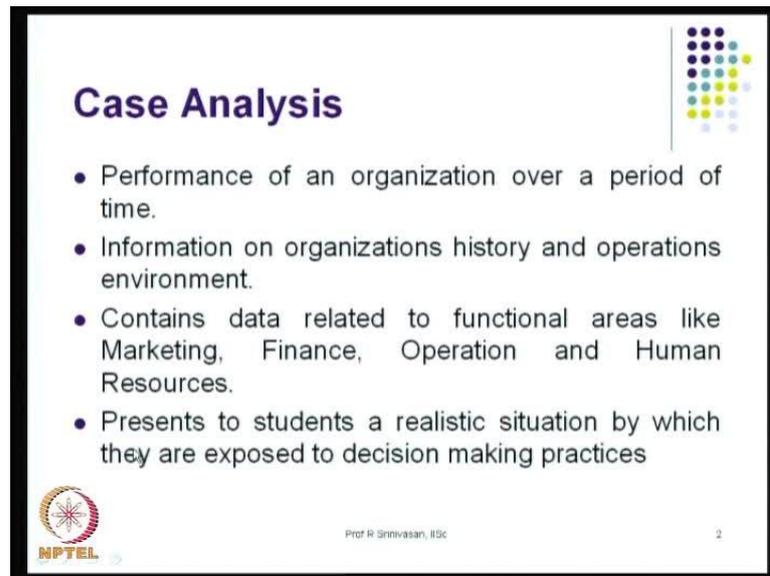
This is the way you go about with respect to any firm; whether that firm is in Consumer Industry or in Electronic Industry or in IT Industry, does not really matter. So, you have to draw the IFAS matrix and you have to draw the EFAS matrix. Using these two matrices, you have to draw the SFAS matrix. So, this is where the entire strategic management process comes into play. You have to really bring all your skills to see that this matrix is drawn with as much accuracy as possible.

So, what we have done with respect to a firm in all these classes, so many classes, where we have seen - if you really go back and look, we started at: what is strategy; how do you go about strategy in an organization; What could be the different types of strategies; Then what is the strategic management process; then, how strategic decisions are important; how the board of directors is important in an Indian situation. Then, what is this corporate responsibility with respect to strategy; then, how do you really go about drawing a matrix for strategy, that is a strategic factor. We looked at external factors that is the opportunities and threats; then the internal factors that is the strengths and weaknesses. Draw the EFAS matrix first, then IFAS matrix, then come out with the SFAS matrix - these are the different stages which you follow.

Now, using all these, let us say we want to analyze a case. Let us say we want to do a case analysis; this is a very important component of any course in strategic management or in marketing management or in fact generally you can say any important it is an very important component of an any management subject; so, you do a case study.

Now, what is meant by this case study? I will highlight a few points on this. Now, so let us look at what is meant by this case study. So, what is this case analysis? Let us look at this case analysis.

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Case Analysis

- Performance of an organization over a period of time.
- Information on organizations history and operations environment.
- Contains data related to functional areas like Marketing, Finance, Operation and Human Resources.
- Presents to students a realistic situation by which they are exposed to decision making practices

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I am giving you a very brief introduction to case analysis, not the total this things, but it can help you in how should you go about case analysis. What does case analysis mean? What do we understand by this term, case analysis?

Case analysis refers to analyzing the performance of an organization over a period of time. So, you say - I want to analyze Infosys; what do you mean by analyzing Infosys? You say I want analyze the performance of Infosys over the last five years. Why do you want to analyze the performance of Infosys? You may like to find out: what has happened during that stated time period which you are taking over, the different product lines, what is the type of decisions, how they have impinged the sales revenue - all those types of things.

Now, in order to do this type of analysis, what do you require? You require information on the organization's history and the operations environment of the firm. It does not just go into case analysis, you find out: how this company has been formulated, what are the values for which the company stands for, what is the operating environment of the firm, and how has the firm performed; so, you start getting data. What does the data relate to? The data relates to functional areas like marketing, finance, operation and human resources.

Management: the function of management has got four functional areas: that is Marketing, Finance, Operations and HR. Now, many times you wonder where is this system or IT coming in?

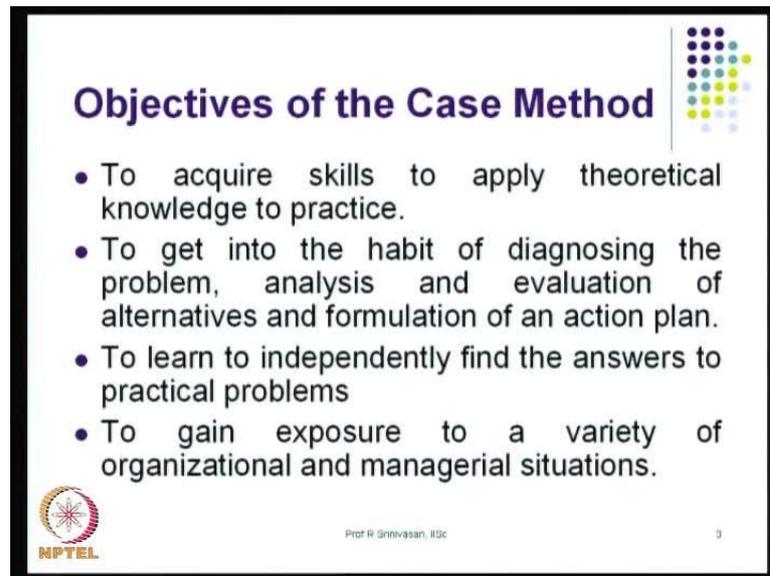
If you really see, IT is facilitating all the functional areas, you require IT for Marketing; you require IT for Finance; you require IT for Operations; you require IT for Human Resources also. So, it is basically a facilitating function in any organization, but the facilitating function can also be very useful, as we are seeing in the present day context, to take decisions.

Now, what does the case analysis presents to the students? It presents to students a realistic situation by which they are exposed to decision making practices.

What do we mean by this? The students try to understand why try to analyze? Why did the company take a particular course of action during this particular period? Now, what was the result of this course of action taken by the company? Whether it resulted in increased profits, increased revenues to the company or what? Has the company started making losses? Or was it detrimental to the company's product or services, whatever it resulted.

So, what are we going to get by this? You are going to get an insight into the decision process that is done in an organization and what is the result that it produced in the market place. When you took this type of a decision, the result in the market place - this is going to be an eye opener for you for taking better informed decisions in the next future scenario with respect to the market. So, the company becomes more and more informed. This was taken last time, in this particular way, resulted in this; let us go in this particular manner. So, this is how all strategies are changed, and decisions undergo lot of changes.

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Objectives of the Case Method

- To acquire skills to apply theoretical knowledge to practice.
- To get into the habit of diagnosing the problem, analysis and evaluation of alternatives and formulation of an action plan.
- To learn to independently find the answers to practical problems
- To gain exposure to a variety of organizational and managerial situations.

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So, then when you are looking at this type of decision changes with respect to organizations, this case study method is extremely helpful.

What is the objective of this case method? Why do we do this case method? So, many management schools follow this case method. As I told you, many management subjects, in fact all management subjects do suggest you to have case studies and do case analysis.

The objective is to acquire skills to apply theoretical knowledge to practice. So, you have obtained a certain amount of theoretical knowledge. So, you know something about the functional areas; all the functional areas that you know, you are trying to apply it to practice that is with respect to the situation that is given to you. That is you try to bring to 4, all these theoretical knowledge. Then, to get into the habits of diagnosing the problem, analysis and evaluation of alternatives and formulation of an action plan.

In other words, what are you trying to become? You are trying to be a futuristic manager type of scenario; you do not want to get caught unawares; you want to be systematic; you say- this is the type of problem which I faced last time and I would like to avoid this problem in the present scenario. So, you would like to avoid that. So, you become more informed.

So, you get into the habit of diagnosing the problem, analysis and evaluation of alternatives, and formulation of an action plan.

In other words, you go in a systematic manner; you would say - these are the alternatives you can... if you pick up alternative one, likely to result in this type of a scenario; if it is alternative two, likely to result like this.

To learn to independently find the answers to practical problems; so, this is something extremely important. As a student, you should be able to learn to independently find answers to practical problems. So, this is where your skills set will improve or will get reinforced - all the types of things which you are looking for with respect to a very hyper competitive market situation.

Then, to gain exposure to a variety of organizational and managerial situations: So, this case analysis, if you take a real case study, to get to really achieve all the objectives of the case method, you should not just take some hypothetical case study. This hypothetical case study is hypothetical; kindly note that; this data is not from the real this thing, but may be a surrogate type of scenario, but suppose you a take real case study.

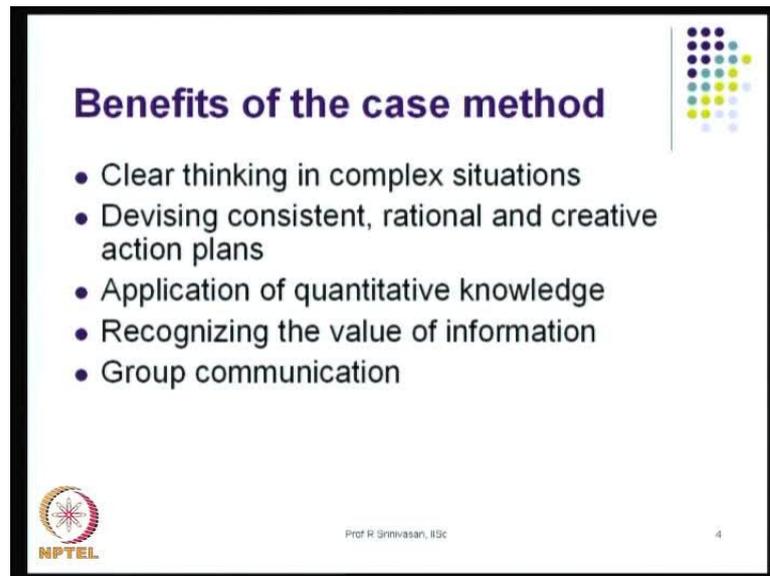
So, you want to study let us say a well-known company in the IT say (()) Wipro or Infosys, whatever you take - the real case study, then you are able to achieve the objectives of the case method, that is you get exposure to a variety of organizational and managerial situations.

You start wondering, why did this company take this decision? Could this decision not have been better, taken instead of this way.

So, you start introspecting as a case analyzer; that is, a student starts introspecting. So, he puts himself in the shoes of the company, that is the decision maker in the company, and says why did this decision, why was this decision taken, could it not have been taken in this manner.

Now, how is it going to help? This is of immense help to a student when he enters his work life. So, I handled this particular subject, I took this particular subject and this case study exposed me to this situation, and when I analyzed this situation, I found that this was the decision, way a decision should be taken to help the organization face this market. So, I should also be doing the same thing in the present scenario in which I am in the realistic scenario, where he is in this job. This is the objectives of the case method.

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Benefits of the case method

- Clear thinking in complex situations
- Devising consistent, rational and creative action plans
- Application of quantitative knowledge
- Recognizing the value of information
- Group communication

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So, what are the benefits of the case method? One important benefit the case method tries to give you is clear thinking in complex situations. Kindly note that, all this is possible only when you take real life cases, not hypothetical cases.

In hypothetical cases, you will not be able to appreciate many of the difficulties the companies faced; whereas in real life situations, you start thinking why did the company do like this; what forced the company to do like this. So, this will help you to sharpen the thinking process; clear thinking in complex situations, second is devising consistent rational and creative action plans.

So, you start putting yourself in that type of a situation. So, when you put yourself in that type of a situation of the decision maker; you are able to come up with a consistent, rational; that is, you are able to give reasons why you are taking this type of a decision; creative action plan - something creative of your own, something of your own; you drop something of your own thinking.

Then application of quantitative knowledge: see, this is very important in the present day market; do not talk in thin air - that is what the market tells you in the present day context. What do you mean by a thin air? Do not keep on saying, giving all high qualitative expressions; that is not going to work. You quantify everything in a market

place; give in terms of value. Sales means – oh, the company is going to make a very good sale of this product; that is a very hypothetical type of a statement.

What you mean by very good sales of the product? You should be able to say, this is the number of units the company might be able to sell in the first quarter of this particular year; that is application of quantity knowledge - coming out with details; then recognizing the value of information. So, the information that you have collected over this particular aspect should help you to apply this quantitative knowledge, and this will also help you in group communication.

So, you try to analyze a case in a group. When you try to analyze a case in group, different points of views you come across. Then, when you come across different points of views, how do you really integrate all these different points of views and come to the group view? You have to present the group view; it may not be your personnel view, but it is a view of the group. That is, a decision that is going to be taken that will result in better written communication. So, you come to a stage where, we say we do a better written communication for this, using all these types of different viewpoints.

So, you put down all the things and say this **greet** you to better communication, written communication.

Then, applying personnel values to the decision making process: You apply your personal values to the decision making process, but suppose you are really solving the case in a group, all your personnel values need not be reflected in the group decisions, but to a large extent, if you are able to impress the other members of the group that these personal values which you have, can be incorporated in the decision making process, to that extent you have really made a mark.

Suppose, you are the only person who is taking a decision, then you are at a very great advantage. You can in fact bring in all your personal values to the decision making process, and that is your decision.

Then, we look at a few points on how to develop a case study and what should a case study have; we will take up all these things in the next class. We stop here. Thank you.