

**TURKISH  
AVIATION  
ACADEMY**



## Case Analysis: A Brief Introduction

**İTÜ**



## Aviation Economics & Finance

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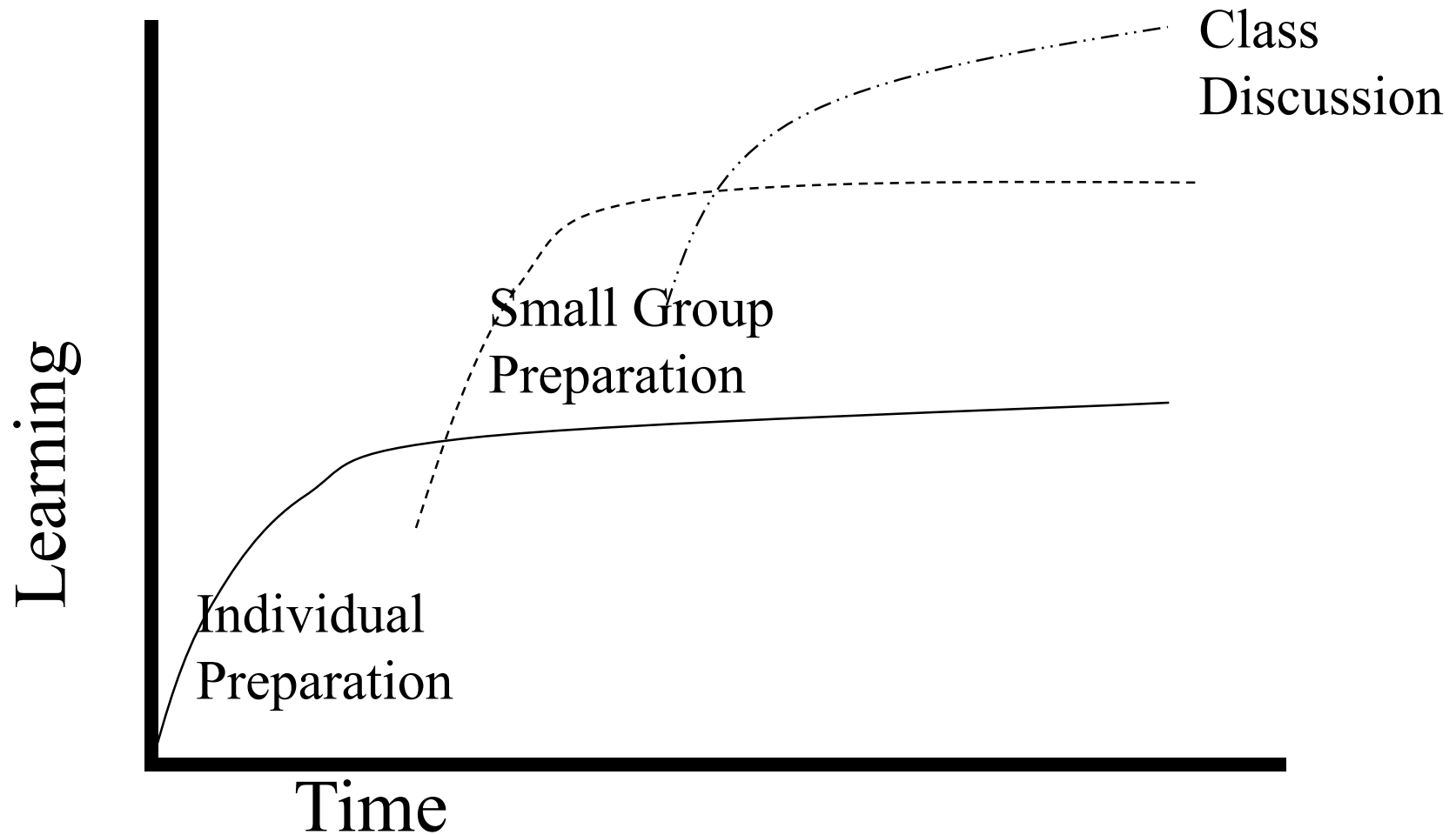
Istanbul Technical University  
Air Transportation Management  
M.Sc. Program

Module 10 Auxiliary : 25 November 2015

## DEALING WITH MANAGEMENT & POLICY CASES

- Focus on broad assessment, **big picture**, strategic direction and work in the details later -- what should the manager spend time on?
- Begin and end with **performance**.
- Try to achieve an **integrated** understanding, stay away from single-function myopia.
- Don't neglect your many **skills from previous experience**.
- For written assignments, use **business, not pure academic, writing format**.
- We expect and value critique, argument, skepticism

# THE CASE PROCESS



## WHY CASES?

After all,

- they're messy
- there's no right answer
- data often incomplete
- too many inferences needed
- this is too frustrating

## WHY CASES (2)

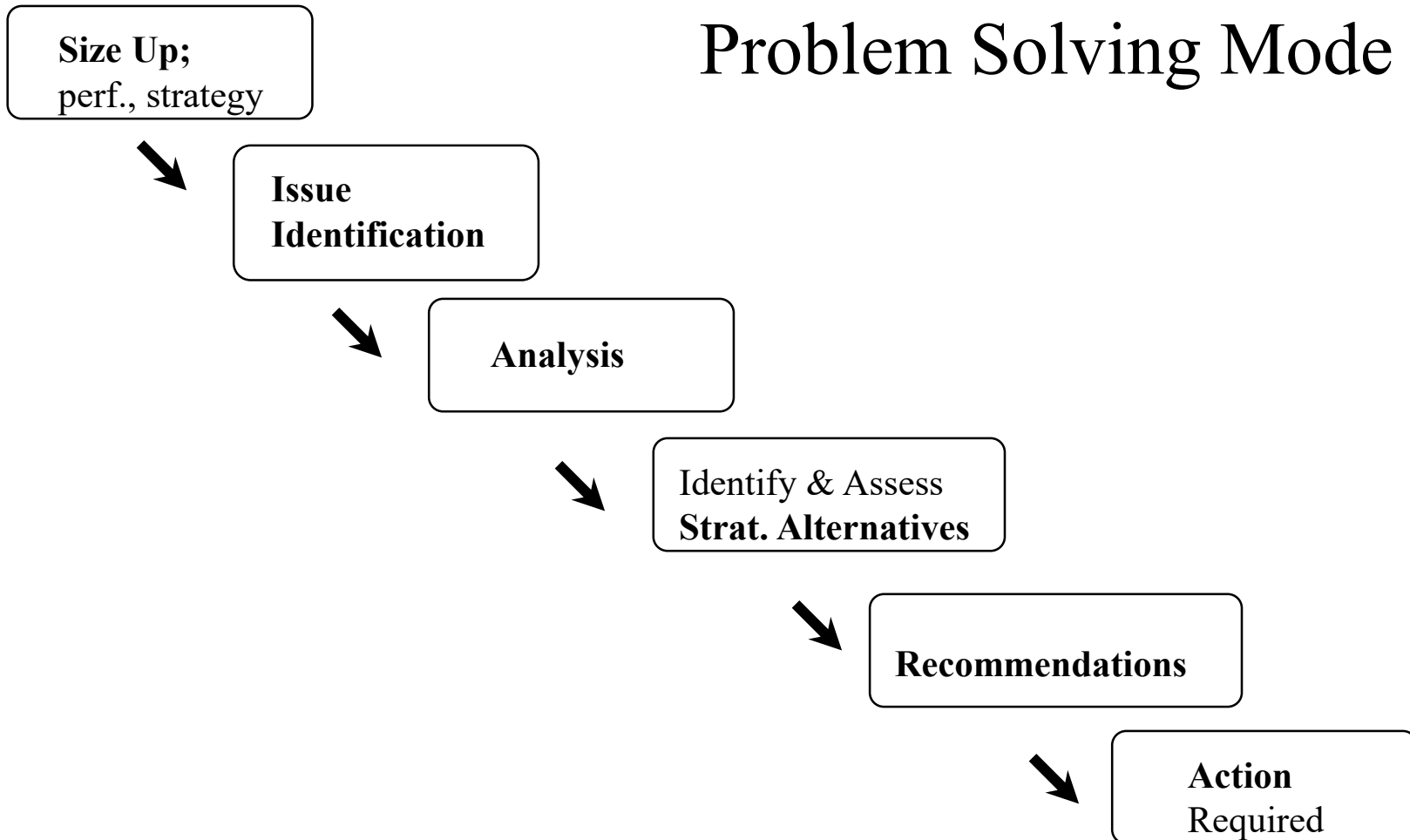
But, reality is like this, too:

- problems do not come neatly packaged
- there is never enough time, information
- often (usually) there is no perfect “solution”
- answers must be based on “best bets”, since the future is uncertain
- personalities and organizational capabilities matter
- clear communication is critical to having ideas adopted

## Case Learning

- reading case  $\neq$  case prep
- structure your case prep - be disciplined
- use a case prep group if possible
- come prepared to “pitch” your approach

# Case Attack: Problem Solving Mode



## Q&D CASE PREP

1. Read the first and last paragraphs, find out what the problem is.
2. Skim the case, pay attention to headings, exhibits (this is where information can be found). Note key facts about the industry and the company. Crunch a few numbers.
3. Sketch out a way of approaching the decision that needs to be made (criteria, what data you need, etc).



## Q&D CASE PREP (2)

4. Use a framework to (quickly) organize the information.
5. Test a “solution” to the problem against the numbers, see if it makes any sense.
6. Note any interesting observations or questions you may have about the company or the industry, and bring to class.
7. How does economics help you understand and solve the business problem?

## MAKING CASES WORK FOR YOU

- You are responsible for your own learning
- You are also responsible for teaching others
- Treat this like on-the-job training
- Accept that “soft” skills development is at least as important as “Business Training”

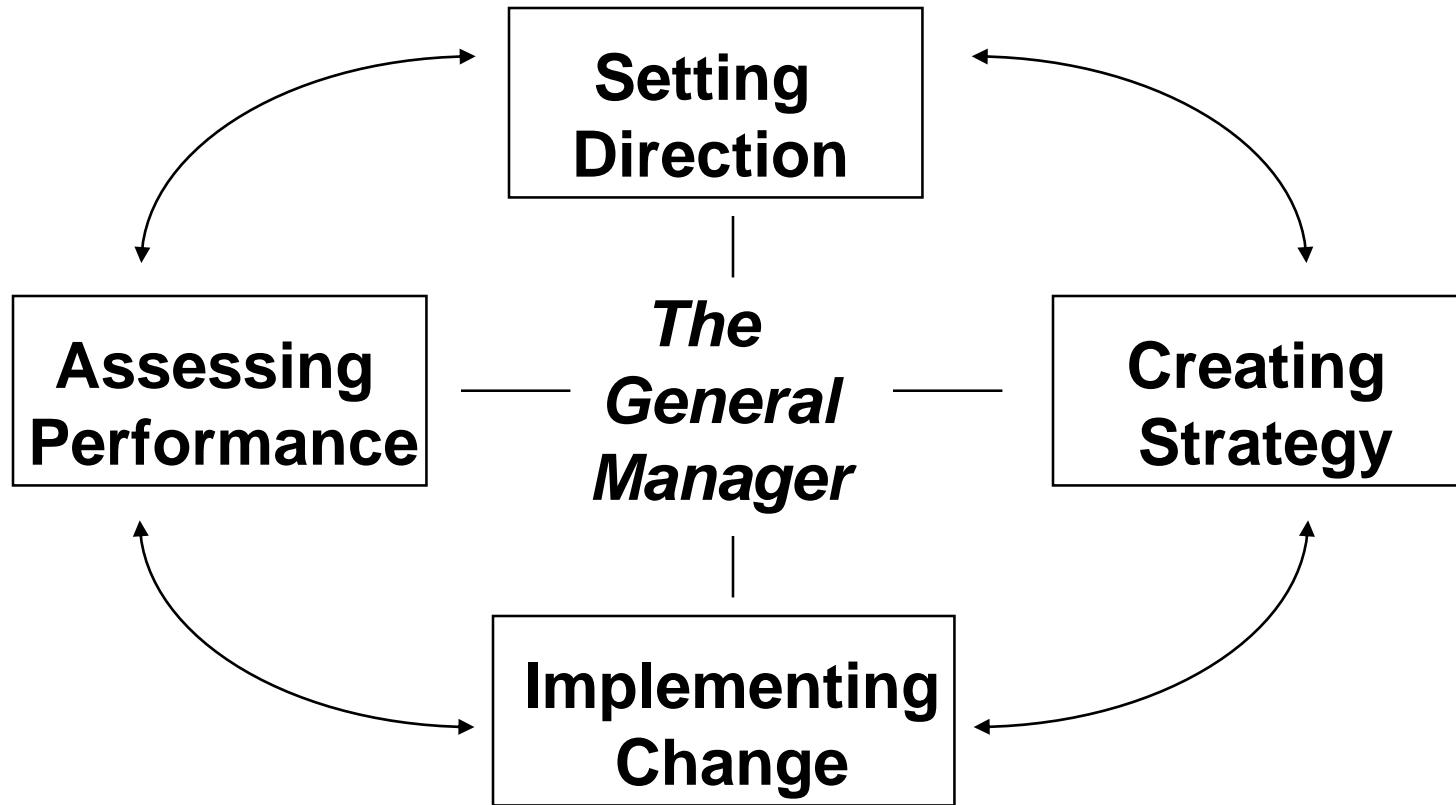
## WHAT IS STRATEGY (2)

*“A strategist’s job is to see the company, not only as it is ... but as it can become.”*

## ROLE OF STRATEGY

- Builds understanding of what the business is about
- Acts as a point of departure for analyzing and evaluating future initiatives
- Links “feel good” generalizations to action

# THE GENERAL MANAGER'S JOB



# ASSESSING PERFORMANCE

## Operating Performance:

- Profitability
- Financial Position
- Market Performance

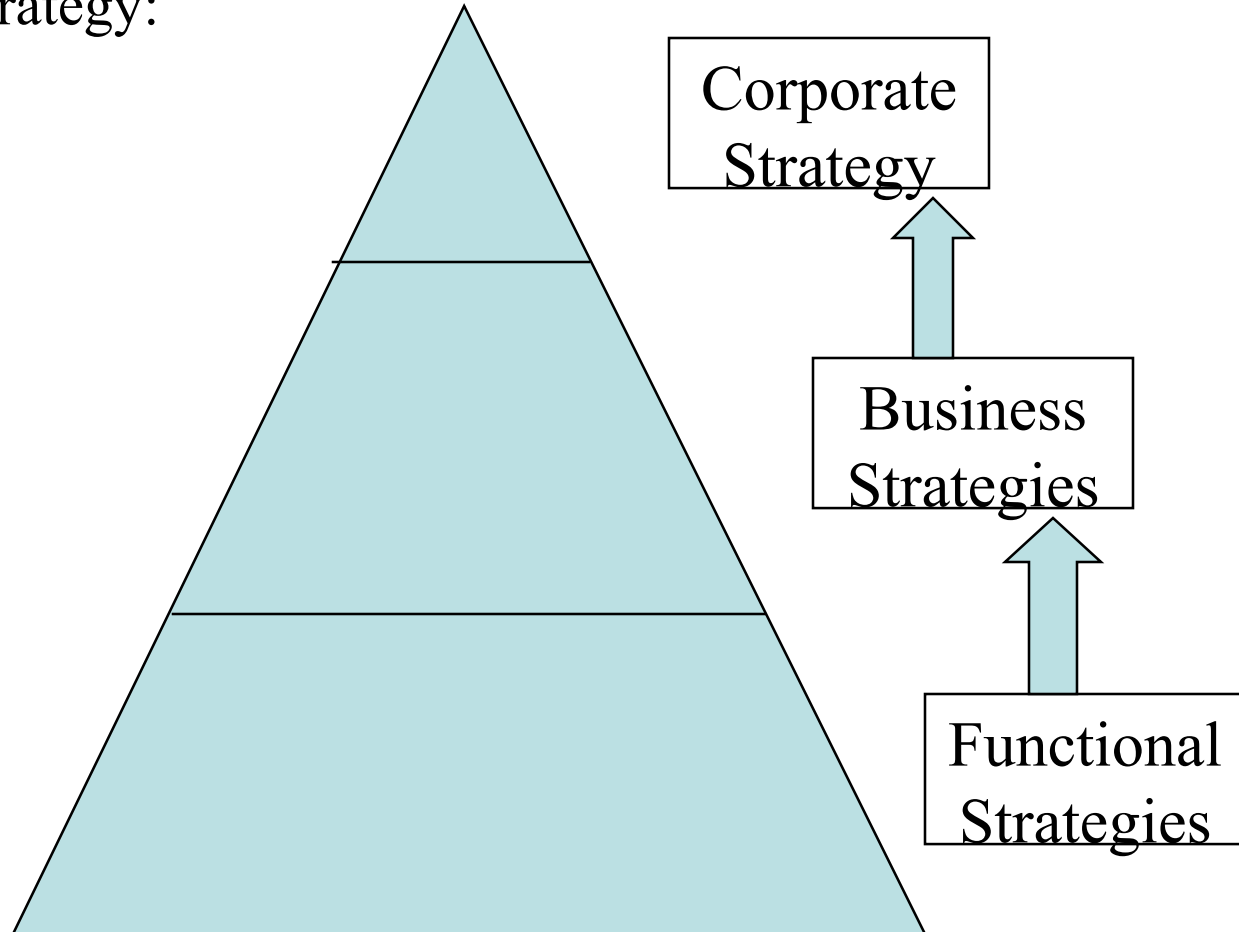
## ASSESSING PERFORMANCE (2)

### Organizational Health

- Employee enthusiasm
- Boundaries
- Problem solving
- Learning
- Sustainability

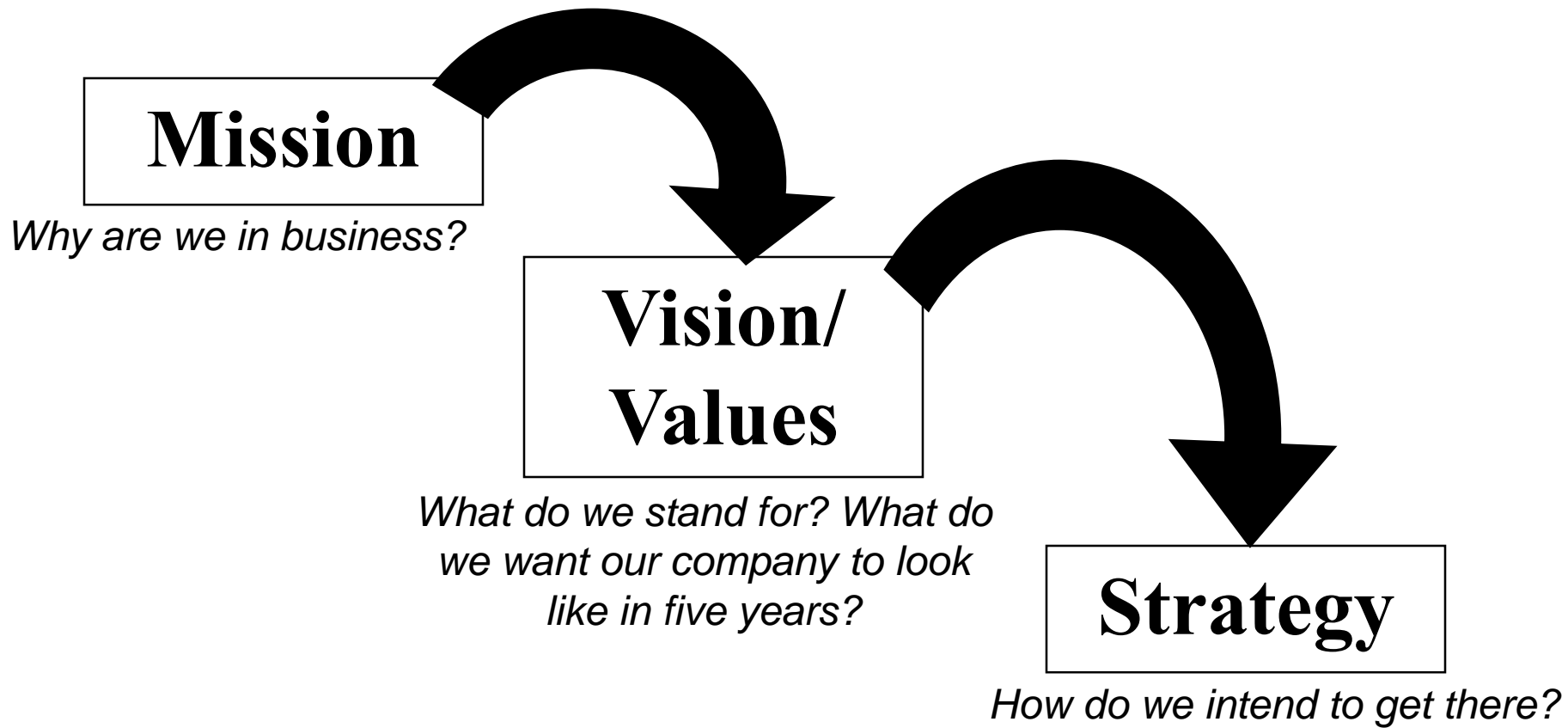
# SETTING DIRECTION

Levels of Strategy:





## SETTING DIRECTION (2)

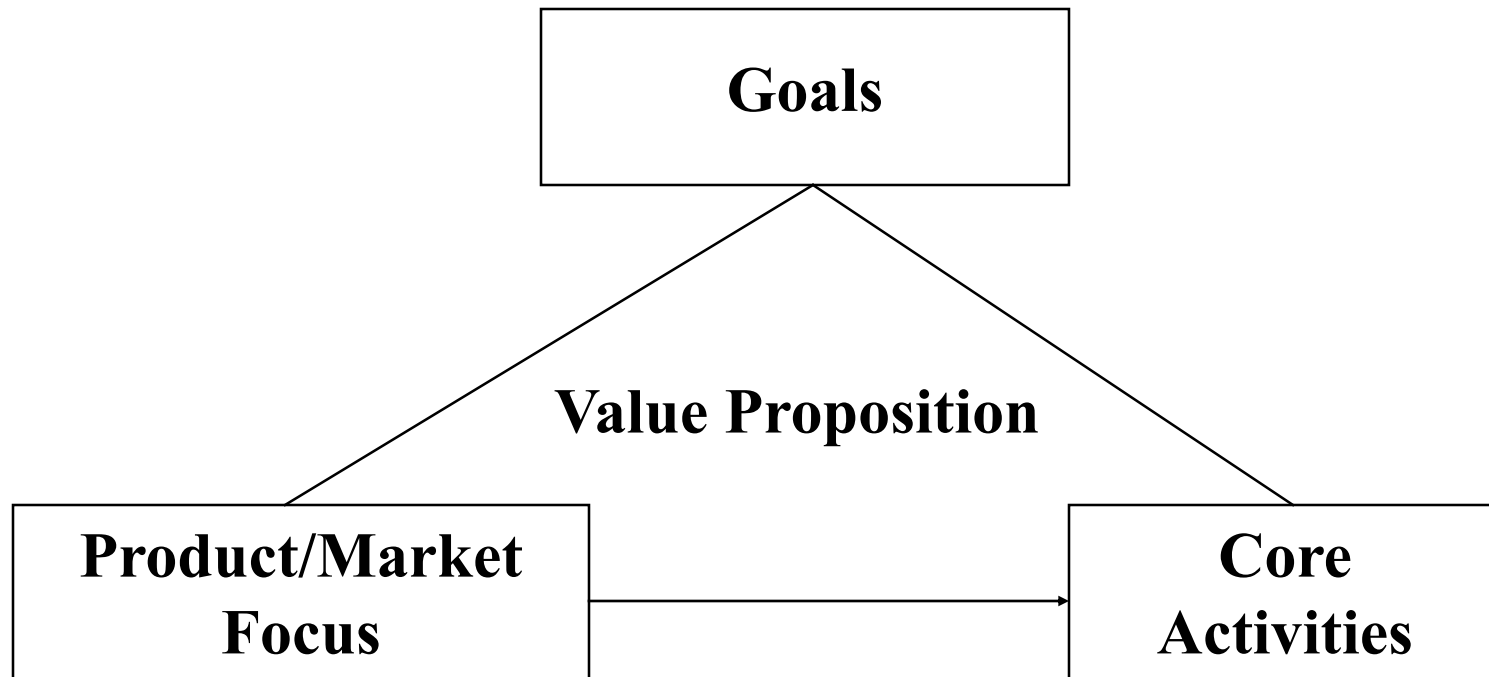


## SETTING DIRECTION (3)

- How do we define our business?
  - Goals
  - Product/Market Focus
  - Value Proposition
  - Core Activities

# CREATING STRATEGY

## The Components of Strategy



## GOALS OF THE ORGANIZATION

### Performance Goals

- enhanced shareholder value -- share price
- return hurdles: ROE
- profitability: EPS
- growth
- market position

### Stakeholder Goals

- employee concerns: security, safety, opportunity
- community orientation: services, support
- supplier: fairness, loyalty, etc.

# PRODUCT MARKET MATRIX

<b>Prod. A</b> Rev. Mkt..%	<b>Mkt. 1</b>	<b>Mkt. 2</b>	<b>Mkt. 3</b>	<b>Mkt. 4</b>
<b>Prod. B</b> Rev. Mkt. %				
<b>Prod. C</b> Rev. Mkt. %				
<b>Prod. D</b> Rev. Mkt. %				

## THE VALUE PROPOSITION

- The basis of competition -- where value-added lies.
  - Price: list price, discounts, rebates, financial assistance for purchase
  - product/service features: quality, performance, options/choice, design features
  - Execution: availability, reliability, service quality
- Differentiation

# CORE ACTIVITIES AND COMPETITIVE DIFFERENTIATION

- Core activities and vertical integration
  - forward integration for market control
  - backward integration for supply control
  - Outsourcing non-core
  - horizontal integration

## STRATEGIC CAPABILITIES

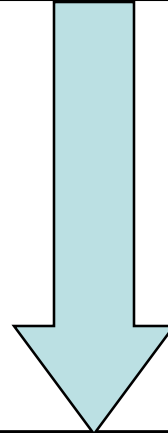
Some examples:

- Functional excellence
- Technological leadership
- Reputation (brand equity)
- Employee loyalty
- Financial strength
- Broad geographic scope



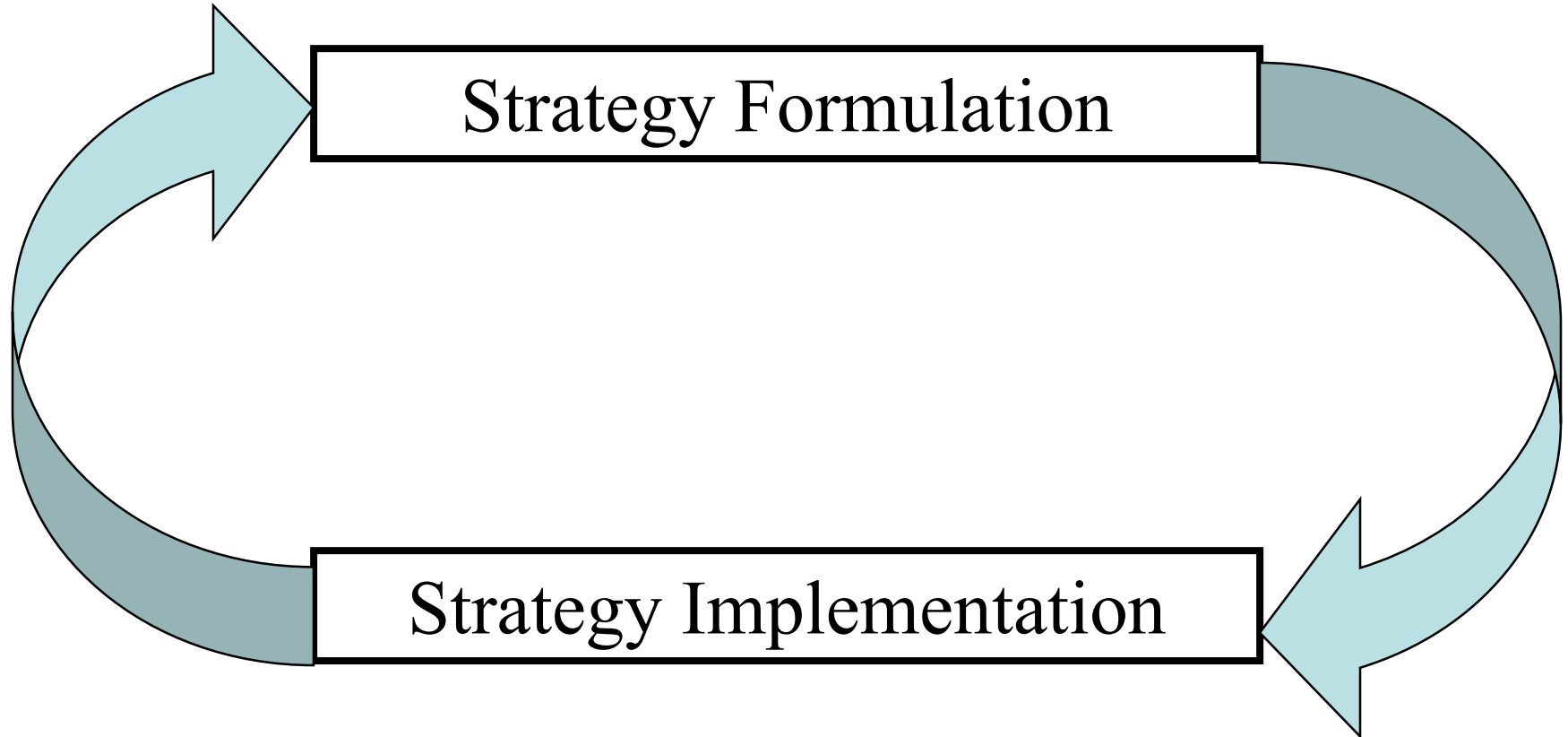
## ACADEMIC VERSION

1. Strategy Formulation



2. Strategy Implementation

REALITY



# STRATEGY FORMULATION

Key concepts, for example:

- strategy vs. vision, mission
- strategy vs. operational effectiveness
- core competence
- competitive advantage
- hierarchy of strategies
- performance

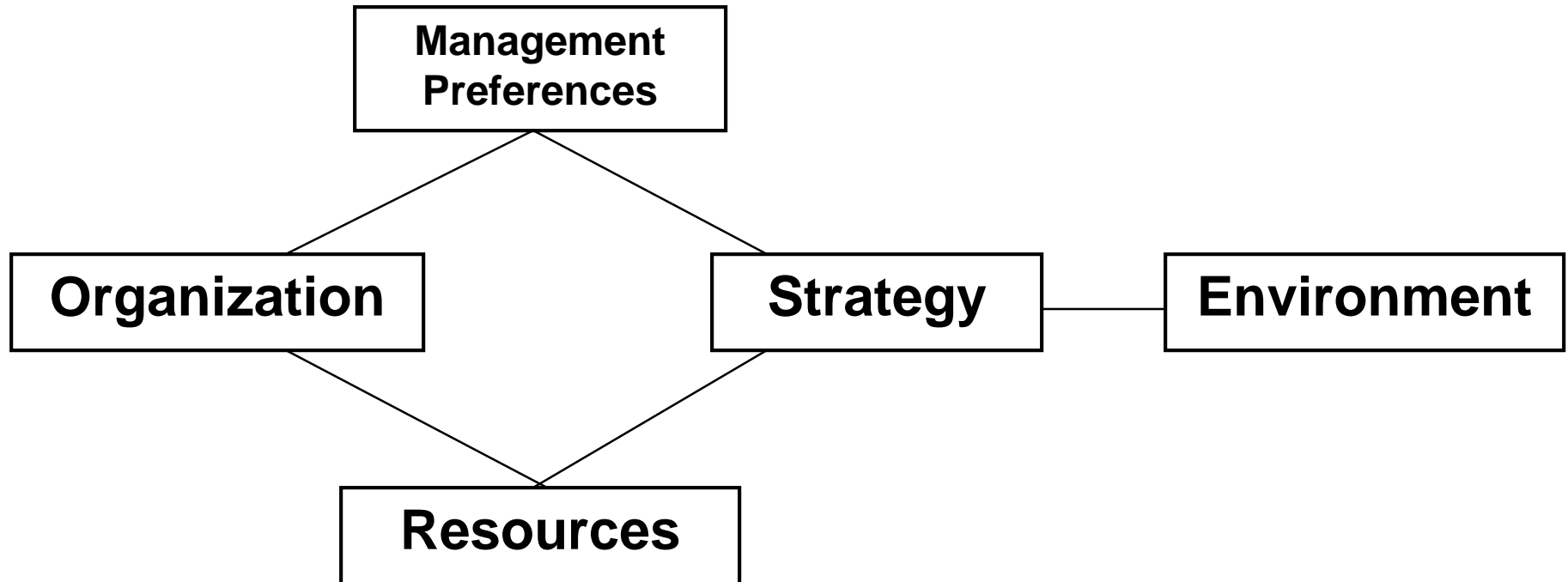
## STRATEGY FORMULATION (2)

### Diagnostic and clinical tools

- performance, performance -- what is it?
- industry/environment analysis
- resource/capability analysis
- Diamond-E framework
- generating and choosing among alternatives
- integration and synthesis
- effective communication

# FORMULATION FRAMEWORK

## The Diamond-E:



# STRATEGY IMPLEMENTATION

## Strategic organization design

- structural forms - strengths and weaknesses
- strategy => structure
- performance implications

## STRATEGY IMPLEMENTATION (2)

### Managing Change

- change from what?
  - assessing starting conditions
- change to what?
  - capability and resource gaps
  - people issues
- performance implications of change

## 5 Additional Tests of Strategy

*Use the Diamond-E model to test strategic alternatives.  
In addition, ask the following questions:*

- How attractive is the market opportunity?
- How sustainable is the competitive advantage?
- What are the prospects for successful implementation?
- Are the risks acceptable?
- Will the forecast financial results be achieved, and increase shareholder value?