A Framework for Using Cases to Help Students Become Better Decision Makers

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Just as actors, athletes, and musicians spend thousands of hours practicing their craft, business students benefit from practicing their critical-thinking and decision-making skills. Students, however, often have limited exposure to real-world problem-solving scenarios; they need more opportunities to practice tackling tough business problems and deciding on—and executing—the best solutions.

To ensure students have ample opportunity to develop these critical-thinking and decision-making skills, we believe business faculty should shift from teaching mostly principles and ideas to mostly applications and practices. And in doing so, they should emphasize the case method, which simulates real-world management challenges and opportunities for students.

To help educators facilitate this shift and help students get the most out of case-based learning, we have developed a framework for analyzing cases. We call it PACADI (Problem, Alternatives, Criteria, Analysis, Decision, Implementation); it can improve learning outcomes by helping students better solve and analyze business problems, make decisions, and develop and implement strategy. Here, we'll explain why we developed this framework, how it works, and what makes it an effective learning tool.

The Case for Cases: Helping Students Think Critically

Business students must develop critical-thinking and analytical skills, which are essential to their ability to make good decisions in functional areas such as marketing, finance, operations, and information technology, as well as to understand the relationships among these functions. For example, the decisions a marketing manager must make include strategic planning (segments, products, and channels); execution (digital messaging, media, branding, budgets, and pricing); and operations (integrated communications and technologies), as well as how to implement decisions across functional areas.

Faculty can use many types of cases to help students develop these skills. These include the prototypical "paper cases"; live cases, which feature guest lecturers such as entrepreneurs or corporate leaders and on-site visits; and multimedia cases, which immerse students into real situations. Most cases feature an explicit or implicit decision that a protagonist— whether it is an individual, a group, or an organization—must make.

For students new to learning by the case method—and even for those with case experience—some common issues can emerge; these issues can sometimes be a barrier for educators looking to ensure the best possible outcomes in their case classrooms. Unsure of how to dig into case analysis on their own, students may turn to the internet or rely on former students for "answers" to assigned cases. Or, when assigned to provide answers to assignment questions in teams, students might take a divide-and-conquer approach but not take the time to regroup and provide answers that are consistent with one other.

To help address these issues, which we commonly experienced in our classes, we wanted to provide our students with a more structured approach for how they analyze cases—and to really think about making decisions from the protagonists' point of view. We developed the PACADI framework to address this need.

PACADI: A Six-Step Decision-Making Approach

The PACADI framework is a six-step decision-making approach that can be used in lieu of traditional end-of-case questions. It offers a structured, integrated, and iterative process that requires students to analyze case information, apply business concepts to derive valuable insights, and develop recommendations based on these insights.

Prior to beginning a PACADI assessment, which we'll outline here, students should first prepare a two-paragraph summary—a situation analysis—that highlights the key case facts. Then, we task students with providing a five-page PACADI case analysis (excluding appendices) based on the following six steps.

Step 1: Problem definition. What is the major challenge, problem, opportunity, or decision that has to be made? If there is more than one problem, choose the most important one. Often when solving the key problem, other issues will surface and be addressed. The problem statement may be framed as a question; for example, How can brand X improve market share among millennials in Canada? Usually the problem statement has to be re-written several times during the analysis of a case as students peel back the layers of symptoms or causation.

Step 2: Alternatives. Identify in detail the strategic alternatives to address the problem; three to five options generally work best. Alternatives should be mutually exclusive, realistic, creative, and feasible given the constraints of the situation. Doing nothing or delaying the decision to a later date are not considered acceptable alternatives.

Step 3: Criteria. What are the key decision criteria that will guide decision-making? In a marketing course, for example, these may include relevant marketing criteria such as segmentation, positioning, advertising and sales, distribution, and pricing. Financial criteria useful in evaluating the alternatives should be included—for example, income statement variables, customer lifetime value, payback, etc. Students must discuss their rationale for selecting the decision criteria and the weights and importance for each factor.

Step 4: Analysis. Provide an in-depth analysis of each alternative based on the criteria chosen in step three. Decision tables using criteria as columns and alternatives as rows can be helpful. The pros and cons of the various choices as well as the short- and long-term implications of each may be evaluated. Best, worst, and most likely scenarios can also be insightful.

Step 5: Decision. Students propose their solution to the problem. This decision is justified based on an in-depth analysis. Explain why the recommendation made is the best fit for the criteria.

Step 6: Implementation plan. Sound business decisions may fail due to poor execution. To enhance the likeliness of a successful project outcome, students describe the key steps (activities) to implement the recommendation, timetable, projected costs, expected competitive reaction, success metrics, and risks in the plan.

"Students note that using the PACADI framework yields 'aha moments'—they learned something surprising in the case that led them to think differently about the problem and their proposed solution."

PACADI's Benefits: Meaningfully and Thoughtfully Applying Business Concepts

The PACADI framework covers all of the major elements of business decision-making, including implementation, which is often overlooked. By stepping through the whole framework, students apply relevant business concepts and solve management problems via a systematic, comprehensive approach; they're far less likely to surface piecemeal responses.

As students explore each part of the framework, they may realize that they need to make changes to a previous step. For instance, when working on implementation, students may realize that the alternative they selected cannot be executed or will not be profitable, and thus need to rethink their decision. Or, they may discover that the criteria need to be revised since the list of decision factors they identified is incomplete (for example, the factors may explain key marketing concerns but fail to address relevant financial considerations) or is unrealistic (for example, they suggest a 25 percent increase in revenues without proposing an increased promotional budget).

In addition, the PACADI framework can be used alongside quantitative assignments, in-class exercises, and business and management simulations. The structured, multi-step decision framework encourages careful and sequential analysis to solve business problems. Incorporating PACADI as an overarching decision-making method across different projects will ultimately help students achieve desired learning outcomes. As a practical "beyond-the-classroom" tool, the PACADI framework is not a contrived course assignment; it reflects the decision-making approach that managers, executives, and entrepreneurs exercise daily. Case analysis introduces students to the real-world process of making business decisions quickly and correctly, often with limited information. This framework

supplies an organized and disciplined process that students can readily defend in writing and in class discussions.

PACADI in Action: An Example

Here's an example of how students used the PACADI framework for a recent case analysis on CVS, a large North American drugstore chain.

The CVS Prescription for Customer Value*

PACADI Stage

Summary Response

Problem

How should CVS Health evolve from the "drugstore of your neighborhood" to the "drugstore of your future"?

Alternatives

A1. Kaizen (continuous improvement)

A2. Product development

A3. Market development

A4. Personalization (micro-targeting)

Criteria (include weights)

C1. Customer value: service, quality, image, and price (40%)

C2. Customer obsession (20%)

C3. Growth through related businesses (20%)

C4. Customer retention and customer lifetime value (20%)

Analysis

Each alternative was analyzed by each criterion using quantitative and qualitative data

Decision

Alternative 4 (A4): Personalization was selected. This is operationalized via: segmentation—move toward segment-of-1 marketing; geodemographics and lifestyle emphasis; predictive data analysis; relationship marketing; people, principles, and supply chain management; and exceptional customer service.

Implementation

- Partner with leading medical school
- Curbside pick-up
- Pet pharmacy
- E-newsletter for customers and employees
- Employee incentive program
- CVS beauty days
- Expand to Latin America and Caribbean
- Healthier/happier corner
- Holiday toy drives/community outreach

*Source: A. Weinstein, Y. Rodriguez, K. Sims, R. Vergara, "The CVS Prescription for Superior Customer Value—A Case Study," Back to the Future: Revisiting the Foundations of Marketing from Society for Marketing Advances, West Palm Beach, FL (November 2, 2018).