Using Case Studies in Real Estate and Finance Courses

By

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The Preliminaries

- Setting expectations
  - Focus is on decision making
  - Requires judgment
  - No "right" answers
- Setting ground rules
  - The student contract (4Ps)
- Knowing your participants
- Selecting cases and readings
- Using a mix of short ("breather") and long cases
- Assigning a term project

A Short Case

Phuket Beach Hotel: Valuing Mutually Exclusive Capital Projects* (4 pages)

Synopsis

☐ Phuket Beach Hotel has an opportunity to lease its underutilized space to a karaoke pub and earn a rental income. Alternatively, the hotel could develop the unused space and create its own pub. The general manager of the hotel must decide which of the two capital projects to recommend to the hotel owners. This case presents sufficient information to build cash flow forecasts for each project and to rank the mutually exclusive projects using various evaluation criteria.

*The case is available from HBSP.com

Using the case

- Undergraduate, graduate, and executive levels
- Exposes students to a wide range of capital budgeting issues
- Questions built into the case
- Student group presentations (2 teams presenting the same case)
- Class members evaluate team presentations
- Instructor debriefs case
- Lessons learned

Evaluator__Please write your name on the back_____   **Group _____**

Grading Checklist for Case Presentation

Content (scale of 0-4)

0 = Poorly developed or not covered
1 = Touched on point, but did not weave it strongly into the fabric of the paper
2 = Satisfactory coverage
3 = Well-developed, and woven strongly into the fabric of the paper
4 = Clearly superior development and linkage to other points

SCORE	0	1	2	3	4	COMMENTS
1. PROBLEM IDENTIFICATION: How well did the group identify the crucial or urgent issues or problems before the company?						
2. RECOMMENDATION: Did the group present a clear set of recommendations?						
3. ANALYSIS: Were those recommendations backed up convincingly by their analyses and by a statement of the logic underlying them?						

Presentation (scale of 0-3)

0 = Unclear and disorganized   OR No way, Jose
1 = Satisfactory   OR Maybe, with major revisions
2 = Good   OR Highly likely, with minor revisions
3 = Excellent   OR Definitely, without question

SCORE	0	1	2	3	COMMENTS
4. PREPARATION AND ORGANIZATION: Did the group present their ideas and recommendation(s) in a clear, concise and convincing manner?					
5. As the decision maker, how likely are you to adopt their proposal?					

A Comprehensive Case

Role Play
Bilateral Negotiation

Hong Kong Disneyland

- In mid-1999, negotiators for Walt Disney Co. and the Hong Kong government were having intensive discussions about the possibility of building a theme park in Hong Kong known as Hong Kong Disneyland.

Learning Objectives

The cases provide a useful vehicle for students to:

☐ explore the making of cross-border investment and market-entry decisions,

☐ apply project evaluation techniques to valuing a proposed joint venture from both the Walt Disney and Hong Kong point of view,

☐ exercise their abilities in negotiation and risk reallocation. Students must also acknowledge the different goals of the negotiating parties and through negotiation, attempt to surmount these.

The case segments*

☐ Hong Kong Disneyland (A): The Walt Disney Perspective

☐ Hong Kong Disneyland (B): The HKSAR Perspective

☐ Hong Kong Disneyland (C): The Joint Venture Negotiation

*All cases are available from HBSP.com

Cases A & B

Case A: Walt Disney's Perspective

☐ Presents detailed information about the proposed theme park and the assumptions made by Walt Disney in conducting its economic assessment of the project. Also lays out other alternatives for Disney's entry into the China market.

Case B: HKSAR Perspective

☐ Presents detailed information about the proposed theme park and the assumptions used by the Hong Kong SAR in conducting its economic assessment of the project. Also lays out other alternatives for reinvigorating the tourism industry in Hong Kong and the development of Penny's Bay (the proposed site of Hong Kong Disneyland) in nearby Lantau.

Case C: The Joint Venture Negotiation

☐ Case C is structured as a bilateral negotiation exercise and allows students to participate in a joint venture simulation for the Disneyland project in Hong Kong.

☐ Students are assigned to a negotiation team representing one of two groups (either the Hong Kong government or Walt Disney Co.). They are required to study the case assigned to their side of the negotiation. Thereafter, the students' task in this negotiation is to represent their groups effectively and to achieve the best outcome for the government or for Walt Disney.

Using the Case(s)

- Distribute case memo to students
- Distribute cases for each side
- Case pre-briefing
- Students prepare their opening bids and walk-away positions
- Competing pairs meet to negotiate the deal
- Case de-briefing: larger lessons learned

Assigning a Term Project

- Student teams identify a real life event to examine and to write up as a case
- Deliverables:
  - A short proposal
  - Presentation of case and solution
  - A written report

THANK YOU!!

Case seminar series_Su H Chan