



CEIBS Africa EMBA 2013 Cohort

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Course: International Business Strategy

Instructor: Professor Klaus Meyer
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Location CEIBS Africa, Accra

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General Course Description

Course objective: This module is concerned with the opportunities and challenges that enterprises face when operating on the international stage, as opposed to national operations. Multinational enterprises (MNEs) develop strategies to exploit these opportunities, which then set the context in which business units, subsidiaries and individual leaders strategize and operate. A special focus will be on emerging economies, both as a place of doing business, and as the origin of new competitors on the global stage.

Our main emphasis will be on working with cases of MNEs aiming to establish and exploit competitive advantage with business models that exploit opportunities created by the international dimension of business, or react to challenges arising on this 'global stage'. A key question in the background of our discussions thus is: how can MNEs develop and implement strategies that generate superior performance in their global operations?

In addition to developing analytical skills and an understanding of the global economy, this course is also about developing an 'international business mind-set'. In other words, the course aims to foster the development of cognitive awareness and practical skills that enable managers to simultaneously pursue 'Global breadth' and 'China depth'.

Learning Goals:

- Appreciate the international context within which business activities takes place, the variations across countries in terms of their political, cultural, and economic environments, and assess

how these effect the investment opportunities that they provide for companies.

- Recognize and evaluate a broad range of business opportunities available for companies to create value worldwide, as well as the complexities associated with managing global international operations.
- Develop, present, argue and critically evaluate strategies that firms may pursue in an international context.
- Enhance your ability to deal with cultural and personal career issues in international business.

Pedagogical approach:

The main learning method in this course will be case studies that have been selected across a wide range of different national and international contexts. In addition, there will be lectures and group assignments related to the cases to be discussed in class.

Literature:

A collection of readings and cases will be provided; details are contained in the detailed schedule below.

This textbook provides a general overview of the subjects of this course, and introduces the the key concepts. Four copies of the book is on shelf of CEIBS Africa office library.

Title: *International Business*
Author: Peng, Mike & Meyer, Klaus
Publisher: Cengage Learning
Edition: 2011
ISBN: 978-1-4080-1956-6

Assesement:

- **Class Participation 25%**
- **Group Presentation 35%**
- **Individual Assignment 40%**

Session Outline

Day 1 – 9:30-12:30: Thinking Strategically on the Global Stage

The course begins with a discussion of the notion of ‘globalization’ and its implications for business. We will explore the tensions between convergence across countries, and the persistent differences and distances that generate obstacles and opportunities for companies acting on the global stage. This session will explore in which ways countries are different, and how that affects international business activities. We will apply the CAGE framework to explain the obstacles that firms and individuals experience, and the strategies and practices they develop to manage such differences. On this basis, we shall explore how regional and global strategies can create value by linking operations at different locations.

Mini-Cases:

- *Better Generation* (Peng & Meyer, page 351-353.)
- *Alphan and Betans* (handout)

Preparation Questions:

1. How would you describe Better Generation’s strategy in the global economy?
2. Do you think Better Generation will succeed?

Readings:

- Peng & Meyer, Chapter 1, 2 & 3.
- Ghemawat, P. 2007. Managing differences: The central challenge of global strategy, *Harvard Business Review*, (Reprint Nr R0703C).

Day 1 – 14:00-18:00: Adaptation Strategies and Foreign Entry

We will explore opportunities for value creation arising from adaptation to the unique idiosyncrasies of different host market contexts, thus accommodating rather than overcoming differences. We will explore how lack of adaptation of business models may lead to failure, and on that basis discuss levers that allow localization of aspects of the operation, while retaining benefits of global synergies. This leads to the discussion of foreign market entry strategies of subsidiary autonomy, and the relationship between headquarters and subsidiaries in shaping subsidiary strategy.

Case:

- *“Hard Choices: Best Buy and Five Star in China”*, by Terence Tsai, Zhu Jianhua and Xu Leiping, CEIBS, 2013.

Preparation Questions:

1. What were the key features of Best Buy's Strategy in China? In which ways did Best Buy adapt, and in which ways did it retain core elements of its US business model?
2. How did the 'Five Star' stores fit into that strategy, or did they not?
3. Why did the Best Buy branded stores fail?
4. You are given the assignment to design a fresh strategy of introducing the Best Buy brand into China in 2014. How would you proceed?

Readings:

- Peng & Meyer, Chapter 4 & 12.
 - Gadish, O., Leung, P. & Vestring Y. (2007): The Battle for China's Good Enough Market, *Harvard Business Review*, September, p. 81-89.
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Day 2 – 9:00-12:30: Arbitrage Strategies and Global Supply Chains

We will explore the opportunities of creating value by taking advantage of different resource endowments and cost conditions across countries. Businesses may use such cross-country differences to locate their production to exploit comparative advantages by offshoring operations to own facilities or outsourced partners. We will explore when such dispersion is appropriate, and how such worldwide operations can be managed in a global supply chain.

Cases:

- *Offshoring and Innovation at Globalco*, by M. Barrat (Cambridge, ECCH 908-024-1)
- *Tata Consultancy Services: Selling Certainty*, by P. Ghemawat & S. Altman (HBS PG0-004)

Preparation Questions:

Globalco

1. What were the expected benefits of offshoring when Globalco started moving operations abroad? Why was there resistance?
2. What are the key challenges and opportunities Dan faces in evolving the offshoring relationship to support Globalco's business model?
3. How would you recommend Dan to drive innovation through offshoring so as to build sustainable competitive advantage

TCS:

1. Is the "Experience Certainty" strategy proposed at TCS low-cost or differentiated?
2. What are the implications of this strategy for TCS' customers (such as Globalco)?

3. What are the implications of this strategy for customer selection, contract pricing, global delivery footprint, inorganic growth, and R&D at TCS?
4. Does this expansion, especially in Latin America, make sense? How would you proceed?

Readings:

- Peng & Meyer, Chapters 5 and 6.
 - Aron, R. & Singh, J.V. 2005. Getting Offshoring Right, *Harvard Business Review* 83 (December), p. 135-143.
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Day 2 – 14:00-18:00: Global Industry Value Chains

Corporate leaders have to develop their strategy based on their understanding of their industry in a world-wide context, and the opportunities and challenges that may arise at any location within that global economy. This day thus is devoted to think about business strategy in a global industry, the forms of engagement with different players in that global industry, and the internal organizational structures to facilitate to compete in such industries.

Case:

- *Bayer MaterialScience; Opportunities in Complex Global Value Chains*, by K.E. Meyer, CEIBS 2013.

Preparation Questions:

1. What are the key competitive parameters in the industry in which BMS is operating in?
2. Who are the key clients that the BU Polycarbonates should engage with to enhance its sales? Can and should they be segmented in some way, and if so how?
3. How should BU Polycarbonates best serve the diverse demands of its clients in the IT industry? How could the BU participant in, or lead, open innovation processes?
4. Is the current (2011) organizational structure conducive to its long-term aims, or could it be improved? How could a global headquarter in Shanghai best be leveraged in the IT industry?

Readings:

- Peng & Meyer, Chapters 17.
- Chesbrough, H.W. 2011. The case for open services innovation: the commodity trap, *California Management Review*, 53(3): 5-20.

- Senn, C., Thoma, A. & Yip, G.S. 2013. Customer-centric leadership: How to manage strategic customers as assets in B2B markets, *California Management Review* 55(3): 27-59.
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Day 3 – 9:00-12:30: Aggregation Strategies and Knowledge Management

This part will explore business opportunities and challenges of operating as a globally or regionally-integrated company. We will explore how such ‘aggregation’ strategies allow greater scale economies and generate synergies of global innovation systems, and discuss the operational challenges arising in such organizations, for example for knowledge management and global; roll out of product innovations.

Case:

- *Acer: Taiwan’s Rampaging Dragon*, by C. Bartlett and A. St. George (HBS 9-399-010)

Preparation Questions:

1. What accounts for Acer’s outstanding start-up?
2. Why did Acer’s growth and profitability tumble in the late 1980’s? How appropriate was Stan Shih’s response to the decline? How do you evaluate Leonard Liu’s performance?
3. How effective has Shih been in rebuilding Acer in the early/mid 90s? What do you think of his new business concepts (‘fast-food’ model etc.) and his new organizational models (client-server, etc.)?
4. As Stan, what action would you take on Aspire? Should you approve its continued development? Should you allow AAC to continue to lead the project? Should Aspire become a global product?

Readings:

- Peng & Meyer, Chapter 15.
 - Bartlett, C.A. & Ghoshal, S. 1988. Organizing for worldwide effectiveness: The transnational solution, *California Management Review*, 31(1): 54-74.
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Day 3 – 14:00-18:00: Responsible Leadership in the Global Economy

When operating in multiple countries, multinationals are exposed to multiple sources of pressures to engage in socially responsible behaviours, and some of these pressures relate to activities in other countries. In this session, we will explore how companies decide what practices to implement, and how to communicate their practices and standards to relevant stakeholders.

Case:

- *Ethics of Offshoring: Novo Nordisk and Clinical Trials in Emerging Economies*, by Klaus Meyer, (Ivey # 9B09M001).

Preparation Questions:

1. Considering both economic and ethical aspects, is it appropriate for companies like Novo Nordisk to conduct clinical trials in, for example, India? What exactly are the principles that should guide such a decision?
2. If trials are conducted in an emerging economy, how should they be managed and which standards should apply?
3. What interest groups are joining the public debate and why? How should businesses handle them? What is the role, respectively, of Danish, European, American and host country authorities and ethics committees in this process?
4. How should Anders Dejgaard react when the journalist calls to discuss Novo Nordisk's practices? What is the most effective way to communicate with the public?

Readings:

- Peng & Meyer, Chapter 10
 - Frenkel, S. & Scott, D. 2002. Compliance, collaboration, and codes of labor practice, *California Management Review*, 45: 29-49.
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Day 4 – 9:00-12:30: Growing Business Across Africa

Based on student presentations on case studies of companies that aim to develop a presence across Africa, this session explores the challenges of doing business in Africa, from the perspective of companies with a variety of different roots, and different industries.

Cases (each group is assigned 1 case only):

- *Game: Competing in Africa's Playing Fields*, by Stephanie Townsend and John Luiz, Wits University, 2010. (ECCH 310-165-1)
- *Bharti Airtel in Africa*, by Krishna Palepu and Tanja Bijlani (Harvard Business School 9-112-096)
- *Arcelik Grows in Advanced and Emerging Economies*, by Saul Estrin and Klaus Meyer, CEIBS, 2013.
- *Yum! Brands*, by Jordan Siegel and Christopher Poliquin (Harvard Business School 9-712-422).

Session Format:

Each group will present its case.
Presentations will be 15 minutes, followed by 10 minutes of questions and answers.

Day 4 – 13:30-16:30: International Catch-up Strategies: Chinese MNEs

MNEs from emerging economies often use acquisitions of businesses in advanced economies as stepping stones of their expansion. Such acquisitions are hoped to provide a fast route to acquire local resources in foreign markets, and possibly even brands and technologies that help the acquirer strengthen its own operations. However, the management of acquired operations creates complex leadership challenges, especially for companies that do not yet have experience with acquisition-led international growth. We will explore these challenges from the perspective of the management teams in both the acquirer and the acquired.

Case:

- *"Reaching High: Sany's Internationalization (A)"*, by Hellmut Schütte and Shang en Chen (CEIBS CC-312-019)

Preparation Questions:

1. As Sany's top management, can you convince minority shareholders in China that this is a good investment? How does the acquisition of Putzmeister fit into the overall strategy of the Sany group?
2. How do you envisage the joint Sany-Putzmeister organization to be operating? What sort of organizational structure should it have? How are you going to use two brand names in different markets?
3. What operational and cross-cultural management issues do you expect during the integration process, and how will as Sany management handle those issues?
4. What are the key goals for the Sany group for the next 10 years, and how are you going lead their pursuit?

Readings:

- Peng & Meyer, Chapter 11, 13.
- *Economist*, 2010, Being eaten by a Dragon: What is feels like to be bought by a Chinese firm, November 11.
- Meyer, K.E. & Thaijongrak, O. 2013. The Dynamics of Emerging Economy MNEs, *Asia Pacific Journal of Management*, 48(4).

Bio of Professor Klaus Meyer

Klaus Meyer (www.klausmeyer.co.uk; <http://www.ceibs.edu/faculty/cv/65579.shtml>) joined CEIBS as a Professor of Strategy and International Business in September 2011 from the University of Bath, England. He is also an Adjunct Professor of the Copenhagen Business School, Denmark. Previously he has also been full-time faculty member at Copenhagen Business School, the University of Reading, England, and held visiting appointments at the Hong Kong University of Science and Technology and at National Cheng-chi University, Taipei.

Professor Meyer is a leading scholar in the field of international business conducting research on the strategies of multinational enterprises (MNEs), especially foreign entry strategies, in emerging economies, especially Eastern Europe and East Asia. A central theme of this research is the relevance of local contexts for the strategies and operations of MNEs. Recently, he started investigating the evolution of MNEs originating from emerging economies, and how their origins shape their international growth strategies.

His work has been published, among other outlets, in *Journal of International Business Studies*, *Strategic Management Journal* and *Journal of Management Studies*, and he published five books, most recently the textbook “*International Business*” (with Mike Peng, published by Cengage Learning). Prof Meyer holds an MSc from the University of Göttingen and a PhD from London Business School. He is currently a senior editor of the *Asia Pacific Journal of Management* and a consulting editor for the *Journal of International Business Studies*. In 2012-2014, he is the Vice President of the *Academy of International Business*, the leading scholarly association in the field of international business.