

MGMT 655: Global Strategic Management
The Wharton School
Spring 2010 (Q4)

Mgmt 655 002 MW 9.00-10:30
Mgmt 655 004 MW 10:30-12.00
Mgmt 655 006 MW 1.30-3.00

Professor Felipe Monteiro
2017 SHDH / 746-3553 / luizm@wharton.upenn.edu

PURPOSE OF THE COURSE:

This course is designed to immerse you in the challenges faced by managers venturing into overseas markets in response to (or in anticipation of) increased global competition. Through a combination of case analysis, readings and class discussions, you will develop the ability to pursue managerial action that is responsive to the evolving global business environment, and to the demands of multiple stakeholders such as local and overseas customers, joint venture partners, and governmental organizations. We will explore the key activities undertaken by managers to evaluate new market opportunities, develop market entry strategies, and effectively manage expansion in international markets. We explore topics that are designed to provide you with a clear conceptual understanding of:

- The influence of firm resources and capabilities on international expansion strategies and foreign location choices.
- The persistence of cross-national differences and the effect of these differences on firm strategies, structures, and performance.
- Models for organizing and managing a multinational network of subsidiaries, including how to coordinate and to transfer knowledge across borders.
- The sequence and modes of international expansion, depending on the characteristics of the industry, the firm, and the host country.
- The emergence of new multinationals.

COURSE TAKEAWAYS:

After taking this course, you will have a set of conceptual tools that can be used to navigate through the often contradictory and ambiguous mass of information about how international competition takes place. From our case discussions, you will develop the ability to use key frameworks to examine firm-level global strategies and global structures, industry globalization potential, and country competitive advantage.

REQUIREMENTS

- Class participation (25%).
- In-class midterm exam (15%), **Monday, April 5th**, 15 minutes.
- Take-home final exam (60%). The exam will be made available on **Wednesday, May 5th at 9 am and answers will be due on Thursday, May 6 by 4 pm.**

A Note on Class Participation

Class participation includes three components: (a) class attendance; (b) frequency of class and webCafé participation and (c) quality of class and webCafé participation.

I expect students to prepare for class, to attend class (and be on time) and to be willing and ready to participate in each and every class. Students are expected to attend all classes. Please inform me by email (luizm@wharton.upenn.edu) if you are going to miss a class.

Regarding the webCafé participation component, a question will be posted in the “assessment” section of webCafé before each class session. It will require you to make a decision based on the case material (and readings if relevant) (e.g. should Mondavi compete head-to-head with the Australian wine producers?) and to state the main reasons for your answer (bullet points are fine). Responding to this question will take little time in addition to your normal class preparation. You must respond to the poll no later than 10:00pm on the night before class and your answers must be submitted on webCafé (no e-mail submissions will be accepted). I expect students to complete each and every webCafé assessment.

High quality class and webCafé participation is accomplished by focused comments or questions that demonstrate mastery of readings and cases and develop insights that are not immediately discernible from these materials. I especially encourage class and webCafé participation that applies conceptual frameworks to case materials and that enriches the learning experience of the class.

CONCERT RULES

We enforce concert rules across all sections of MGMT655 and request that no laptops should be open during class. Please remember to turn off your cell phones and Blackberries before the start of class. Please bring your name tent to each class.

READING MATERIALS

- All readings are available from Wharton Reprographics.

ABOUT THE INSTRUCTOR

L. Felipe Monteiro is an Assistant Professor of Management at the Wharton School, University of Pennsylvania. He obtained his Ph.D. in Strategic and International Management at the London Business School. He also has a LL.B. (JD equivalent) degree, *cum laude*, from the Federal University of Rio de Janeiro, a M.Sc. in Business Administration from COPPEAD/UFRJ, Brazil and a MRes in Business Studies from London Business School.

Before joining The Wharton School, Professor Monteiro was a Fellow, and an award-winning teacher, at the London School of Economics and Political Science (LSE). Prior to that, he was a Senior Researcher at the Harvard Business School's Latin American Research Center where he published several case studies on multinational corporations headquartered in Latin America. Monteiro was also an Adjunct Professor at IBMEC Business School in Rio de Janeiro, Brazil, where he won seven teaching awards between 1998 and 2002. Prior to joining academia, Professor Monteiro was a Senior Analyst at Banco do Brasil acting as an advisor to foreign companies investing in Brazil.

His research focuses on knowledge processes within multinational corporations (MNCs), in particular, on how MNCs access external knowledge across organizational, technological and geographic boundaries. Professor Monteiro is also leading a research project on foreign direct investment strategies of MNCs headquartered in the BRIC (Brazil, Russia, India and China) countries. His research has been published in top academic and managerial journals and nominated to prestigious awards at the Academy of International Business and at the Academy of Management. He is an active member of the Academy of International Business, of the Strategic Management Society and of the Academy of Management. In 2010, Professor Monteiro was invited to join Samsung Advanced Institute of Technology's CORE Global Expert network, a small group of leading academics advising Samsung in the area of global innovation management.

At The Wharton School, Professor Monteiro teaches courses on Global Strategic Management to undergraduate and MBA students. In 2009, he received the "*Goes Above and Beyond the Call of Duty*" Teaching Award for his outstanding contributions and commitment to educational excellence in the MBA core curriculum.

His personal website is at: <http://www-management.wharton.upenn.edu/monteiro/>

MGMT655 COURSE OUTLINE:

Session 1:	3/17/10:	Introduction (Go Global or No?)
Session 2:	3/22/10:	Firm and Industry Frameworks (Mondavi)
Session 3:	3/24/10:	Location: Home Country Effects (Swatch)
Session 4:	3/29/10:	Location and Distance (CEMEX)
Session 5:	3/31/10:	Managing Dispersion and Coordination in MNCs (Acer)
Session 6:	4/5/10:	Mid-term Exam (in class) Managing Strategies and Structures (Phillips and Matsushita)
Session 7:	4/7/10:	Managing Global Innovation (P&G Japan)
Session 8:	4/12/10:	International Expansion: Entry Modes (Haagen-Dazs)
Session 9:	4/14/10:	International Expansion: Sequence and Pace (WalMart and Tesco)
Session 10:	4/19/10:	Global Knowledge Sourcing (BT Group)
Session 11:	4/21/10:	Emerging Market MNCs (Haier)
Session 12:	4/26/10:	Conclusions
	5/5/10:	Final Exam available at 9:00am
	5/6/10:	Final Exam due by 4:00pm

INTRODUCTION

1. Introduction to Global Strategic Management [Wednesday, March 17]

Reading: Excerpts from: Stephen. B. Tallman and George S. Yip, “Strategy and the Multinational Enterprise.” In Alan M. Rugman (ed.), *The Oxford Handbook of International Business*, 2nd edition. Oxford University Press, 2009.

Mini Case: Walter Kuemmerle, “Go Global or No?” *Harvard Business Review*, 2001, pp. 37-49.

Question: (1) Should DataClear go global? Why or why not?

2. Firm and Industry Frameworks for Global Strategic Management [Monday, March 22]

Readings: Excerpts from: George S. Yip, “Global Strategy... in a World of Nations?” *Sloan Management Review*, Fall 1989.

Case: Robert Mondavi and the Wine Industry, HBS 9-302-102.

Questions: (1) What is the global potential of the wine industry?
(2) Characterize and evaluate the global strategies of Mondavi’s global competitors.
(3) Do you think that Mondavi should compete head-to-head with the Australian wine producers?

LOCATION & GLOBAL STRATEGY

3. Location: Home-Country Effects [Wednesday, March 24]

Reading: Michael E. Porter, “Why Nations Triumph.” *Fortune*, March 12, 1990, pp. 94-108.

Case: Swatch and the Global Watch Industry, Ivey School of Business 9A99M023.

Questions: (1) How do you explain the shifting global leadership in the watch industry, from Swiss to American to Japanese and back to Swiss firms?
(2) How do you explain the success of Swatch as a company in this industry?
(3) Do you think that Swatch should continue to rely on Switzerland as the location for most of its activities?

4. Location and Distance

[Monday, March 29]

Readings: Pankaj Ghemawat, "Distance Still Matters: The Hard Reality of Global Expansion" *Harvard Business Review* Sept. (2001), pp. 137-147.

Case: The Globalization of CEMEX, HBS 9-701-017

- Questions: (1) Is cement a global industry?
 (2) What accounts for CEMEX's success to date? In particular, what are the benefits that CEMEX has derived from expanding across borders?
 (3) How far can Cemex's competitive advantage travel?
 (4) Do you think that CEMEX is making the right strategic move in expanding into developed countries?

DESIGNING GLOBAL ORGANIZATIONS

5. Dispersion and Coordination of Activities

[Wednesday, March 31]

Reading: Julian Birkinshaw, "The Structures behind Global Companies," *Financial Times*, 12/4/2000

Case: Acer Inc.: Taiwan's Rampaging Dragon. HBS 9-399-010.

- Questions: (1) Describe Acer's culture and organizational structure. Can Acer's early culture and practices be sustained as the company grows?
 (2) How responsive is Acer to local environments? How integrated is it?
 (3) Analyze the advantages and disadvantages of allowing Acer America to design and market the Aspire.
 (4) If you were Stan Shih, would you give the Aspire project the green light?

6. Strategies and Structures of MNCs

[Monday, April 5]

IN-CLASS MIDTERM EXAM

Case: Philips versus Matsushita: The Competitive Battle Continues. HBS 9-910-410.

- Questions: (1) How did Philips become a leader in the industry? How did Matsushita overtake Philips? What distinctive capabilities did each firm possess?
 (2) What are the major problems currently facing each firm?
 (3) What specific organizational changes would you say each firm should implement?
 (4) Which company (Philips or Matsushita) would you prefer to run?

7. Organizing for Global Innovation

[Wednesday, April 7]

Reading: José Santos, Yvez Doz and Peter Williamson, “Is Your Innovation Process Global?” *Sloan Management Review*, Summer 2004, 45(4), pp. 31-37.

Case: P&G Japan: The SK-II Globalization Project, HBS 9-303-003

Questions: (1) Would you approve the launch of SK-II as a global brand for P&G?
 (2) Which of the three market options should Paulo DeCesare recommend to the GLT? What benefits do you expect to gain? What risks do you see?
 (3) How should he implement your recommended option? What are the implications for P&G’s new post-O2005 organization? What support and/or resistance do you expect? How will you manage it?

ENTERING FOREIGN MARKETS

8. Market Entry Strategies

[Monday, April 12]

Reading: Excerpts from Charles W. L. Hill, “Entry Modes.” In idem., *International Business: Competing in the Global Marketplace*, 6th edition. McGraw-Hill Irwin, 2007.

Case: Häagen-Dazs’ Entry into Europe. The Wharton School, 2008.

Questions: (1) Why has Häagen-Dazs been so successful in its home country?
 (2) Why did Häagen-Dazs decide to expand internationally? Did it learn how to succeed globally as it entered new markets?
 (3) Do you like the second European entry plan of 1993? Why or why not?

9. Sequence and Pace of International Expansion

[Wednesday, April 14]

Cases: “Wal-Mart Stores, Inc.” Credit Suisse, March 25, 2006.
 “Special Report: Wal-Mart.” *The Economist*, April 17, 2004, pp. 67-69.
 “Leahy’s lead: A mixture of understatement and quiet confidence has turned Tesco from a domestic grocery chain...”, *The Economist*, August 11, 2001.
 “Tesco: Fresh, but far from easy”, *The Economist*, June 23, 2007.

Questions: (1) Do you think there is a good strategic rationale for Wal-Mart &/ or Tesco to expand internationally?
 (2) Explain what you believe to be the rationale for the sequence in which, and the pace at which, Wal-Mart & Tesco have entered different markets.
 (3) Do you think Tesco’s strategy to enter the United States makes sense?

NEW DEVELOPMENTS IN GLOBAL STRATEGIC MANAGEMENT

10. Global Knowledge Sourcing

[Monday, April 19]

- Case: BT Group: Bringing External Technology Inside, ECCH 307-045-1
- Questions:
- (1) How do you compare BT's technology scouting units with a typical subsidiary in a multinational corporation? What makes their mandate distinctive?
 - (2) What are the main challenges involved in this global technology scouting *process*?
 - (3) Among the three growth avenues being considered by Frangos, which one would you recommend to him? Why?

11. The Emergence of New Multinationals

[Wednesday, April 21]

- Readings:
- "A bigger world," *The Economist*, September 18, 2008.
 - "The empire strikes back," *The Economist*, September 18, 2008.
- Case: Haier: Taking a Chinese Company Global, HBS, 9-706-401
- Questions:
- (1) What do the characteristics of the global large appliances industry tell you about the design of an effective competitive strategy?
 - (2) Was there a good rationale for Haier to make global expansion its top strategic priority?
 - (3) Do you think Haier is right to shun the conventional wisdom by focusing on markets in developed countries before turning to those in developing countries?

12. Conclusion to Global Strategic Management

[Monday, April 26]

Course wrap-up and discussion of final take-home exam.