

MGMT 655: Global Strategic Management

The Wharton School

Spring 2011 (Q4)

Mgmt 655 008	MW 9.00-10:30	JMHH 265
Mgmt 655 010	MW 10:30-12.00	JMHH 265
Mgmt 655 012	MW 1.30-3.00	JMHH 255

Professor Martine R. Haas

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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 examine 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 strategies and structures, industry globalization potential, and country competitive advantage.

COURSE REQUIREMENTS:

- Class participation (25%)
- In-class midterm exam (15%)
 - The exam will be given during class on **Monday, April 4th** (15 minutes)
- Take-home final exam (60%)
 - The exam will be available on **Monday, May 2nd at 9am.**
 - The exam will be due on **Tuesday, May 3rd by 4pm.**

An ethics matrix for the course requirements is provided at the end of the syllabus.

CLASS PARTICIPATION:

Class participation includes three components: (a) class attendance; (b) frequency of class participation; (c) quality of class 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 discussion. Your class participation grade will be affected by any class that you miss beyond one. Please inform me in advance by email (mrhaas@wharton.upenn.edu) if you are going to miss a class.

For each case, you will be asked to come to class prepared to discuss your views on the question that is marked with an asterisk (*) in the detailed syllabus. High quality class participation, in response to this question and others during class, is accomplished by focused comments that demonstrate mastery of readings and cases and develop insights that are not immediately discernible from these materials. I especially encourage class 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 Study.net.

ABOUT THE INSTRUCTOR:

Martine Haas is an Associate Professor of Management at the Wharton School. She holds a BA from Oxford University, an MA from Yale University, and a PhD from Harvard University.

Her research is on collaboration in knowledge-intensive organizations, with a focus on global teamwork, knowledge management, and the transformation of strategic capabilities into superior performance. She has published articles in leading academic journals including the Academy of Management Journal, Administrative Science Quarterly, Management Science, Organization Science, and the Strategic Management Journal. Her doctoral dissertation received the William H. Newman Award for outstanding scholarship from the Academy of Management, and her work has received or been nominated for other scholarly awards including the Academy of Management's Carolyn Dexter Award for the best international paper, the Academy of International Business's best paper award, and the Academy of International Business's Haynes Prize for the most promising scholar under 40.

Professor Haas previously served as an Assistant Professor at Cornell University and as a Visiting Assistant Professor at London Business School. She has taught courses in strategy, management, and organizational behavior to senior and mid-level executives, MBAs, undergraduates, master's students and PhD students. At Wharton, she is teaching Global Strategic Management for the fourth time this year.

Prior to entering academia, Professor Haas worked for McKinsey & Company in London and for the international aid agency Oxfam. She has served as a consultant to a range of organizations including the World Bank, Ernst & Young, the BBC, and the Tate Modern.

Her personal website is at <http://www.wharton.upenn.edu/faculty/haas.cfm>.

MGMT655 COURSE OUTLINE:

- Session 1: Mon 3/14/11: Introduction (Go Global or No?)
- Session 2: Wed 3/16/11: Firm and Industry Frameworks (Mondavi)
- Session 3: Mon 3/21/11: Location: Home Country Effects (Swatch)
- Session 4: Wed 3/23/11: Location: Host Country Distance (Cemex)
- Session 5: Mon 3/28/11: Organization of MNCs: Dispersion & Coordination (Acer)
- Session 6: Wed 3/30/11: Organization of MNCs: Strategies & Structures (Philips/Matsushita)
- Session 7: Mon 4/4/11: **Mid-Term Exam (in class)**
International Expansion: Entry Modes (Haagen-Dazs)
- Session 8: Wed 4/6/11: International Expansion: Sequence and Pace (WalMart/Tesco)
- Session 9: Mon 4/11/11: New Developments: Global Innovation (P&G Japan)
- Session 10: Wed 4/13/11: New Developments: Local Concerns (Starbucks)
- Session 11: Mon 4/18/11: New Developments: Emerging Market MNCs (Haier)
- Session 12: Wed 4/20/11: Conclusions
- Mon 5/2/11: **Final Exam available at 9:00am**
- Tues 5/3/11: **Final Exam due by 4:00pm**

MGMT 655 COURSE READINGS, CASES AND CASE QUESTIONS

INTRODUCTION

1. Introduction

[Monday, March 14]

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. 37-41.

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

2. Firm and Industry Frameworks

[Wednesday, March 16]

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 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

[Monday, March 21]

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: Host Country Distance **[Wednesday, March 23]**

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?*

ORGANIZATION & GLOBAL STRATEGY

5. Dispersion and Coordination of Activities **[Monday, March 28]**

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 **[Wednesday, March 30]**

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?*

INTERNATIONAL EXPANSION & GLOBAL STRATEGY

7. Entry Modes

[Monday, April 4]

IN-CLASS MIDTERM EXAM

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?*

8. Sequence and Pace

[Wednesday, April 6]

Reading: Eleanor Westney, "A Note on Sequential Modes"

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 STRATEGY

9. Global Innovation

[Monday, April 11]

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?

10. Local Concerns

[Wednesday, April 13]

Case: Starbucks and Conservation International, HBS 9-303-055

- Questions: (1) How would you explain Starbucks' success in the global coffee business?
- (2) Evaluate the strengths and weaknesses of the relationship between Starbucks and Conservation International?
- (3) Should Starbucks give in to the demands of Global Exchange and TransFair to purchase more fair trade coffee?*

11. Emerging Market Multinationals

[Monday, April 18]

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. Conclusions

[Wednesday, April 20]

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

Ethics Matrix for MGMT655

	Materials							People				
MGMT 655 Global Strategic Management	Approved calculator	Laptop / other electronics	Summary sheet	Current book / class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
Readings & Cases	A	A		A			A	W	W	D		
Midterm Exam Prep	A	A	A	A				W	W	W		
Midterm Exam												
Final Exam Prep	A	A	A	A				W	W	W		
Final Exam	A	A	A	A								
	A = Allowed material Shaded Cell = Not allowed							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
Other comments: (1) All written assignments (midterm, final exam) are individual. Communication with anybody else once the assignment has been made available is not allowed.												
The information above covers many common situations but will not cover every circumstance. Remember: The Wharton MBA Code of Ethics that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others. Should you have questions, please contact your ethics liaison or professor.												