

Fletcher School, Tufts University.
 EIB B230: International Business Strategy & Operations.
 Spring 1996

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This course is about multinational strategy and operations. Multinationals face daunting obstacles in going overseas, sometimes described as distance costs. These derive from attempting to do business in an unfamiliar environment, possibly including a protectionist host country government, volatile exchange rates, a strange culture, a different legal system and entrenched local competition including other more experienced multinationals. Despite these distance costs, multinationals have invested over \$2 trillion in direct investments around the world. This course focuses on analyzing opportunities in foreign markets and managing entry and expansion in these markets to exploit such opportunities.

Required Reading:

C. Bartlett/S. Ghoshal, Transnational Management, Irwin Pub., 2nd edition

The following **readings** are background readings for the entire course; please read them when you can, the sooner the better.

Bruce Kogut, "Designing Global Strategies: Comparative and Competitive Value-Added Chains", **Sloan Management Review**, Summer 1985, p. 15-27.

Susan Douglas and C. Samuel Craig, "Evolution of Global Marketing Strategy", **Columbia Journal of World Business**, Fall 1989.

George S. Yip, "Global Strategy ..in a world of Nations?", **Sloan Management Review**, Fall 1989, pp. 29-41.

Session 1.

The Value chain, and Comparative and Competitive advantage.

Case: Windmere Corp. see questions at end of case.

Session 2.

The Multinational Corporation: Motivation to go Overseas.

Franklin R. Root. **Entry Strategies for International Markets**, p. 123-134.

Case: AT&T Consumer Products; 9-392-108

Questions:

Develop a procedure for selecting a manufacturing site for the new answering systems manufacturing facility.

What motives led AT&T to choose Singapore as its first offshore site?

Assess the strengths and weaknesses of Mexico, Malaysia and the U.S. as possible sites.

Recommended Reading: **The Economist**, Oct. 28, 1994: "Viva Amexica", a survey of

Mexico". for an earlier survey, see **The Economist**, Feb. 13, 1993: "Into the Spotlight, a survey of Mexico".

Session 3.

Formulating Global Strategy & Competitive Response.

Howard Perlmutter, "The Tortuous Evolution of the Multinational Corporation".

Cola Wars: Coke Vs. Pepsi in the 1990s. (9-794-055)

Internationalizing the Cola Wars 9-794-146

Questions:**Coca-Cola Vs. Pepsi**

1. Why is the soft drink industry so profitable? Why have few new firms been able to enter the industry and be profitable?
2. Compare the economics of the concentrate business to the bottling business; why is profitability so different?
3. How did Coca-Cola achieve its dominance of the industry?
4. How has Pepsi challenged Coke and gained a market position?
5. Can Coke and Pepsi maintain their growth rates at home and abroad?
6. How are Coke and Pepsi competing outside the US? Will they dominate the global market like they have in the US?
7. Evaluate Coke and Pepsi's entry strategies in China.

Recommended Reading: "Big is Back", A Survey of Multinationals, **The Economist**, June 24, 1995

Session 4.

Marketing Overseas and Assessing Performance.

Root, p. 59-70;

Susan Douglas and S. Craig, Evolution of Global Marketing Strategy.

Computervision Japan (A) 9-591-097

Questions:

- 1) Evaluate Computervision's product strategy for the Japanese market?
- 2) How successful have they been in penetrating the Japanese market?
- 3) Assess Computervision's strengths and weaknesses as compared to its competitors in the Japanese marketplace.
- 4) Does Computervision have reason to be dissatisfied with the performance of its Japanese distributor, Tokyo Electron?
- 5) Prepare a plan for increasing CV's share of the Japanese market. In particular, consider alternative programs for the Japanese market; including, the suitability of staying with their current distributor, Tokyo Electron, a joint venture with TEL;

changing their distributors in Japan; and,
selling in Japan through their own sales subsidiary.

Recommended Reading: Erin Anderson & Hubert Gatignon, "Modes of Foreign Entry: A Transaction Cost Analysis & Propositions", **Journal of International Business Studies**, 17(3) Fall 1986

The Economist, July 9th, 1994 a survey of Japan. (for an earlier survey of Japan, see **The Economist**, March 6, 1993,)

Session 5.

Govt. Intervention and International Competition.

M. Porter, "The Competitive Advantage of Nations", **Harvard Business Review**, Mar.-April 1990.

R. Sarathy & Sam Rabino, Corporate Responses to Industrial Policy, **International Marketing Review**, Vol. 4(2), Summer 1987.

Case: Boeing Vs. Airbus (to be handed out)
see questions at end of case.

Session 6.

Ethics in Multinational Operations.

Reading: Martha Nichols, "Does New Age Business have a Message for Managers?" **Harvard Business Review**, Mar.-April 1994.

Case: Body Shop (HBS 9-591-133)

1. What are the sources of the Body Shop's success?
2. Evaluate Anita Roddick's management philosophy and style. What is her role in creating and sustaining the Body Shop?
3. What are the lessons to be learnt from the Body Shop and from Anita Roddick?
4. Will Body Shop continue to be successful? How difficult will it be for the Body Shop to replicate its UK success in the US?

Session 7.

Joint Ventures & Strategic Alliances.

M. J. Kelly, Building Successful Strategic Alliances, A Management briefing. **Govt. of Canada, Foreign Affairs and International Trade.**

Case: Corning: A Network of Alliances.

Questions:

- 1) Explain how alliances fit into Corning's overall strategy.
- 2) Examine each of the three alliance examples in terms of:
 - strategic fit between partners;
 - objectives of the alliance;
 - potential for a successful alliance.

3) Evaluate Corning's plans for each of the three alliances; what are your recommendations for these alliances insofar as divestment, growth and modification are concerned.

Session 8.

International Acquisitions.

Reading: "The Case Against Mergers", **Business Week**, Oct. 30, 1995.

Case: Rhone-Poulenc. 394-040

Questions:

1. Evaluate R-P's progress in the US following its 1986-90 acquisition spree during which it acquired 18 companies.
2. Which of the largest acquisitions has been the most successful: And the least successful? Why?
3. Why is a US headquarters a high priority for R-P?
4. What should be done about Specialty chemicals?
5. What are R-P's biggest challenges in the US as of 1991?

Session 9.

In class Exam.

Session 10.

Global Strategy and Competitive Response.

Cases:

Power Play (A): Nintendo in 8-bit Video Games 9-795-102

Power Play (B): Sega in 16-bit Video Games 9-795-103

Power Play (C): 3DO in 32-bit Video Games 9-795-104

Questions to be handed out.

Session 11.

Global Strategy: Crisis Management.

Barco Projection Systems (A) HBS#9-591-097

Questions:

- 1) What is Barco Projection Systems Divisions's product line strategy?
- 2) Dejonghe makes reference to Sony respecting "our vision of the marketplace". Discuss.
- 3) What are Sony's objectives in introducing the 1270? Is it a serious threat to Barco?
- 4) What should Barco do with respect to price and product development plans?
- 5) Has Barco's strategy been flawed? Are there generalizations to be drawn for managing high tech products in a global environment?

Session 12.

Organizing for Multinational Operations.

C. Bartlett & S. Ghoshal, "Organizing for Worldwide Effectiveness: the Transnational Solution", **California Management Review**, 1988.

Case: Becton Dickinson Worldwide Blood Collection Team, HBS #9-394-072

Questions:

- 1) Why was the WBCT (Worldwide Blood Collection Team) formed? What problems existed in the BDVS division that could not be solved by more traditional means?
- 2) Why did the WBCT team struggle for so long? What factors allowed it to eventually become effective?
- 3) What is your evaluation of the WBCT in 1990-91, after the launch of Hemogard and Plus Tube, and the Worldwide Profiling Tour? Is the team structured appropriately (membership, responsibilities, process, etc)? Is it managing its task effectively (new product introduction, strategy, best practice etc.)?
- 4) What recommendations would you give to Kozy on the issues he raises at the end of the case?

Session 13.

Paper Presentations.

Grading:

Case Writeups.	20%	
Class Participation.	20%	
In class exam.		20%
Term Paper	40%	

Three case writeups are required, and you may choose to write any case beginning with the second session. All writeups must be typed, double-spaced, and not to exceed one page, exclusive of graphs, tables and Exhibits (one additional page). These short papers should briefly review company performance and summarize the central issue facing the company and then outline a suggested course of action or solution. All writeups are due on the day cases are discussed in class.

Course requirements include a term paper on a company of your choice. In your paper, you should first analyze the industry, how it is globalizing, the role of Govt. regulation and major markets for the products or services of the industry. Then, analyze the international business position of the company you have chosen, its strategy for international operations, and how this strategy has evolved over the past five years. You should also consider key competitors and the role of Government. Then, you are requested to describe one major problem or opportunity facing the company, and give your recommendations on the best course of action for the company. In doing this paper, you should use published financial statements, and other articles and news reports about the company that you might find in the business press.

Sources such as the Lexis/Nexis data base, the Wall Street Journal, the Economist, the Financial Times, other U.S. business journals, and the WilsonIndex CD-ROM database, can be consulted to develop information for your paper. **Suggested length is around 15 pages.** I suggest that you prepare a brief

(one page) outline of your proposed paper and clear it with me by about Feb. 14th, before writing the full paper. All papers are due April 17th. **Please prepare a one page executive summary of your paper for distribution in class.**

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Name:-----

Address:-----

City:----- State -----

Phone: Work: ----- Res.-----

Fax: ----- E-Mail:-----

Specialization-----

Please briefly describe your work experience including company, job title, and brief description of responsibilities:

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Have you lived or worked overseas?

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What are your career plans over the next five years?

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What would you like to learn from this course?

Other comments?

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2. "The Case Against Mergers", **Business Week**, Oct. 30, 1995.
3. Susan Douglas and C. Samuel Craig, "Evolution of Global Marketing Strategy", **Columbia Journal of World Business**, Fall 1989.
4. M. J. Kelly, Building Successful Strategic Alliances, A Management briefing. **Govt. of Canada, Foreign Affairs and International Trade.**
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10. R. Sarathy & Sam Rabino, Corporate Responses to Industrial Policy, **International Marketing Review**, Vol. 4(2), Summer 1987.
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