

RSM2011HS.2020-0404. INTERNATIONAL STRATEGY

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- Dates: Tuesday and Thursday, March 10 – April 16.
- Room: LL 1020
- Times: 4:00-6:00
- Contact: Please contact me as needed

Syllabus date: 28 February 2020

Course Materials

The cases, readings, and background materials for the course include both copyright and non-copyright materials. The non-copyright materials are posted on the course site on Quercus.

A. Primary course pack

Most copyright materials will be available in a coursepack. Here are instructions for obtaining the coursepack for [RSM2011HS.2020-0404. INTERNATIONAL STRATEGY](#).

The Reading Package, containing the readings/cases, can be obtained through Ivey publishing, at:

<https://www.iveycases.com/Coursepackview.aspx?id=26037>

You will need to log in or create an account. Access to your course pack via your Ivey Publishing account is for a period of 30 days from date of purchase, so please make sure to save/print digital editions. For help contact Ivey directly at 1-800-649-6355 or cases@ivey.ca

This course pack is for your personal use only and is not to be shared or distributed in any form.

B. Samsung case (class 9)

You will need to purchase the Samsung case separately. The case can be purchased through The Case Centre publishing, at:

<https://www.thecasecentre.org/main/products/view?id=118678>

You will need to log in or create an account. Access to you're the case is for a period of 30 days from date of purchase, so please make sure to save/print the digital edition.

Overview

TARGET AUDIENCE

The course is relevant for students who plan to work for businesses and other organizations that either operate in multiple countries or compete with firms that operate globally. The material applies to executives in senior leadership positions who are formally responsible for an organization's international strategy as well as operating executives who implement and shape international strategy. The course complements other courses at Rotman that address international topics, including Emerging Market Strategy; International Business in the World Economy; and Global Economics.

COURSE MISSION

The core premise of this course is that no business of any size or sophistication can operate successfully with a purely domestic strategy. Cross-border activity affects almost all businesses: whether in competing to deliver value to customers at home or abroad, sourcing global resources, or managing global supply chains. Based on this premise, my goal is to help students learn how to position and manage businesses that operate in multiple countries and/or compete with foreign-based firms.

COURSE SCOPE

Our primary perspective will be that of firms based in strongly-established market economies (e.g., Western Europe, North America, Australia, New Zealand, Japan, Singapore, South Korea) as they develop strategies for their international activities in established and emerging market economies around the world (the "Emerging Market Strategy" elective that I teach focuses on firms based on emerging market-based economies). We will consider a range of international strategies: (1) "cross-border strategy", in which initial cross-border expansion is largely a supplement to home market business activity; (2) "multi-national strategy", in which you are involved in multiple countries via largely disconnected strategies; and (3) "global strategy", in which you actively coordinate your businesses in multiple countries. These strategies can involve demand side sales to intermediate and end market customers and/or supply side purchases in the industry value chain. We will also consider "defensive" international strategies in which firms that operate primarily in their home market need to deal with competition from firms that compete across borders. In considering international strategy, we will

consider multiple approaches to achieving an appropriate balance of local responsiveness (positioning and managing your business in a way that meets local needs) and global coordination (leveraging supply and demand side relationships among your businesses in different countries).

In order to capture the pragmatic, action-oriented nature of strategic management, I teach this course through the case method, supplemented with readings, lectures, and discussions. My objective is for you to develop your personal synthesis and approaches for identifying and solving the key problems that you face as business managers.

Preparation and participation

Important parts of your learning in this course will take place in the classroom and during use of on-line preparation materials for the sessions. Attending classes and actively participating in discussions is essential.

Preparation

Preparation is the most important assignment for the sessions. In addition to the cases, I will provide background readings and on-line lectures that will help you prepare for each discussion. I expect you to be familiar with the core material during each discussion and to have developed a personal point of view concerning the issues that arise in the material.

Preparation means that you read the materials, consider the issues raised by the case and assignment questions, and carry out appropriate quantitative and qualitative analysis in order to arrive at a thoughtful position concerning the options that face the firms and managers in the case. Preparation also involves developing a personal position on the issues raised in the case and readings. Unless you have thought about and adopted a personal position, it is difficult to learn from others' contributions.

Participation

For the learning process to be effective, you will need to participate actively during class and/or in on-line discussions. Active participation in discussions helps you sharpen your own insights and those of your classmates. You will learn the content of the course and, as importantly, the process of analysis and implementation that is central to successful strategic management. I expect you to analyze, comment, question, discuss, and build on others' contributions. Participation enables you to learn from your colleagues and to help them learn from you.

Class participation involves being clear about your own position and defending it, while also being willing to seek alternative perspectives on the situation. The ability to present one's ideas concisely and persuasively, and to respond effectively to the ideas of others, is a key success factor in any management position. I value effective participation. I do not reward those who talk simply for the sake of being heard.

Grading

I will base your grade on class participation, preparation assignments, a learning journal, and a term paper.

- **Class participation** (20%). Includes contributions in class and to on-line discussion boards.
- **Submitted class prep assignments** (10%): During the term, you will be responsible for submitting five class preparation questions to the course site. These will each be worth 2% and will be graded on a “done – not done” basis.
- **Learning journals** (30%). Day 1 can be submitted before class 5 (optional, submitted to the Assignment link on Quercus) and after the end of the term.
- **Term paper** (40%): Due at end of term (one page précis due before class 5, submitted to the Assignment link on Quercus).
- **End of term deadline for final learning journals and term paper:** Monday, April 27, 2019, 11:59 PM

Daily Learning Journals (LJs)

As you reflect on the discussion for each class, please prepare a summary (1 page per class) of the key learnings that you have taken from that material and discussion. The summary has three parts:

- Briefly identify and summarize one or two points from the on-line readings and lectures that were particularly important for you (~ 1/4 page)
- Briefly identify and summarize one or two points from the class discussions that were particularly important for you (~ 1/4 page)
- Describe the implications of one or two of those points for your own career and aspirations (~ 1/2 page).

Please complete each LJ in a maximum of 1 page of text (1.5 line spacing, Times New Roman 12 point font, 1” margins).

You will be responsible for submitting your journals on the course web site on the above schedule. I will assess the LJs based on your identification of (1) a focused set of key implications from the course materials and discussion, and (2) a thoughtful discussion of how the implications are relevant for your future career and/or aspirations.

Contact

I enjoy the material and would be happy to discuss it outside of class. Please feel free to visit with me during office hours or schedule another time. I am also available by telephone and email. Finally, if you're not too tired after three hours of class, please feel free to stay after to visit.

Course materials

The course materials include a course pack of cases and readings, as well as background readings that we will post on the course web-site. The discussions in class will focus on the case material, using the readings to provide background concepts that assist the discussion.

Term paper

You will complete a term paper for the course. The paper may be an individual paper or a group paper with a maximum of five people per group. The paper will study an international strategy topic of your choice, focusing on a business-related organization that needs to consider international strategy for a specific opportunity. Each paper will be a maximum of 15 pages (1.5 line spacing), plus exhibits and references. An electronic version of the term paper will be due by the above date.

Please submit a one page outline of your term paper before class 5 (to the assignment link on Quercus). The outline should contain enough information on the main points, such as the organization you will write about, the issue involved, and provide indication of that you will have access to enough information to carry out a thoughtful analysis. The outline should also identify the members of the team who will work on the project (1 to 5 people).

Your paper will address a strategic question that is important to you. I will expect you to identify an important question and then to gather and integrate sufficient information to provide a reasonable answer to your question. I expect the paper to be focused, while providing enough detail to support your arguments.

Format: The term paper should include the following sections (for simplicity, I refer to firms and businesses, but you are welcome to focus on other entities including government agencies, hospitals, non-profit organizations, or other organizations that operate in the health care sector).

- **Issue statement.** Identify the problem or opportunity that your firm faces. State the issue in sufficient detail and with enough precision that it will be possible to undertake strategic actions that address the issue. Place the issue in a broader strategic context for your firm, including your firm's existing vision and/or a new vision that you recommend for your firm.
- **Customer value analysis.** Outline the market and industry context in which your firm competes or will compete. Use the "Five Forces plus Three" model of competitive analysis that I will post in the strategy primer on the course site, or an alternative that you prefer.
 - Focus your analysis on identifying the qualitative and quantitative competitive factors that are relevant for your firm, as opposed to a general broad-brush assessment of an industry. To the extent possible, given available data, undertake financial analysis relevant to the issue. In particular, focus on identifying and summarizing the implications of the factors that are most relevant to the strategic issue that your firm faces.
 - In this section, the voice and face of your customer(s) should come through clearly – it is often useful to illustrate the analysis with one or more prototypical customers, describing the problems and opportunities that they face that your strategy will be able to address. By the end of the section, it should be clear to a reader who your customer is and why there is an opportunity to create value that they will be willing to pay their time, money, and passion for.
- **Business capabilities.** Identify the key qualitative and quantitative business capabilities that your firm can bring to bear to address your issue and/or must develop in order to do so. Focus your analysis on the capabilities that are relevant to your issue, rather than undertaking a general assessment of the firm's skills. To the extent possible, given available data, undertake financial analysis relevant to the issue. By the end of this section, it should be clear what capabilities you will need to deliver the value that you identified in the customer value analysis.
- **International strategy concepts:** Use relevant concepts from our discussion in the course. We will discuss multiple concepts concerning the customer context, business capabilities, and organizational choices that are relevant for international strategy – your job is not to touch on all of them, but rather to determine which are relevant for your project and to discuss thoughtfully how they apply.
- **Analysis summary:** After the competitive analysis and business capabilities section, pull together the insights from those analyses into a focused set of strengths and weaknesses (from the capabilities analysis), plus opportunities and threats (from the competitive analysis) summary, quite possibly with a table. Please note that this is not simply a traditional SWOT analysis that risks pulling a set of unconnected factors from arbitrary sources, but instead is a focused outcome of your structured analysis of the market environment and organizational context. The recommendations in the next session should link directly to the summary analysis.
- **Recommended actions.** Outline a set of specific actions for the company's management, taking all relevant issues into account. The set of actions should address the quantitative and qualitative issues you identified in your earlier analyses. To the extent possible, evaluate the financial requirements and impact of your recommendations.
- **Implementation plan.** Outline a feasible implementation plan for your recommendations. Please review how long and in what sequence the company should take implement your recommendations; what resources the firm will need to implement the recommendations; which people will be responsible for implementation; what incentives and information the firm will need to put in place to ensure that the people implement the plan, what barriers to implementation you believe are likely to arise and how you will address the barriers, and any other relevant issues.
- **Overall.** Above all, I value papers that provide thoughtful analysis, rather than simple descriptions and lists of facts. Your paper should provide me with a clear understanding of an opportunity, the major options that are available to seize the opportunity, and a way of accomplishing the solution. I should understand the logic of your argument and understand the assumptions you have made to arrive at your conclusions. You should obtain and develop financial support for your analysis to the extent available given your topic; I recognize that papers that rely on publicly-available

information may have less financial data than papers that can access internal information. I will grade the paper based on the strength of the individual sections plus the degree to which you integrate across sections – outstanding papers provide strong recommendations that are well grounded in logical support.

Hints about good practices and common problems to avoid in your paper

- **Focus** - Strive to develop a small set of actions or tactics that will work together in a coherent manner. By contrast, do not throw all possible ideas into your paper. Creativity is good – and logical consistency for a viable set of actions is just as important.
- **Pay attention to assumptions** - You will have to make assumptions in any project. For instance, you will likely make assumptions involving: 1) competitive reactions (e.g., if and how competing firms will respond to actions you consider), 2) the outcome of various company actions (e.g., product development efforts), 3) consumer responses (e.g., whether citing market and/or technical studies is enough to convince end users that an opportunity has value). Try to make these assumptions as reasonable as possible, and indicate why you think your assumptions are reasonable. Also, try to think through the possible implications for your recommendations if each assumption is wrong. Above all, make sure that you explicitly identify the assumptions you make. An important part of effective strategy is making sure you know what you don't know.
- **Specify your proposals in a concise and concrete manner** - Put recommendations into concrete terms that managers and/or policy makers will understand and be able to act on. For instance, it is much more direct to specify that a product "should run consumer testimonial advertisements in magazines targeted to medium- to high-income people over 50 years old" than it would be to simply state that the product "should engage in direct to consumer advertising."
- **Balance analytics and creativity** - The most rigorous analytical work does not necessarily lead to a great idea - ideas can be correct without being exciting. In parallel, the most creative ideas do not necessarily hold up to analytical scrutiny - ideas can be exciting without being correct. In the early phase of your work, try to cycle back and forth between brainstorming (for creative ideas) and careful analysis (for correct ideas). This is particularly important when you

are trying to identify the concrete offering (e.g., product/service/intervention) that you will evaluate.

Keys to success in the class

- Be fully prepared for each class because I may call on you at any time to start the discussion or answer a specific question. If there is a rare occasion that you are not prepared, please email me ahead of class so that I do not inadvertently embarrass you in class.
- Participate effectively by introducing new ideas and building on others' contributions. I do not reward people who talk simply for the sake of being heard.
- Continue discussion from class in the on-line discussion boards. Some issues will receive only partial discussion in class, given time constraints, so use the on-line discussion to make your point and to consider ideas that others raise.

COURSE TOPICS

Background preparation

Background materials

- **“Traditional developed market” strategy:** I have prepared a primer that provides an introduction to strategic management, customer value analysis, and business capabilities. The primer is available via the course web-site. The reading and videos provide a basic platform for strategic analysis; the class will expand on this platform to address additional issues that arise in emerging markets.
- **Optional materials:** There will be extensive background materials, including several videos, on the course site. I typically will not cover this material in depth in class, though will be happy to address questions about the content.
- **VIMBI indices:** A spreadsheet with the base “voids in market-based institutions” (VIMBI) data that I use to calculate business strategy indices is available on the website.

Each of the classes will emphasize the issues that arise in the cases. Focus your attention on these issues, using the background readings and lectures, plus your experience to help you decide on a course of action for the firms' managers.

Class 1. L’Oreal: Yuesai

This class considers a company that needs to make extensive local adaptation to its product and strategies.

Reading: What is a global manager?

Case: L’Oreal in China (INSEAD case INS 291)

Preparation: Consider the following questions as you prepare the case.

1. How does L’Oreal’s business in China differ from the company’s home market business?
2. What are the pros and cons of a lifestyle positioning compared to a more concrete positioning based on functional benefits?

Class 2. Trail Wineries – Global Coordination vs. Local Responsiveness

This class will begin to assess the tension between global coordination and local responsiveness.

Reading: The Global Company’s Challenge

Case: Trail Wineries – Subsidiaries A/B/C/D

- **Case preparation:** During class 1, I will assign each student to prepare one of the four versions of the “Trail Wineries” case.

Preparation questions

1. How much should you invest to expand capacity for next year?
2. Should you invest \$100,000 in international market analysis?

Assignment submission 1: Please submit your answer (maximum one page) to the “Assignment” link on the Quercus course site before class (see the deadline on the site).

Class 3. Alvogen

This session will consider a company that was “born global” as it built on home country experience and expertise.

Case: Alvogen (HBS case 9-816-064)

Preparation: Consider the following questions as you prepare the case.

1. Imagine getting a call inviting you to join the leadership of the company in 2009. You are offered neither a contract nor a clear compensation plan and the business plan is sketched on a napkin. Would you join?
2. Alvogen was born as a global company. How successful has the leadership been in laying the foundation for the company to become a global leader in pharmaceuticals?
3. Going forward, what are the key next steps for the company?

Class 4. Siemens in Brazil

This class will discuss the classic case of country-by-country multi-national strategy, in which a firm bases its expansion on advantages from its home market while needing to adapt to the host market context.

Case: Siemens Healthcare: Diagnostic Imaging in Brazil

Preparation: Consider the following questions as you prepare the case.

1. What home market (Germany) advantage is Siemens using for its business in Brazil?
2. What are the strengths and limits of that advantage in the context of the Brazilian market?
3. What adjustments, if any, should Siemens make to its strategy in Brazil?
4. Carry out a basic financial analysis of the opportunity in Brazil, using the spreadsheet on the course site. I have provided example figures ... please adjust them based on your own assessment of the opportunity.

Assignment submission 2: Please submit a one-page write up of your answer to the preparation questions via “Assignment” link on the Quercus course site before class (see the deadline on the site).

Class 5. VW – Skoda

This class examines a case in which a company moves from country-by-country multinational strategy to a more coordinated global strategy.

Reading: The past and future of global organizations

Case: Skoda Auto – From No-Class to World-Class in One Decade [IMD-3-0910]

Preparation: Consider the following questions as you prepare the case.

1. How did VW help Skoda Auto improve between 1991 & 2002?
2. Now that Skoda Auto is successful, how should VW use Skoda's abilities? Should VW introduce Skoda to Western Europe? Other parts of the world?
3. What tensions might emerge between Skoda management & VW corporate management?

Class 6. Intel in Vietnam

This class considers a company with a coordinated global strategy that is strategically managing its supply chain, focusing on site location decisions.

Readings: I have posted several readings on the course site

Case: Intel: Strategic Decision in Locating a New Assembly and Test Plant (HBS case 9-713-406)

Preparation: Consider the following questions as you prepare the case.

1. What criteria would you use for selecting the expansion location?
2. Where would you build the new plant?
3. What package of incentives would you seek from the government of your potential locations?

Class prep assignment: Please complete the brief quiz on Quercus concerning this reading.

Class 7. MEC Supply Chain

The class considers a company that operates in one national market, which managing a global supply chain.

Material

- MEC background
- MEC annual report, 2018-2019 (please focus on discussions of the co-op's supply chain)
- MEC financial trends

Preparation: Consider the following questions as you prepare the material.

1. How important is the global supply chain for MEC's performance on the triple bottom line of (a) financial success, (b) employee careers, and (c) social impact?
2. What needs does MEC have for a "defensive" international strategy as it competes with other outdoor clothing and supplies firm in Canada?
3. What are the key issues that MEC faces in managing its supply chain?

Class 8. Celestica

This class examines the strategy of a firm that is using a global footprint to become a value chain partner in multiple industries.

Case A: Celestica Inc. (A) – A Canadian EMS with a Global Footprint

Case A preparation: Consider Celestica since the early 1980s

1. Why was Celestica successful during the 1990s?
2. Why did Celestica fall into sustained trouble during the 2000s?
3. What were the key aspects of the company's recovery from 2009 through 2013?

Assignment submission 3: Please submit your answer (maximum one page) to the "Assignment" link on the Quercus course site before class (see the deadline on the site).

Case B: Celestica Inc. (B) - Recovery and Diversification

Case B preparation: After answering and submitting the questions for Case A, please read Case B and address the questions at the end of that case.

Note about the Case B password: The copy of Case B on Quercus is password protected; the password is at the end of Case A, along with the questions that you need to address before reading Case B.

Class 9. Samsung Electronics

This case will consider the concept of "reverse innovation", in which firms gather knowledge from

their international operations to support their activities throughout the world.

Reading: Reverse innovation, emerging markets, and global strategy.

Case: Samsung Electronics – Global Strategies (IMD 3-2444)

Samsung case source: You will need to purchase the case for this class separately. Instructions are at the beginning of this syllabus.

Preparation: Consider the following questions as you prepare the case.

1. What were the key factors in Samsung's transformation?
2. What types of innovations are needed for success in emerging markets?
3. What explains Samsung's success in India and more mixed performance in China?
4. How sustainable is Samsung's ability to succeed in both developed and emerging markets?

Class 10. Novartis Global Talent Management

This class will consider how to evaluate and motivate employees in a global business.

Case: Global talent management at Novartis (HBS 5-710-482)

Preparation: Consider the following questions as you prepare the case.

1. How can a multinational motivate employees to be productive and accountable?
2. How effective do you expect Novartis's performance measurement metrics to be? Would you suggest using a bell-shaped distribution around the world? How would you manage people who consistently fall at the bottom of the rating?
3. Please evaluate the company's strategies for dealing with talent management challenges in China. What changes would you recommend to deal with the turnover problem?

Class 11. Corruption in International Business

This class examines firms that are expanding globally and have encountered challenges in lack of transparency that is affecting their expansion.

Readings

- **Before class:** Corruption and Transparency in International Business
- **In class:** I will assign short cases.

Supporting material: Current and historical country rankings Corruption Perceptions Index (CPI) from Transparency International.

Class prep assignment: Please complete the brief quiz on Quercus concerning this reading. You will need to review the data in the Corruption Perceptions Index (on Quercus) to complete the quiz.

Class 12. Global Mindset

In this class, we will consider the notion of the global mindset that needs to start with top management and cascade through a company. We will also spend some time on wrapping up the course.

Reading: Leadership forum - Globalization lessons from the C-Suite (HBR: ROT 300)

Preparation: Consider the following questions as you prepare the reading.

1. What are the key messages about international strategy that the three CEOs have articulated?
2. Of the three companies in this reading, two continue to be successful, while one is struggling. Does the reading and/or your knowledge of the companies suggest any reasons for the difference?

Rotman's Standard Policies

The following standard policies are in force for this course. Full details for each of these policies can be found on the [Registrar's Office website](#):

- [Academic Accommodations](#)
- [Academic Integrity](#)
- [Accessibility Services](#)
- [Assignment Cover Sheet](#)
- [Class Attendance](#)
- [Code of Behaviour on Academic Matters](#)
- [Course Drop Deadline](#)
- [Grading Policies](#)
- [Group Work and Behaviour](#)
- [Use of Technology](#)

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Course pack contents (copyright)

- **Class 1.** L'Oreal in China (INSEAD case INS 291)
- **Class 3.** Alvogen (HBS case 9-816-064)
- **Class 5.** Skoda Auto – From No-Class to World-Class in One Decade [IMD-3-0910]
- **Class 6.** Intel: Strategic Decision in Locating a New Assembly and Test Plant (HBS case 9-713-406)
- **Class 9.** Samsung Electronics: Global Strategies (IMD 3-2444)
- **Class 10.** Global talent management at Novartis (HBS 5-710-482)
- **Class 12.** Leadership forum - Globalization lessons from the C-Suite (HBR: ROT 300)

Material available on the course site

- **Background material:** Strategic management primer & VIMBI country data (worksheet)
- **Class 1.** What is a global manager?
- **Class 2.** Trail Wineries – Subsidiaries A/B/C/D
- **Class 2.** The Global Company's Challenge
- **Class 4.** Siemens Healthcare: Diagnostic Imaging in Brazil
- **Class 5.** The past and future of global organizations
- **Class 6.** A tale of two factories
- **Class 7.** Material about MEC
- **Class 8.** Celestica Inc. (A): A Canadian EMS with a Global Footprint
- **Class 8.** Celestica Inc. (B): Recovery and Diversification
- **Class 9.** Reverse innovation, emerging markets, and global strategy
- **Class 11.** Corruption and Transparency in International Business
-