Global Strategy

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Please take note:

- **This elective can only be taken for credit (no auditors)**

Course Purpose

This course will focus on understanding strategic issues that managers face in the cross-border setting, and on applying tools and frameworks that address these. The term “global strategy” refers to a multinational company (MNC) appropriately managing its geographic scope and cross-country linkages so as to leverage existing competitive advantages and/or create new advantages. In other words, global strategy is fundamentally about how well a company creates value across borders rather than only increasing its geographic footprint. Detailed case studies and videos about companies from all over the world are used to illustrate that the internationalization of the firm is a sequential decision-making process operating at the country, industry, corporate, business, and subsidiary levels of analysis.

The course is comprised of fourteen-sessions (some of them double-sessions) covering the following topics: (i) Globalization Pressures in a (Semi-) Globalized World; (ii) Home Location as a Source Of Global Competitive Advantage; (iii) Overcoming Differences across Borders (iv) Competing in Emerging Markets; (v) Competing from Emerging Markets (vi) Creating Competitive Advantage through Global Innovation and (vii) Global Open Innovation and Sustainability.

In the first part of the course, we will cover the pillars of global strategy such as how globalization pressures are re-shaping certain industries, the strategic advantage of some home locations. In the second segment of the course we will focus on the latest developments in global strategy such as the increasing importance of emerging markets and of new global giants headquartered in those countries. We will also examine how to create competitive advantage through cross-border (open) innovation. To conclude, we will have a discussion of how large multinational companies can use their global open innovation structure and processes to scan and scale new technologies to allow them to become more sustainable.

In sum, this course takes an applied perspective aiming at being immediately useful to students about to graduate from the MBA program.

All cases studies discussed in the course have been written by the instructor (and some of them received case awards recently), which allows class discussions which go much beyond what is
written in the case. In addition, video interviews as well as live discussions (on campus and via Zoom) with case protagonists are planned (more details will be provided in the first day of class).

Who Should Take This Course?

One of your colleagues nicely put it in a recent course evaluation: “this is a fundamental course for every global manager (which is synonym of “INSEAD MBA”).

In fact, this course is for anyone interested in understanding how to assess the globalization pressures in specific industries, to enter international markets, to compete in and from emerging markets and to develop global innovation capabilities. Since no company today is isolated from globalization forces, the course should be of broad interest, particularly to those interested in consulting, strategy, general management or planning to work for large multinational corporations. We will bring forward an explicit consideration for the effects of locational differences and will examine the key challenges managers in multinational corporations are likely to face. We will also analyze and discuss the most recent strategic issues affecting multinationals competing in and from emerging markets and examine some of state-of-the-art practices in global open innovation.

The instructor

Professor Monteiro received nine times the INSEAD Deans’ Commendation for Excellence in MBA Teaching. Before joining INSEAD, he was a standing faculty member at The Wharton School, University of Pennsylvania where, during four consecutive years (2009-2012), 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. In 2011, he also received the Wharton Undergraduate Excellence in Teaching Award. Prior to that, Professor Monteiro was a Fellow, and an award-winning teacher, at the London School of Economics and Political Science (LSE). He has also worked as a Senior Researcher at the Harvard Business School’s Latin American Research and as 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, Felipe was a Senior Analyst at Banco do Brasil acting as an advisor to foreign companies investing in Brazil.

At INSEAD, Professor Monteiro is the Academic Director of the Global Talent Competitiveness Index (GTCI). Launched for the first time in 2013, the GTCI is an annual benchmarking report that measures the ability of countries to compete for talent. Professor Monteiro is also the Director of the PGA-Programa de Gestao Avancada (an Advanced Management Program in partnership with FDC-Brazil) for Brazilian CEOs, owners and top executives. He is also a Senior Fellow of the Mack Institute for Innovation Management at the Wharton School.

His research, which was published in top journals (Organization Science, Strategic Management Journal, Research Policy, Journal of International Business Studies, among others), focuses on global open innovation and the role of boundary spanners Professor Monteiro received important awards from the Academy of Management, the Academy of International Business and the Strategic Management Society. His case studies about TAG Heuer, EBX Group, Fashion
Forward Dubai and ENEL were the winners of best case awards in 2018, 2019 and 2020. He is part of the World Economic Forum (WEF)’s Expert Network about Future of the Digital Economy and Society; Latin America and; Fourth Industrial Revolution. He was also a member of the WEF’s Advisory Group on “The Emerging Best Practices of Brazilian Globalizers”.

Professor Monteiro consults and gives talks for companies and governments worldwide. He has worked with leading organizations including Banco do Brasil, the Brazilian Confederation of Industries (CNI), British Telecom, DSM, EBX Group, Embraer, Emirates Airline, ENEL, FC Barcelona, Gerdau, Gol Airlines, Grupo Elektra, Haier, IBM, Merck, Microsoft, Related Group, Royal Bank of Scotland, Samsung, Stefanini, TAG Heuer, Telefonica, VTEX, WEF, and YPO (Young Presidents’ Organization). He has taught, written cases and/or done research in Argentina, Bolivia, Brazil, China, Colombia, England, France, Italy, Mexico, Scotland, Singapore, Spain, Switzerland, United Arab Emirates and the United States.

Professor Monteiro 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. His personal webpage is https://www.insead.edu/faculty-research/faculty/felipe-monteiro/personal-site and his Linkedin page http://www.linkedin.com/in/felipemonteiro

Course Web Site
Registered students will be given access to the course web site. This will be the platform for you to access handouts from previous sessions and to submit your assignments. Please let the course assistant know if you have any difficulty accessing the site.

Course materials
This course combines INSEAD case studies (available at the course platform) with the recently published textbook Global Strategic Management, Bloomsbury Publishing. ISBN 9781350932968 (https://www.bloomsbury.com/uk/global-strategic-management-9781350932968/) by Philippe Lasserre and Felipe Monteiro.

Students enrolled in this course will receive the book (either hard copy or e-book) from INSEAD Footnote before the course starts (more details closer to the date).

Pre-course short simulation

Pre-course short simulation

Before our first session together, you will be invited to complete a short LiveCase simulation. The simulation will take about 90-120 minutes and is called “Where to next: global wine strategy for the Monteiro family”. Through the use of a dedicated web application, you will interact with virtual characters and make global strategy decisions for this fictional winery. The main goal of this exercise is to expose you (in a fun and engaging way) to a number of the global strategy issues that will be studied and discussed in more depth during the course.
SESSIONS 1 & 2
GLOBALIZATION PRESSURES
IN A (SEMI) GLOBALIZED WORLD

PRE-SESSION READINGS (REQUIRED):
• Lassere&Monteiro (2023), Chapter 1 (Globalization of markets and competition), pages 3-26
• Recommended reading: Quinta Do Vallado INSEAD Case 2020

No mini-assignment due on this session

Learning Objectives and Session Description:

Globalization pressures are dramatically changing many industries including the most traditional (and once very local) ones, like the wine industry.

In this session, we will examine the evidence on the current state of globalization and discuss how globalization pressures are reshaping the wine industry. More importantly, we will discuss how companies can systematically assess (and strategically respond to) market, competitive, government and cost drivers for global integration and/or local responsiveness in a focal industry.

Case Preparation Questions:
(1) What is potential for globalization in the wine industry?
(2) Characterize and evaluate Quinta do Vallado’s global strategy
SESSIONS 3 & 4
HOME LOCATION
AS A SOURCE OF GLOBAL COMPETITIVE ADVANTAGE

PRE-SESSION CASE READINGS (REQUIRED):

- Lasserre & Monteiro (2023), Chapter 6 (Assessing countries’ attractiveness), pages 226-248
- TAG Heuer Carrera Connected Watch: Swiss Avant Garde for the Digital Age (A), INSEAD case 2017
- Winner of the 2017 Outstanding Case Writer Competition in the Hot Topic Disruptive Change

**Mini-assignment 1 (Tag Heuer Connected): Do you think that Tag Heuer has the capabilities to be successful in the digital world? Why or why not?**

**Learning Objectives and Session Description:**

In this session, we will examine why a nation achieves international success in a specific industry and how multinational corporations can both enable the emergence of clusters and benefit from them.

More specifically, in the first part of this session we will use Michael Porter’s “Diamond” model to analyze the emergence of Switzerland as the major cluster in the watch industry and examine how Swatch benefited from being headquartered in Switzerland. We will also discuss to what extent Swatch (and other Swiss watch makers) should keep most of their activities in Switzerland going forward.

In the second part of the session, we will discuss the launch of the TAG Heuer Connected Watch and the future challenges TAG Heuer is likely to face in the digital world.
SESSIONS 5 & 6
CREATING VALUE AND OVERCOMING DIFFERENCES ACROSS BORDERS

PRE-SESSION READING (REQUIRED):
- Lasserre&Monteiro (2023), Chapter 16 (Global Strategic Management in action: Haier-the building of a global champion, 1984-2020), pages 594-606
- Haier Europe: Bringing Rendanheyi to Europe (brand new case to be distributed closer to the date), INSEAD 2023

Mini-assignment 2 (Haier): For the next five years, which one of the following do you think should be Haier’s highest priority: (a) China market; (b) Developed markets overseas (e.g., the U.S. and Western Europe); (c) Emerging markets overseas. Why?

Learning Objectives and Session Description:

We will argue that “global strategy” ought to be not about maximizing a company’s global footprint per se but about appropriately managing its geographic scope in light of potential linkages across its different locations. Competing abroad, however, entails overcoming the “liability of foreignness”, i.e., the costs of having less knowledge about local market conditions, legal, institutional, cultural and language diversities.

We will discuss three generic ways, or global strategy levers, by which new advantages can result by appropriately managing linkages across different locations within the company: (i) Exploiting benefits from a larger scale; (ii) Exploiting advantages specific to different locations the MNC is located in; (iii) Building a global learning network wherein knowledge is exchanged and integrated across multiple locations.

Case Preparation Questions:
1. What are the sources of Haier’s competitive advantage in China? To what extent can these be transferred for helping it succeed overseas as well?
2. Should international expansion be a high priority for Haier? Why or why not?
3. Why has Haier prioritized entry into the U.S. over further developing its business at home or in other emerging markets? Do you agree with this strategy?

RELATED READINGS (OPTIONAL):
- The Multinational Fueled by Thousands of Entrepreneurs, INSEAD Knowledge 2019
SESSIONS 7 & 8
COMPETING IN EMERGING MARKETS

PRE-SESSION READINGS (REQUIRED):

- Lasserre & Monteiro (2023), Chapter 2 (The emerging global environment), pages 38-59
- EBX: The Rise and Fall of a Billionaire - Eike Batista, INSEAD case 2017
  - Winner of the 2017 EFMD Latin America Best Case Award

Mini-assignment 3 (EBX): Does EBX’s group structure make sense in an emerging country like Brazil? Why or why not?

Learning Objectives and Session Description:

Large emerging markets (e.g. Brazil, China and India) are today a major source of growth because of their huge internal markets. Realizing the full potential of those markets, however, requires novel business models, as these markets often have unique needs and present many institutional challenges companies must deal with.

Furthermore, in today’s global economy, emerging markets play a critical role not only because of their internal markets but also because they are the home of a number of global players which have the potential to disrupt the dominance of more established multinational companies in several sectors.

In this session, we will examine the emergence of EBX, one of the largest private groups from an emerging market (and the trajectory of Eike Batista, one of the wealthiest men in Brazil), highlighting how it managed not only to deal with institutional gaps but more importantly to take advantage of them. We will also discuss to what extent new business models developed in one emerging market can be replicated in other markets, developing or developed.

Case Preparation Questions:
(1) How did Eike Batista identify opportunities to create his group companies?
(2) What distinct competencies did he need to build in order to create these group companies?
(3) How did EBX’s history shape its current strategy?

RELATED READINGS (OPTIONAL):

Brazil in 2022: A more (business) friendly country?, INSEAD case 2022
SESSIONS 09 & 10
MODES OF ENTRY

PRE-SESSION READINGS (REQUIRED):

- Lasserre&Monteiro (2023), Chapters 7 (Entry Strategies), pages 257-272 and 11 (Global Innovation), pages 424-444
- Barcelona Innovation Hub Goes Global INSEAD case 2020

No mini-assignment due

Learning Objectives and Session Description:

In this session, we will discuss the different modes (and motives) of going abroad and we will examine why firms are increasingly going abroad to access emerging technologies and connect with different ecosystems around the globe.

Besides conventional considerations like cost of labor or availability of natural resources, locations ought to be evaluated also on advanced characteristics like specialized inputs or labor, sophisticated customers, world-class competition, and clusters of related industries and knowledge. Achieving global competitiveness increasingly requires integrating capabilities and knowledge worldwide – sources from within a company’s subsidiary network as well as outside sources in locations it has presence in.

We will discuss how FC Barcelona has been a pioneer in the world of football (soccer) and has just put together an ambitious global open innovation plan.
SESSIONS 12 & 13
GLOBAL OPEN INNOVATION AND SUSTAINABILITY

PRE-SESSION READINGS (REQUIRED):

- Lasserre&Monteiro (2023), Chapter 4 (Globalization, sustainable development and social responsibility), pages 112-151
- Enel's Innovability: Global Open Innovation and Sustainability, INSEAD Case 2019

Winner of The Case Center Award in the Ethics and Social Responsibility Category 2021
https://www.thecasecentre.org/educators/ordering/selecting/featuredcases/CompetitionWinners/Enel

Mini-assignment 4 (ENEL): Do you believe ENEL’s global open innovation strategy will allow the firm to transition to a more sustainable model? Why or why not?

Learning Objectives and Session Description:

In this session, we will examine the most advanced practices on global technology scouting and we will discuss the challenges and opportunities faced by companies adopting a global open innovation strategy.

More specifically, we will discuss a recent case on ENEL, one of the largest utilities companies in the world, which is pursuing a global open innovation strategy with a focus on sustainability.

RELATED READINGS (OPTIONAL):

- Monteiro, F. and Decreton, B. BT Group: Managing Global Open Innovation, INSEAD case 2018
SESSIONS 13 & 14
GROUP PRESENTATIONS
AND COURSE WRAP-UP

• Final presentation due on this session

Learning Objectives and Session Description:

This final session of the course is divided in two parts. In the first one, students will make a short presentation about their final projects.

In the second part, we will have a more personal and open discussion on some of the key decisions you are likely to encounter as you (re-)start your global careers in multinational corporations (e.g. whether to work at headquarters or subsidiaries, in developed or emerging countries, in multinational corporations which are globally integrated or locally responsive, etc.) and the potential implications of those decisions in your professional and personal lives.

RELATED READING (OPTIONAL):

Lasserre&Monteiro (2023), Chapter 15 (Current and future trends in globalization), pages 561-583
Grading

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<tr>
<td>LiveCase Pre-course Assignment</td>
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<td>Class Participation</td>
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<td>Mini Assignments</td>
<td>20%</td>
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<td>Final Group Presentation</td>
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Class Participation

The participation grade will be based on professional behavior, good listening, frequent participation and quality of comments. High quality class 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 participation that applies conceptual frameworks to case materials and that enriches the learning experience of the class. Given the emphasis on participant-centered learning, advance preparation of cases is expected and “cold calls” are fair game to ensure wider participation.

Attendance Policy

In case of any unavoidable absence, please send an email in advance to inform the instructor. Missing up to two single sessions (equivalent to one double-session) is permitted and will not impact your participation grade. According to the MBA attendance policy, missing four or more single sessions (2 or more double-sessions) will imply failing the course.

Mini-Assignments

Each student should turn in individual responses to mini-assignments (in plain text, using the course web site). Mini-assignments submission should be before 5pm of the evening before the respective session to avoid late penalty (all submissions are time-stamped).

The assignment questions are listed in the session details below and on the web site. The word limit is 250 words which suffices for a well-written answer (bullet points are acceptable). Preparing the mini-assignments will take little time in addition to your normal class preparation.

Saving your work in a text editor is recommended before pasting it onto the web interface. Please double-check that your submission has been recorded online. In the event that the web interface has a glitch, please email your answer to the course assistant and to the instructor.
Final Group Presentation (6 or 7 members)

Sustainability—i.e. the integration of social and environmental issues into the business—is presenting multinational companies with fundamental challenges and promising opportunities leading many companies to redesign their global strategies. For this final group presentation, your group should choose a multinational corporation (either a company we discussed during the course or any other MNC of your choice) and present how sustainability is impacting its global strategy. The project can focus on a specific part of the global strategy (e.g. location choices, global innovation efforts) or focus on its overall global strategy.

Two outputs are expected: 1. groups should make a short presentation (10 minutes maximum, 5 slides maximum) in the last session of the course and 2. One person per group should submit (via email to the instructor and to the course assistant) an extended slide deck that has no more than 25 slides by Tuesday 5th December at 7pm. All data sources should be explicitly cited and if you use ChatGPT, you must acknowledge it and submit your prompts as an appendix.