DEPARTMENT OF INTERNATIONAL BUSINESS

COURSE NUMBER: IBUS 6401  
SEMESTER: Spring, 2013

COURSE TITLE: International Business Strategy

INSTRUCTORS: Jennifer Spencer, Ph.D.  
Funger Hall # 401  
Fax: (202) 994-7422  
Email: Jspencer@gwu.edu  
(Email is by far the best way of getting in touch with me!)

COURSE MEETING TIME:  
Wednesdays, 7:10-9:40 Rome 206

OFFICE HOURS:  
Wednesdays, 3:00-7:00

COURSE DESCRIPTION:
Globalization and technological advances have created exciting opportunities for managers to pursue strategies in markets around the world. These developments also present managers with enormous complexity in terms of understanding diverse economic, political and social environments, managing the organizational tension inherent in coordinating activities worldwide, fostering innovation and cross-national learning, and interacting with employees and partners from diverse cultures.

This course leverages the foundation built in Global Perspectives and International Management to explore topics such as firms’ foreign expansion strategies, the challenges of operating in different cultures, and the difficulties of designing effective organizational structures for multinational operations. In class, we will use lectures, case studies, and in-class simulation activities to explore and evaluate the strategies of firms attempting to launch overseas operations, leverage technology and knowledge for their strategic advantage, and coordinate the activities of their geographically-dispersed affiliates.
The course should be of interest to students who expect to work in organizations that seek to create value by having operations in or working with partners across national borders. Through the course of the semester, students will learn frameworks and approaches that will help them:

- Apply economic concepts and strategy frameworks to the study of international business.
- Formulate strategies to create value in international markets.
- Manage the organizational tension inherent in coordinating activities worldwide.
- Manage operations across culturally diverse environments.

**CODE OF ACADEMIC INTEGRITY**

Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information. Common examples of academically dishonest behavior include, but are not limited to, the following: cheating, fabrication, plagiarism or facilitating academic dishonestly. Disciplinary action will be taken against any students participating in these activities up to, and including failure of the course and referral to the George Washington Academic Integrity Board. The full Code of Academic Integrity can be found at [http://www.gwu.edu/~ntegrity/code.html](http://www.gwu.edu/~ntegrity/code.html). It is the responsibility of the students to read, understand and adhere to the code. Please ask if you have any questions.

**REQUIRED OUTSIDE OF CLASS:**

1) Coursepack with articles and cases: Available at Study.net
   Course ID=IBUS 6401—International Business Strategy

2) Articles and audio/video files will be posted to blackboard through the course of the semester and are required.

*To get the reading packet:*

- Go to study.net on the Internet.
- Click on “student registration” on the left side of the webpage and follow the instructions. (Use your own personal password. You do not need a course password.)

All students are expected to read the material assigned prior to the beginning of class.
EVALUATION:
Three Case Writeups (10 points each) 30 points
Attendance & Participation 20 points
Midterm 25 points
FINS Simulation Paper 25 points
TOTAL 100 points

Final grades

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CASE WRITE-UPS:
We will discuss ten long-style case studies in the course of the semester. Each student must submit a written analysis for three of these cases. Case analyses may be no more than two typed pages, single spaced, 12 point font, 1-inch margins (four pages double spaced) and are due at the beginning of the period in which we discuss the selected case. You must attend class on the class day in which we discuss a case that you have submitted. Late papers will not be accepted.

Grades will be assigned based on:
(1) Rigor of analysis
(2) Quality, professionalism, and clarity of writing and presentation

Specific questions to be addressed in each case analysis are listed below. You must address all questions provided for a given case, and please use headings to note when you are moving from one question to the next in your paper. Take care to do to the following on your case analyses:

- Please allocate space however you see fit in addressing these questions (you might spend more space on one question than another). In all cases, your full submission should be no more than two pages single spaced.
- Do not simply regurgitate the facts of the case. Assume that I have read the case carefully. Your paper should be entirely analysis. Include facts only as support for your analysis.
- The analysis and recommendations that you make must be yours and yours only. Do not do research beyond the scope of the case. I consider outside research about the case, including research about how others viewed the case, how the company ultimately resolved the issue of the case, etc. to be cheating.
- Make sure you stay in the time frame of the case. If the case ends in 1998, your analysis should not assume it is 2013.
- Be succinct. It is more difficult to write a short paper than a long one. In order to stay under the two page limit, consider using tables and bullet points which are included in the two page limit. (There must be text around these bullet points to frame the discussion.) You will be penalized if you exceed the page limit.
- Write clearly. Grammar counts. Spelling counts. Writing style counts.

Wumart Stores: China's Response to Wal-Mart.

- Describe the capabilities Wumart has developed over time that you see as most valuable, and assess the likelihood that these capabilities will persist as sources of sustained competitive advantage once foreign firms have entered Wumart’s market.
- Evaluate Wumart’s ability to successfully expand beyond Beijing. (What challenges will it face and do you think it will be able to overcome those challenges?)
- Briefly describe what strategy you believe Wumart should implement in the face of foreign entry by Walmart and other firms.
Sime Darby Berhad

- In general, an acquisition only makes sense if the resulting organization is more valuable than the sum of its parts would be if they remained separate—in other words, value must be created by merging these two organizations together. Describe any ways that, through acquisition, Sime Darby may be able to add value to UMBC, and/or UMBC may be able to add value to Sime Darby within the context of the Malaysian institutional environment.
- Should Sime Darby acquire UMBC? (Explain your answer)

ApproTEC Kenya: Technologies to Fight Poverty and Create Wealth

- Which of the six options would you place as highest priority? (If you could only invest in one of the six options, which would you select?)
- Describe the advantages and disadvantages of ApproTEC’s possible strategy of moving manufacturing to Kenya (keeping in mind ApproTEC’s main goals).
- If ApproTEC were to make a major investment in one additional technology besides the Money Maker and Super Money Maker (a technology described in the case, such as Oil Press, Block Press, Hay Baler, Extra Cycle, Little Darling pump, or Deep Well Pump), which one would you recommend and why?

United Cereal: Lora Brill's Eurobrand Challenge

- Does United Cereal exhibit a centralized or decentralized approach to international management. (Justify your answer.)
- What are the pros and cons of making Healthy Berry Crunch a Eurobrand?

eBay's Strategy in China: Alliance or Acquisition

- Assess the advantages and disadvantages of eBay’s initial strategy to enter China through acquisition of EachNet. Was this the best approach, given the circumstances?
- Assess the advantages and disadvantages of eBay’s later strategy to enter an alliance with Tom Online. Was this the best approach, given the circumstances?

Levendary Cafe: The China Challenge

- What are the key success factors for operating in the restaurant franchising business?
- Foster has three basic options for managing Chen: she can leave him alone; she can supervise him more tightly to rein him in, or she can remove/replace him. Please explain what your recommended approach would be, and why.
### Siemens AG: Global Development Strategy

- What were the major causes of the problems with the NetManager project? (I’m not looking for a list of points made in the case; I’m looking for you to step back to a higher level and analyze why these problems occurred.)
- What role should Bangalore play in Siemens in the future?
- What should Siemens do next regarding the Net Manager project?

### Emerging Nokia?

- Describe Nokia’s core competencies.
- How much should Nokia focus on developing/emerging markets versus developed markets in the coming years?
- Briefly describe the strategy that Nokia ought to pursue in developing/emerging markets in the next five years.

### Philips Versus Matsushita: The Competitive Battle Continues

- What distinctive competencies did Philips build over time? How did Philips embed these competencies in its organizational structure/culture? In contrast, what distinctive incompetencies did Philips manifest?
- What changes does Philips need to make in order to become more globally competitive?
- What is holding Philips back from making the changes you described above?

### Lincoln Electric: Venturing Abroad

- What parts of the Lincoln ‘system’ give it competitive advantage in the US? How transferrable is Lincoln’s “system” to other countries?
- Assuming Lincoln decides to invest in Indonesia, how much should the company replicate its US ‘system’ and how much should Lincoln modify the system for the Indonesian environment? (Why?)

### PARTICIPATION

Much of this course focuses on class discussion and case analysis. Therefore, class attendance and participation is mandatory and will be evaluated **strictly**. Your participation grade will depend on your attendance in class, the quantity of your participation and most of all, the **quality** of your participation.

### MIDTERM

The midterm will assess your understanding of the core material of the course (lectures, readings), and be comprised of short answer style questions in which there are clear correct/incorrect answers. (It will not be a case analysis, and will not ask you questions regarding the details of the cases we read in class.)
FINS NEGOTIATION SIMULATION PAPER (Group paper with peer review component)

The negotiation simulation is an in-class activity in which teams of students (three to four students per team) will be assigned roles as either managers in a multinational enterprise (MNE), managers in a local entrepreneurial enterprise, or representatives of a national government. Two full class periods will be set aside for teams to negotiate the terms of the MNEs’ market entry into a country. The simulation, itself, will require active participation by all team members. Considerable preparation and research will be necessary before the beginning of the simulation, and a group paper will be due at the beginning of the simulation. (See the last page of this syllabus for more information.)

The simulation will take place during class time on 4/10 and 4/17. Final contracts must be completed the end of class on 4/17.

The simulation material is detailed and will require a good deal of consideration before the first day. You will need to meet with your team partners to develop objectives and plan a strategy for the negotiation. It is important to have a good handle on the financial numbers before the simulation begins. It becomes obvious very quickly which teams understand the financial statements and which teams do not, and there’s little time to catch up.

I will be grading participation of every team member during the simulation. In addition, the written assignment will be divided into two sections.

Part A: Due 4/10 (during class). Pre Negotiations Analysis.
15-20 pages double spaced, summarizing your team’s negotiating position and strategy. You will need to be succinct. Feel free to use bullet points, tables, and appendices. There is always a temptation to assign parts of a research project to a given team member. Keep in mind, however, that the strategy that you describe in Part 4 rests fundamentally on the analysis you undertake in Parts 1-3. The paper should address the following four points:

1) **Industry analysis.** What industry characteristics and trends will influence the development of the industry over the next five years? How are markets growing, and what does this mean for production capacity? How do costs of production compare across countries for finished products and for subassemblies? What is the role of transport costs and tariffs, and what are the economics of serving each market from different locations? What are the implications of these issues for your negotiating strategy? (Since this is a fictitious industry, you needn’t do research on the industry outside of understanding what’s in the packet.)

2) **Country analysis.** This section requires substantial outside research. How do the countries vary on relative attractiveness in this industry? Consider market size, political risks, government policy toward trade and FDI. What are the implications of these issues for your negotiating strategy? You will need to do outside research on the countries in the simulation (I will let you know in class which countries we are considering, and all other countries will be left out of the simulation—meaning that MNEs can’t announce investments in those countries.) Note: in preparation for this simulation, you **must**
develop an understanding of the broad issues that relate to each country (level of political risk, volatility of currency, general disposition regarding foreign investment, etc.). However, more detailed information such as tax policies, etc. is often difficult to find, and may vary from industry to industry. Therefore, the teams representing country governments will be making their own decisions regarding these business practices as the simulation unfolds (and these policies should be reflective of what those countries might reasonably do given their institutional environments and current policy preferences).

3) **Company analysis.** What are the strengths and weaknesses of the MNEs and local companies? What resources does each company bring to the negotiations? What factors might constrain their actions? What strategy will each company likely follow? What are the implications of these issues for your negotiating strategy? (Since these are fictitious companies, you needn’t do research on the companies outside of understanding what’s in the packet.)

4) **Your team’s position and strategy.** What alternatives do you have, and what are the pros and cons of each? What resources do you have, relative to other players? What are your goals in the negotiations, and how important is it for you to achieve success? How much bargaining power do you have? On what issues are you flexible, and on which issues will you stand firm? It may be helpful to frame this section in terms of one main set of objectives and negotiation strategy, and fall-back positions that depend on the dynamics of the negotiation.

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**Part B: Due 4/24. Final Report and Summary**

5-10 pages double spaced (plus appendices) summarizing the final deal and evaluating the outcome. Describe any agreements made. Was this a satisfactory outcome? Why, or why or not? If your final outcome deviated from the position and strategy you proposed in Part A, justify the deviation. You will attach any signed agreements that you completed to the back of this paper.

Get started early, and let me know if you have questions.
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<th>Date</th>
<th>Topic</th>
<th>Readings</th>
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<tr>
<td>1/16</td>
<td>International Strategy: Basic Concepts</td>
<td><strong>International Strategy</strong> (Chapter 8 from Hitt, Ireland &amp; Hoskisson) <em>(Note that this should be a review for most of you.)</em> <strong>Competing on Resources.</strong> <em>(1995/2008)</em> David J. Collis, Cynthia A. Montgomery. <strong>Market Failures</strong> <em>(2002)</em> Bharat N. Anand, Tarun Khanna, Jan W. Rivkin. <strong>None for first class session</strong></td>
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<td>1/23</td>
<td>Managing in Diverse Institutional Settings</td>
<td>Capitalism: The Different Types and Their Impacts on Growth. <em>(2007)</em> In Baumol, Litan, and Schramm, <strong>Good Capitalism, Bad Capitalism.</strong> P. 60-92 <em>(Chapter 4)</em> <strong>How Local Companies Keep Multinationals at Bay</strong> <em>(2008)</em> Arindam K. Bhattacharya, David C. Michael</td>
<td><strong>Wumart Stores: China's Response to Wal-Mart. Asia Case Research Center</strong> <em>(2007)</em></td>
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<td>2/6</td>
<td>Operating at the Base of the Pyramid</td>
<td><strong>Segmenting the Base of the Pyramid.</strong> <em>(2011)</em> V. Kasturi Rangan, Michael Chu, Djordjija Petkoski. <strong>Reality Check at the Bottom of the Pyramid</strong> <em>(2012)</em> Erik Simanis.</td>
<td><strong>Two cases this week!</strong> <strong>ApproTEC Kenya: Technologies to Fight Poverty and Create Wealth. HBSP</strong> <em>(2006)</em></td>
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<td>Module III: Market Entry Strategies</td>
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*Go Global—or No?* (2001)  
Walter Kuemmerle, Heather Killen, Alison Sander, Barry Schiffman, Scott Schnell. *HBR*.  
eBay's Strategy in China: Alliance or Acquisition. University of Hong Kong Case Series (2007) |
|   |   |   | Module IV: Managing MNEs Effectively |
Week of March 10 is spring break  
<table>
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<td>14  4/24</td>
<td>Debrief and Integration of Course</td>
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HBSP=Harvard Business School Press; HBR=Harvard Business Review. Date indicates publication or revision date of case.