

STRATEGIES FOR GLOBAL COMPETITION

CSIB 746 (Winter 2007)

COURSE SYLLABUS

Prof. Aneel Karnani
Office: 6728 Wyly Hall
Phone: 764-0276
E-mail: akarnani@umich.edu

Prof. Robert Kennedy
1724 Wyly Hall
936-2772
rekennedy@umich.edu

Course Objectives

This course will explore the opportunities and challenges that managers face in global competition. We will deal with companies that operate across country boundaries and the managerial issues in selling and sourcing on a global basis. Globalization is not the same as just doing business in a foreign country; that is, after all, domestic business from the perspective of managers in that country. We think emerging economies are an exception to this perspective. Emerging markets are home to nearly 80% of the world's population and are expected to account for nearly half of global GDP growth over the next 25 years. They represent tremendous potential markets and will be an increasingly important source of supply and/or rivalry in many industries. Accordingly, part of this course focuses on the particular challenges of competing in and from emerging economies.

The course is organized into four modules. The first module explores the pattern of broad trends driving global competition. We will discuss how these trends impact differently on various industries and the strategic issues they raise for managers. The second module develops a set of "tools" that are essential for managing in the context of global competition (e.g. foreign exchange rates, cross-border valuation, dealing with corruption). The third module deals with formulating and implementing strategy in companies that operate across country boundaries. The key issue is how to leverage competitive advantage across countries while simultaneously adapting to local country conditions. The fourth module explores opportunities to compete in and from emerging markets from the perspective of both MNCs and local companies.

Pedagogy

During the course, we will adopt the perspective of a senior manager or an entrepreneur. In order to capture the pragmatic, action-oriented nature of this perspective and the complexity of the issues involved, the course uses the case method. We will supplement the core case materials with contemporary research, interactions with case protagonists, videos, exercises, and the instructors' experiences. There are, of course, no easy answers regarding how companies can succeed in global competition. We develop a framework, but expect you to develop your own personal synthesis and approach for identifying the key issues and tackling the key challenges involved in global competition.

Teaching Materials

You are required to buy a course pack.

We will often use presentations to illustrate key concepts, update case facts, and pull together the class discussion. These presentations will be available from the course website.

Attendance

Because of the course emphasis on case analysis, the major and important part of your learning in this course will take place in the classroom. Therefore, attending all classes is essential. This is particularly true since we will have only twelve class sessions (each three hours long).

Please arrive in time for each class so that we may start promptly.

If -- for some unavoidable reason -- you must miss a class, please let us know in advance, in writing, so that your absence will not be unexplained.

Preparation

For the learning process to be effective, it is essential that you carefully prepare for the cases/readings before class, consider the assignment questions, and actively participate in the case discussions. We expect you to be fully prepared for each class and may call upon you to start the discussion or to address specific issues at any point during the discussion.

What you get from this course depends on what you put in. Preparation involves not just thorough analysis, but also developing a personal position on the issues raised in the case. Unless you have thought about and adopted a personal position, it is difficult to interact with others in class and to learn from their contributions.

If for some reason you are not fully prepared on a particular day, let us know before class so that we don't inadvertently embarrass you. All students can take one "day off" without penalty. This can be used to either miss a class or to be excused from the possibility of a cold call. We urge you to attend all classes, even if you have not adequately prepared.

Participation

Class participation involves being clear about your own position, being prepared to explore and defend it, and interacting constructively with others to explore alternative perspectives. Participation enables you to learn from your colleagues and to help them learn from you -- which is what the case method is all about. We expect you to participate effectively in the class -- to analyze, comment, question, discuss, and build on others' contributions. Good class participation is not repeating case facts, monopolizing class time, second-guessing the instructor, or ignoring the contributions of fellow participants. We also expect the class to help deal with people who seem to be insensitive to the participatory learning process.

Behavioral Standards

A significant part of the learning in this course takes place through the process of class discussion. Each student is responsible for helping to make this process effective. **Use of laptops is not permitted** during the class. Please do not come late to class. Both these behaviors hurt not only the student, but also have a negative impact on the learning community in general.

Evaluation

We do not use a rigid formula for evaluating course performance. Your final evaluation will reflect your class attendance, participation, and written work. Broadly, attendance and class participation will count for 50% of your grade and the term project for 50%. We make every effort to record effective contributions but do not use a transcriptionist.

Office Hours

You are most welcome to speak with us about any aspect of your work during the course. Our office hours are by appointment.

TERM PROJECT GUIDELINES

Your written work for this course consists of a term project, which you may complete as part of a team of up to six students. Each group of students is required to analyze one or several companies' strategy in the context of global competition.

The project might focus on one company and analyze its overall strategy, or focus on a particular aspect of its strategy in greater depth. Alternatively, you could analyze several companies in an industry and compare their strategies. We are flexible regarding the scope and depth of the project. Feel free to choose either a successful, or an unsuccessful, strategy. We have very few constraints on the specific topic of the term project; the critical point is that there should be some interesting lesson to be learnt. We expect the term project to address some of the issues raised, and to apply the concepts developed in the course. We also expect it to be a useful learning experience for you.

We provide several examples of term projects from previous years below. This is intended to illustrate the range of possible projects, not to constrain your choice in any way.

While collecting information will be a significant part of your project, we expect you to do more than simply report facts and other people's opinions. We want to see your interpretation and analysis of the facts, and your insights and recommendations. This project is primarily an opportunity for you to apply the lessons learned in the course to a real world situation.

Sources of Information

There are many public sources from which you can obtain information about industries and firms. You should also use other sources of information, such as the firm(s) being analyzed, other firms in the industry, firms in related industries, trade associations, industry experts, financial analysts, and government agencies. Be creative!

Before finally deciding on the firm(s) to analyze, you should do some preliminary work to ensure that relevant data is available to you.

You should document your sources of information in the final report, so that we or other students can follow up on your work in the future.

Administrative Issues

There is no rigid limit on the length of your final report; your report should be as long as is needed (but no longer) to address in depth the issues you consider relevant. Concise and persuasive writing will be positively evaluated.

You are, of course, welcome, and even urged to discuss your project with us at anytime during the course.

Each group should consist of 4 to 6 students. Please form your own groups, and tell us the names of your group members and topic of your term project by **March 6**.

The term projects are due on **April 17**.

EXAMPLES OF TOPICS FOR TERM PROJECT

Whirlpool and GE's strategies in appliances in Asia
Walmart's globalization; experiences in Latin America, Asia, Europe
Carrefour; globalization; industry consolidation
Ispat's growth in steel industry; emerging countries and entry into the US; industry consolidation
Cemex: strategy for globalization
Shangri-La Hotels: strategy for regional growth
AES growing in electricity generation industry; globalization; industry restructuring
Acer's strategy for globalization
Lenovo (China) in PC and Internet
Haier (China) in appliances
Jollibee vs. McDonald's in Philippines
Giordano's expansion in Asia
Asian Paints competitive strategy in India
Unilever's strategy in India
Unilever vs. P&G in Asia
Gol airline in Brazil
Telefonica de España: global expansion strategy
Intel: Global Sourcing Strategy
ACER: Global Sourcing Strategy
Nestle: Expansion in emerging economies
Barceló Hotels vs Melia Hotels: Expansion in Latin America
Price Smart: Hypermarkets in Central America and the Caribbean
Abbott Laboratories: Sourcing Strategy
Baxter Health Products: Sourcing Strategy
Starbucks: global strategy
Global consolidation in the pharmaceutical industry
Lenovo's acquisition of IBM's PC business
Consolidation in the automotive industry: Ford + Volvo, Daimler + Chrysler, Renault + Nissan
Alliances in the international airline industry
Restructuring at Sony
Walls icecream's (owned by Unilever) growth in Asia