London Business School

GLOBAL STRATEGY & MANAGEMENT
E300

Spring 2007

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Thursday 9-12 (LT4)
January 18 – March 22, 2007

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The course employs a mix of time-tested, current and forward-looking material to build a critical understanding of the principal global strategy issues facing executives in the 21st century. The aim is to help students develop a global strategy mind-set that will be useful for positions both in line management and consulting/banking. The intellectual backbone of the course consists of two books: Bartlett and Ghoshal's now classic “Managing Across Borders” (1989, 2001) and Korine and Gomez' “The Leap to Globalization” (2002). Both are recommended (not required) reading for the course.

The course has a long tradition at the London Business School and draws classic readings, the newest developments in the global strategy field, as well as my own research and experience. We continuously renew and develop the course to understand the relationships between strategy, corporate governance, and social responsibility, as they affect the individual manager operating in a global context. Accordingly, we will attack global strategy from multiple levels of analysis: The changing financial and institutional contexts (sessions 1 & 2); The economics of the industry (3 & 4); The challenges of international expansion in emerging markets (5 & 6); The structures and systems of the organization (7 & 8); and, finally, the social processes and human and social capital of the individual manager (9 & 10).

I believe that MBAs and executives learn more if they are actively involved in the production of knowledge, rather than just sitting back as consumers. Assignments are therefore designed to reinforce analytical skills and encourage personal inquiry. Group projects serve to provide further insight on issues raised in class discussion. Individual papers offer participants the opportunity to study one company in sufficient depth to write an analytic paper. Learning is a journey of personal discovery, and I urge you to probe as deeply as time permits.
Course Description

In the first two sessions, the focus is on setting the scene and introducing the topic of globalization. Study of the materials on Ahold permits a first-cut analysis of many of the principal global strategy questions facing companies today and introduces the role of investors as a critical concern in the strategy making of publicly traded companies. The MAS Holdings case gives us the opportunity to look at corporate social responsibility from the unusual point of view of a company in a developing country that is struggling to maintain its position in the face of the pressures of global competition.

The second topic of the course addresses the questions of global competition and globalization from an industry economics point of view. The Samsung Electronics case series focuses on the dynamics of global competition; the on-going game of chess on a global playing board that characterizes many technology and/or scale intensive industries. The CEMEX case describes how one company - a latecomer to globalization - in an industry with many “local” characteristics, used innovative approaches to build a very strong position, with implantations all over the world.

We turn our attention to the topic area of international expansion with a particular emphasis on the emerging markets of China and India. The Danfoss case series provides insight into the motivation, management challenges, and outlook of a European multinational building its push for globalization on China. The Wipro Technologies case describes the issues that arise and must be surmounted when an emerging market leader turns into a true multinational company. We will seek to provide guidance to an Indian company’s quest for global leadership.

The next two sessions are devoted to addressing the ongoing management of the large, multi-national firm. The Philips/Matsushita case describes how two firms from the same industry with long histories of international operations struggle to adapt their cross-border strategies and organizations to far-reaching changes in the competitive environment. The Nestle Globe case series provides insight into how one large multinational successfully implemented a major change management program aimed at increasing the ability of the company to act in a globally coordinated manner.

The final two sessions address questions of innovation, knowledge management and social capital and thus takes the discussion down to the level of the individual manager. The P&G Japan: the SK-II Globalization Project case provides an example of how local knowledge can be built up over time and then used for innovations with global reach. The GE Energy Management Initiative and ABC Consulting cases ask us to think about the objectives and careers of managers - the human and social capital upon which the corporation of today is increasingly dependent.
Course Grading and Deliverables

Course Grading: 30% A. Group Project (group grade)
50% B. Personal Paper (individual grade)
20% C. Class Participation (individual grade)

A. Group Project (30%)
In groups of 6/7 students that you choose, pick one of the four industries or the four companies listed below - then confirm your choice with me (First come, first served. If you already have formed a group you may contact me before Jan 18). You are to research the industry/company of your choice and prepare a five slide, 15-minute presentation on the industry/company, according to the schedule and the requirements specified. In addition, you should be ready to face 10 minutes of Q&A from the class.

Industries/Companies to be Researched (due date)

Global Competition and Globalization: Focus on Partnerships
Automobiles (Feb 8)
Renault/Nissan (Feb 8)

International Expansion in the 21st Century: Focus on the Customer
Private Banking (Feb 15)
UBS (Feb 15)

Global Strategy and Organization in the Multinational: Focus on Global Accounts
Advertising (March 8)
WPP (March 8)

Innovation, Knowledge Transfer and Social Capital: Focus on R&D
Pharmaceuticals (March 15)
Novartis (March 15)

Questions (Industry)
(1) Overview (2) Critical Issues (3) Different Approaches (4) Evaluation (5) Outlook

Questions (Company Case)
(1) Overview (2) Critical Issues (3) Company Approach (4) Evaluation (5) Outlook

Criteria for evaluation: - clarity of presentation
(Presentation and Q&A) - accuracy of understanding
- depth of reflection
B. Personal Paper (50%)
Individually, identify one company that currently suffers from failures of global strategy (excluding all companies covered in the course cases or group projects). Analyze the failures and explain why the company has not yet been able to resolve its problems. Propose a detailed solution.

Deliverable
5-page (double-spaced) paper; approximately 60% analysis, 40% resolution. (Note: appendices, exhibits are not counted against the 5-page limit.)

Due Date for Hand-In
March 30: by end of business day, via e-mail to lmors@london.edu

Criteria for evaluation:
- quality of research
- clarity of presentation
- accuracy of understanding
- depth of reflection

C. Class Participation (20%)
Students are expected to come to class prepared – to be called upon in case discussion, to apply their professional expertise, and to engage in debate. Class participation points are obtained in each session. Your participation grade will be based on the accuracy, salience, and creativity of your personal contributions to class discussions. Attendance is required, but allowance will be made for professional absence, indicated to me in advance.
GLOBAL STRATEGY/ SCHEDULE

1. The Context of Global Strategy

Session 1 (January 18): Introduction

Case: Ahold, 2006

Assignment Questions:

1. What do you think of Ahold’s global strategy?
2. Are there synergies between the U.S. and European operations?
3. Are the investors, Centaurus & Paulson, right to call for a break-up of Ahold? What gives them the right to question management’s direction of the company?

Readings:

Session 2 (January 25): Global Strategy and Corporate Social Responsibility

Case: MAS Holdings: Strategic Corporate Social Responsibility in the Apparel Industry, INSEAD, 2006

Assignment Questions:

1. What are the lessons to be learned from the MAS Corporate story in terms of: leadership; culture and vision; development and capabilities; and innovativeness in the interface with clients and customers?
2. What are the threats and opportunities facing MAS on global markets?
3. Evaluate MAS as a political player in Sri Lanka and on the global scene.
4. What do you consider the future holds for MAS? What actions do you recommend?

Reading:
GLOBAL STRATEGY/ SCHEDULE

2. Global Competition and Globalization

Session 3 (February 1): Global Competition

Case: Samsung Electronics and the LCD Technology (A), Ivey, 2004, (with B) and C) to follow in class

Assignment Questions:
1. What is the position of Samsung Electronics in the Flat Panel Display market?
2. Would you recommend Samsung go for 11.3’ or straight for 12.1’? Why?
3. For your choice in 2. above, indicate what additional steps you would take to make the new development (11.3’ or 12.1’) a success in the market.

Reading:

Session 4 (February 8): Globalization


Assignment Questions:
1. Is cement a global industry?
2. What accounts for CEMEX’s success to date? In particular, what are the benefits that CEMEX has derived from expanding across borders?
3. What accounts for the sequence in which CEMEX entered foreign markets?
4. What are the most important challenges that CEMEX is likely to confront in the future?

Reading:
GLOBAL STRATEGY / SCHEDULE


Session 5 (February 15): The China Challenge

Cases: Danfoss RC China (A): Going Global; Danfoss RC China (B): Big Challenges, INSEAD, 2004

Assignment:
Skim the Danfoss RC in China (A) case to understand the company background. Thoroughly prepare the Danfoss RC in China (B) case, using the questions at the end of the case text as a guide.

Reading:

Session 6 (February 22): The India Challenge

Case: Wipro Technologies (A), Harvard Business School, 2001

Assignment Questions:
1. What struck you as notable about the story of Wipro’s early development?
2. What risks and opportunities does Wipro Technologies face and how should it respond?
3. What insights does the Wipro case give you on the implications of the offshoring of service functions for economic growth in countries like India and the US?

Reading:
4. Global Strategy and Organization in the Multinational

Session 7 (March 1): Towards the Transnational


Assignment Questions:
1. Compare the historical strategies and structures pursued by Matsushita and Phillips. What factors account for the differences?
2. How effective do the changes implemented by both companies in the 1980s and 1990s appear to be?
3. What are the key strategic and organizational challenges that each company is currently facing?

Reading:

Session 8 (March 8): Inside the Transnational: Managing Change

Case: Nestle Globe (A), IMD, 2004, (with B), (C), and video to follow in class)

Assignment Questions:
1. On a scale from one to ten (ten being very difficult), rate how difficult it will be for Chris Johnson to make a success of his new job.
2. What and who will be the keys to success for Chris Johnson in his new job?
3. What would you advise Chris for his upcoming meeting to discuss staffing with Mario Corti? Should he take Corti’s suggestions? Compromise as necessary? Insist on the right to make own personnel choices?

Reading:
GLOBAL STRATEGY / SCHEDULE

5. Innovation, Knowledge Transfer, and Social Capital

Session 9 (March 15): Innovating Locally for Global Application


Assignment Questions:
1. What do you think of Organization 2005?
2. What are the pros and cons of SK-II as a global brand?
3. How would propose to implement a global roll-out of SK-II?

Reading:
“How do Multinational Companies Leverage Technological Competencies”, M. Hansen and B. Løvås, Strategic Management Journal, 2004

Session 10 (March 22): Conclusion

Case: GE Energy Management Initiative (A), Ivey, 1994
(with B) and video to follow in class

Assignment Questions:
1. Does the Energy Management Initiative fit into GE’s portfolio? If so, where?
2. How do you advise Raj Bhatt to take the initiative forward?


Assignment Questions:
1. Should ABC seek further growth, or, rather, try to consolidate?
2. If ABC is to seek further growth, should they focus on the global top 300?
3. Does the proposed global organization make sense? How is changing the organizational structure and responsibilities in this way likely to affect partners’ work patterns and what consequences do you predict for the business?

Reading: