Northwestern University

Kellogg School of Management

SYLLABUS and ASSIGNMENTS

International Business Strategy
STRT 460

SECTION 81
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Professor Daniel F. Spulber
Office: Strategy Department Kellogg Global Hub
Phone 847 491-8675
E-mail: jems@kellogg.northwestern.edu
International Business Strategy

Course Description

The course focuses on how managers should formulate international business strategy. The course introduces basic frameworks that managers can apply to make international business decisions, to analyze international business information, and to design global competitive strategies.

Case studies and readings are used to illustrate the basic principles of international business management and strategy.

Week 1 of the course is dedicated to introducing international business strategy and provides an overview of the main frameworks in the course.

Weeks 2 and 3 of the course introduce the concept of the GLOBAL VALUE CONNECTION. This concept is used to develop global competitive strategies that depend on doing business between countries. Week 2 considers aspects of country competitiveness and costs of trade that are relevant to the international business manager. Week 3 considers returns to scale and scope and advantages of product variety.

Weeks 4, 5, and 6 of the course develop the STRATEGY STAR ANALYSIS for gathering information in formulating international business strategy. This framework helps the manager to organize geographic and business information about country features. The STAR ANALYSIS provides a framework for understanding and building an international business, and achieving competitive advantage in the global marketplace. Strategic features of the international business are grouped into five categories:

1. Home country features,
2. Supplier country features,
3. Partner country features,
4. Customer country features, and
5. Competitor country features.

Weeks 7, 8, 9, and 10 of the course discuss GLOBAL COMPETITIVE STRATEGIES – the G5 STRATEGIES. In Week 7, the course examines the global platform strategy and the global network strategy. In Week 8, the course examines the global intermediary strategy and the global entrepreneur strategy. In Week 9, the course examines the global investment strategy. In Week 10, the course discusses the organizational structure of the international business and presents an overview of the key take-away concepts.
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Format of the course
The format of the course is as follows. In the first session of each week, new course material is covered. In the second session of each week, there is a class discussion of a CASE study and the course presents information, video and other materials that are related to the topic covered in the first session of that week.

Grading

- ALL GRADING IN THE COURSE WILL BE BASED ON INDIVIDUAL PERFORMANCE.

- There will not be any group projects or groups outside of class.

- The syllabus sets out the expectations of the course in terms of student participation and performance.

- There is no final exam.

Your final course grade will be determined as follows:

1) Class participation and attendance: 15%
2) Case analysis I: TATA COMMUNICATIONS 25%
3) Case analysis II: TENCENT 30%
4) Case analysis III: NOVARTIS 30%

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100%

Kellogg Honor Code

All Kellogg honor code provisions apply to any and all class assignments and class participation.

Readings

1. CASE Pack: Materials in the case packet including readings and cases are required for the lectures, exams and the case discussions. Readings listed in the course syllabus are required for the lectures, the case discussions, and the exam.


3. Online materials: Some optional course materials will be provided online on CANVAS.

4. Copies of the Power Point presentations are provided online on CANVAS.
Class participation and Kellogg Code of Classroom Etiquette

The course expects that students will attend each section of the class and will participate in class discussion of cases. Attendance means coming to class on time at the start of the class and not leaving the class early. There is no class participation score because this is part of students’ own responsibility and learning experience.

Students can be absent for medical reasons. In the case of a medical reason, students should wait to inform the instructor after their return to class, not before. First take care of yourself and get well!

Each class session will cover a specific topic. For those sessions that cover a case study, there are questions for discussion that apply to the case given in the course syllabus.

- Active class participation and interaction will enhance the learning experience of the members of the class. In addition, the presentation of convincing arguments and opinions is an important managerial skill. Class members will present their views on the topic and case to be covered in a particular class session.

- The course expects that students will act with respect and civility toward their fellow students and toward the instructor. This is very important!

- Students are strongly encouraged to sit near the front of the room.

- The course expects that students will consider with respect opinions and concepts even if they may disagree with or may be unfamiliar with those opinions and concepts.

- The course will focus on management strategy issues in international business.

- The course expects that students will come to class well prepared having read the case carefully before class and having prepared questions and observations related to the case study.

- The course expects that students will not read the case during the case discussion or during the class lectures.

- The course expects students to bring their name plates to class and to have their name plates visible during class lectures and discussion.

- Laptops and tablets can be used during class for note taking, display of the instructor’s presentation slides, and course-related work. Students may use laptops and tablets while sitting in any row.
• There may be some breakout discussion groups formed in class only.

• Students are expected to abide by the Kellogg Code of Classroom Etiquette in interaction with their fellow students and with the instructor. The course will deduct points from the final grade if a student does not follow the code of classroom etiquette. This includes any time during the class session, both during lectures and class discussion.

**Copyrighted materials**

The course notes, lectures, overheads, handouts and other printed materials written by the instructor are privileged work product. They have been copyrighted by the instructor who reserves all rights to their use including print and electronic media. It is understood that students taking this course will not provide course materials or their course notes to companies, Internet sites, or individuals outside the course, including those that are seeking access to course materials for commercial use. Students will not disseminate course materials or their course notes beyond other members of the course. This understanding between the instructor and students is protected by the Kellogg Honor Code.
Assignments and Grading

There is no final exam. All assignments are individual performance.

1. Case analysis I 25%:

TATA COMMUNICATIONS – Emerging Markets Growth Strategy

The TATA COMMUNICATIONS case analysis is due on CANVAS at the start of the first session of week 4.

The case analysis should be between 8 and 10 pages in length, double spaced, in 12-point font. The case analysis should be in complete sentences (not bullet points). Emphasis should be on application of the concepts. The assignments will be turned in on CANVAS.

Your case analysis should be based on the information in the case. Please make use of all the relevant information within the case including exhibits.

Your discussion should demonstrate understanding of the concepts from the course. The case analysis should apply the Global Value Connection as presented in the course with particular focus on country competitiveness and returns to scale, scope and variety. Please answer the following questions in your case analysis.

1. Recall the discussion in the course of a company’s international expansion for scale, scope and variety. How is Tata Communications affected by its home market of India?

2. How would Tata Communications expansion into Russia affect the company’s returns from scale, scope, and variety?

3. Recall the discussion in the course of country competitiveness. Evaluate how Tata Communications expansion into Russia is affected by Russia’s country competitiveness?

4. Consider Exhibit 7 in the case, which compares various country characteristics:

   - GDP
   - GDP Growth
   - Population
   - Area
   - Ease of doing business
   - Urban population

Taking each of these six factors into account, how would you compare Brazil, Russia, Indonesia,
and South Africa as potential areas of growth for Tata Communications?

5. Does expansion into Russia fit with Tata Communications “New World of Communications” Strategy?

2. **Case analysis III 30%: NOVARTIS**

The NOVARTIS case analysis is due on CANVAS at the start of the first session of week 7.

The case analysis should be between 8 and 10 pages in length, double spaced, in 12-point font. The case analysis should be in complete sentences (not bullet points). Emphasis should be on application of the concepts from the course. The assignments will be turned in on CANVAS.

Your case analysis should be based on the information in the case. Please make use of all the relevant information within the case including exhibits. Your discussion should demonstrate understanding of the concepts from the course, in particular the **Global Value Connection** framework and the **Star Analysis** framework:

Please answer these two questions applying the two frameworks to each question.

1. (Pages 1-9 of the case) CEO Daniel Vasella set about transforming Novartis. Explain the strategic significance of the various actions.

2. (Pages 10-14 of the case). CEO Joe Jimenez wanted to change Novartis from a pharmaceutical company to a global healthcare company. Explain the strategic significance of the various actions.

3. **Case analysis II 30%: TENCENT**

The TENCENT case analysis is due on CANVAS at the start of the first session of week 10.

The case analysis should be between 8 and 10 pages in length, double spaced, in 12-point font. The case analysis should be in complete sentences (not bullet points). Emphasis should be on application of the concepts. The assignments will be turned in on CANVAS.

Your case analysis should be based on the information in the case. Please make use of all the relevant information within the case including exhibits.

Your discussion should demonstrate understanding of the concepts from the course.
1. How does TENCENT’s home country of China give the company competitive advantages or disadvantages in serving its customers in China? Identify features of the home country that create competitive advantages or disadvantages. Identify how the home country affects the success of the company’s various product offerings.

2. Should TENCENT continue its main focus on China or expand internationally?

3. What companies are TENCENT’s major competitors in its customer country China? What companies are Tencent’s major partners in its customer country of China?

4. What are the benefits and costs of a platform strategy for TENCENT? What is the significance of the company’s “connection strategy”?

5. TENCENT has begun to expand internationally. How do these actions illustrate the global platform strategy?


**Syllabus**

**Week 1. INTRODUCTION**

Session A. Introduction to the International Business Strategy Course

Session B. Introduction to International Business Strategy

Readings: *Global Competitive Strategy*: Introduction and Chapter 1

**Week 2. GLOBAL VALUE CONNECTION – STRATEGY AND COUNTRY COMPETITIVENESS**

Session A. Global Value Connection: Country Competitiveness

Session B. Global Value Connection: Country Competitiveness

CASE: WORLD CUP SOCCER


OPTIONAL BACKGROUND READING: Die Mannschaft: How Germany Won the 2014 FIFA World Cup, HBS Case Study, 9-416-025

**Questions for discussion:**

1. How does a team’s home country create competitive advantages or disadvantages in the World Cup? Consider players, income, culture and traditions.

2. How does the host country of the World Cup create competitive advantages or disadvantages for teams that compete there?

3. How did the German team use its home country competitive advantages in the Brazil World Cup?

4. How did the German team overcome its home country competitive disadvantages in the Brazil World Cup?

5. How did Brazil affect the German team’s competitive advantages or disadvantages in the World Cup?
6. Did the German team take into account the home countries of its competitors?

7. Was the German team’s success based on its management or its home country?

Week 3. GLOBAL VALUE CONNECTION – SCALE, SCOPE AND VARIETY

Session A. Global Value Connection: Returns to scale, scope and variety

Reading: Global Competitive Strategy: Chapter 3

Session B. Global Value Connection: Returns to scale, scope and variety


CASE: RENAULT-NISSAN ALLIANCE

Questions for discussion:

1. What were the strategic reasons for the Renault-Nissan alliance? See Exhibits 2 and 3.

2. What were the integration strategies of the Renault-Nissan alliance?

3. What were the benefits of adding new partners to the alliance?

4. What were the advantages of shared platforms and the Common Module Family?

5. What were the challenges and trade-offs involved with integration within the Renault-Nissan alliance? What were the problems associated with improving quality and innovation and maintaining flexibility?
Week 4. STAR ANALYSIS: HOME COUNTRY FEATURES

Session A: Star Analysis: Home country features

Reading: *Global Competitive Strategy*: Chapter 2

CASE ANALYSIS I IS DUE ON CANVAS:
TATA COMMUNICATIONS – Emerging Markets Growth Strategy

Session B. Star Analysis: Home country features

CASE: TAOBAO VS EBAY CHINA – VIDEO

Week 5. STAR ANALYSIS: SUPPLIER COUNTRY AND PARTNER COUNTRY FEATURES

Session A. Star Analysis: Supplier country and partner country features

Session B. Star Analysis: Supplier country and partner country features

CASE: SAMSUNG ELECTRONICS

Questions for discussion:

1. What were the strategies that Samsung followed that helped the company achieve success in the global flash memory market?

2. What are the strategic challenges from Chinese companies that Samsung faces in the DRAM market?

3. Should Samsung form a partnership with a Chinese partner? Which Chinese companies discussed in the case would make the best partners?

4. What are advantages and disadvantages of such a partnership?

5. Should Samsung produce for both the high-end memory market and the mass market? Where should their production facilities be located?
Week 6.  STAR ANALYSIS: CUSTOMER COUNTRY AND COMPETITOR COUNTRY FEATURES

Session A.  Star Analysis: Customer country and competitor country features

Session B.  Star Analysis: Customer country and competitor country features

CASE:  P&G JAPAN

Questions for discussion:

1. How do international business considerations affect the P&G strategy and organization?

2. What were P&G’s strategic objectives in Japan?

3. What is it about Japan that has made SKII such a success?

4. What competitive considerations drove P&G’s international expansion plans?

5. In light of the differences in the features of countries where P&G seeks customers, what strategy for global expansion of SKII sales would you recommend to the company? How might the organizational changes the company is undergoing affect this strategy?

Week 7.  GLOBAL COMPETITIVE STRATEGIES: PLATFORM AND NETWORK STRATEGIES

Session A.  Global competitive strategies: Platform and network strategies

Reading:  Global Competitive Strategy: Chapter 4

CASE ANALYSIS II IS DUE ON CANVAS: NOVARTIS

Session B.  Global competitive strategies: Platform and network strategies

CASE:  ZARA

Questions for discussion:

1. What companies does Zara compete with?
2. What are the key features of Zara’s global competitive strategy?

3. In which ways is Zara’s strategy distinct from those of its competitors?

4. “Zara has, in an innovative way, relaxed the trade-off an international business faces between achieving scale and delivering variety.” What is your view?

5. What are the challenges facing Zara as it further ventures abroad? Which strategic changes may it need to make to sustain its competitive advantage?

Week 8. GLOBAL COMPETITIVE STRATEGIES: INTERMEDIARY AND ENTREPRENEUR STRATEGIES

Session A. Global competitive strategies: Intermediary and entrepreneur strategies

Session B. Global competitive strategies: Intermediary strategy

CASE: LI & FUNG

Questions for discussion:

1. How does Li & Fung take into account country competitiveness?

2. How does Li & Fung have the flexibility to react to changes in country competitiveness?

3. How would you characterize Li & Fung’s competitive strategy? Where does Li & Fung add value, both for suppliers and for customers?

4. Which elements of Li & Fung’s competitive strategy do you find are most vulnerable to competition?

5. Which competitive advantages of Li & Fung will prove more sustainable in the long term?
Week 9. GLOBAL COMPETITIVE STRATEGIES: GLOBAL INVESTMENT STRATEGY

Session A. Global competitive strategies: Investment strategy

Reading: Global Competitive Strategy: Chapter 5

Session B. Global competitive strategies: Investment strategy

CASE: ACCORHOTELS

Questions for discussion:

1. What is ACCORHOTELS’ investment strategy?

2. Should ACCORHOTELS focus on expanding its hotel chain, expanding its online efforts, or a combination of the two?

3. How is ACCORHOTELS’ strategy affected by the luxury and business travel segments?

4. What is ACCORHOTELS’ strategy in the midscale and economy segments?

5. What is ACCORHOTELS’ geographic profile in terms of the location of its hotels?

Week 10. ORGANIZATION OF THE INTERNATIONAL BUSINESS

Session A. Organization of the International Business

CASE ANALYSIS III IS DUE ON CANVAS: TENCENT

Reading: Global Competitive Strategy: Chapter 6

Session B. Overview of the Course