



**The Tuck School of Business
Dartmouth College
Hanover, New Hampshire**

**International Strategy
Syllabus**

Spring 2017

Faculty Information

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Class Meetings

Wednesday and Thursday
Time 08:30-10:00
Room: Stoneman
Office hours: By appointment

Office: Tuck 310
Phone: 603 646 1859

Guest Speakers

On Thursday, April 27, **Mr. John Casesa T'86, Group Vice President for Global Strategy, Ford Motor Company**, will join our class to discuss Ford's existing and emergent strategies for international growth.

On Wednesday, May 3, **Mr. Peter Volanakis D'77 T'82, former President and Chief Operating Officer, Corning Inc. and Mr. Clark Kinlin, Executive Vice President and former CEO of Corning China**, will join our class to discuss Corning's entry into China and the management of international joint ventures.

On Thursday, May 11, **Dr. Kevin Michaels, Managing Director, AeroDynamic Advisory**, will visit our class to discuss how clusters and locational context shape international strategy decisions and to share his aerospace industry experiences.

On Thursday, May 18, **Mr. Bjarne Tellmann, General Counsel, Chief Legal Officer, and Executive Committee member of Pearson PLC**, will visit our class to speak about, and field questions on, the challenges to implementing corporate strategy across borders.

“If you are far from the enemy, make him believe you are near.”

Sun Tzu

INTRODUCTION

International strategy shares many of the same concepts and practices as corporate strategy. However, we need to recognize that there is something fundamentally different about the subject. As Collis and Siegel (2006) note, the reason is that when a company’s activities and influence cross national borders, its management encounter factors that introduce new strategic tradeoffs and fresh strategic choices. The three overarching factors are heterogeneity across markets (*countries are fundamentally different*), the scale and complexity of global operations (*you need to comprehend and manage a lot more*) and the unpredictability of economic conditions between countries (*the volatility of exogenous global events*). These factors should be obvious to anyone who has experience in international business. Each factor has profound implications, both for the type of competitive advantage or scope economy that justifies geographical expansion, and for critical decisions concerning how the company is configured and positioned to compete internationally.

This elective builds on the international advisory and executive development experience, and the cumulative research and writings of Professor Lawton. His books *Breakout Strategy* (McGraw-Hill, 2007) and *Aligning for Advantage* (Oxford University Press, 2014) inform the structure and emphasis of the elective. His most recent edited collection, *The Routledge Companion to Non-Market Strategy* (Routledge, 2015) makes a further contribution to the intellectual foundations of International Strategy. The unifying thesis of Professor Lawton’s work is the centrality of aligning market and nonmarket strategy to gain and sustain competitive advantage in a multipolar international political economy. As such, there is an assumption that rational economic approaches to, and western-centric conceptions of, corporate strategy are insufficient to succeed in modern international business. These issues will be explored throughout the elective, and techniques and models will be advanced to better prepare and enable you to advise or manage in an international context.

AIMS AND OBJECTIVES

This elective focuses on the challenges and opportunities facing managers, leaders and entrepreneurs when they engage with customers, competitors and cultures beyond their home market. As such, it contributes directly to Tuck’s mission to “educate wise leaders to better the world of business”. Through a set of carefully chosen case studies and readings, we consider these challenges and opportunities from the perspective of large and mid-sized companies, newer entrepreneurial ventures and long established transnational corporations. These are developed

economy-based businesses and companies coming from emerging markets. The course focuses on the three factors mentioned earlier and the resultant strategic challenges confronting companies that compete in the global economy. There are two primary objectives of this elective. The number one objective is to have an enhanced understanding of a fundamental question in international business and strategic management: ***What determines the international success and failure of companies?*** In the global economy of the 21st century, strategies are no longer the exclusive realm of top managers. Mid-level managers and functional specialists – the starting position of many MBA graduates – are increasingly challenged to think strategically and act globally. Therefore, this elective will cultivate your ability to make well-grounded strategy decisions.

The second objective is to probe into the workings of business strategies in ***transition and emerging economies***. Transition economies include former socialist countries in Central and Eastern Europe, the former Soviet Union, and East Asia. Emerging economies represent an even broader range of countries, which not only include most transition economies, but also South and Southeast Asia as well as Africa and Latin America. Since many Western multinational enterprises (MNEs) are now concentrating disproportionately more resources on these markets, you will be better prepared if you start to pay attention to them now.

The overall aim of the course is to equip participants with conceptual and analytical skills required to advise on, develop, or lead the international strategy of a company, business unit or cross-border team. It will take an integrated perspective, designed to answer three simple but crucial questions:

Where do we go? (Requires an analysis of global industries and markets, institutions and government policies, political risk and competitive landscapes)

How do we do it? (Necessitates an evaluation and selection of alternative internationalization and market entry strategies and structures and competitive positions, as well as an alignment of customer value propositions)

What do we do once we are there? (Considers complexities that were unanticipated or underestimated before market entry and the cultural and social challenges managers face in implementing international strategy in different countries).

Whatever the case examined, the evidence amassed in this course reveals that an agile, adaptable strategy process and responsive strategic leadership are crucial determinants of international success. In addition to a conceptual grounding, participants will be encouraged to develop strategic decision-making skills and a practical understanding of the major international strategic issues facing today's business executives.

This elective is primarily intended for those planning to be consultants, in-house analysts, or general managers in companies with significant or growing international business activities. It will also be useful to those interested in market research, competitive intelligence, and international investment.

LEARNING OUTCOMES

On successfully completing this course you will:

- Understand how to assess the strategic attractiveness of individual national markets, including the institutions and nonmarket conditions that can both facilitate and impede foreign market entry and advantage.
- Appreciate the advantages and disadvantages of alternative market entry modes and organizational structures and the appropriate strategic criteria for their selection.
- Be familiar with key implementation issues faced by a multinational enterprise, including issues of value proposition alignment and business model coordination.
- Have developed a practical understanding of international strategy relevant to working in an international business environment, including an appreciation of national regulatory influences, political risk, social responsibility, and cross-cultural management.

Please note that students should be aware of the conceptual and practical limitations of the theories and frameworks discussed and deployed in the elective. Real world trade-offs and complexities may alter, delay, or derail a course of action suggested in class.



COURSE MATERIALS

The Canvas course site contains all the requisite assigned readings and case studies, either via Harvard Business School links or PDFs in the course folders. Please ensure that you read these in advance of each class and arrive fully prepared to contribute and respond.

There is no required textbook for this course. If you wish to buy a book to complement class content and discussion, I recommend any of the following:

Alain Verbeke (2013). *International Business Strategy*. Cambridge: Cambridge University Press.

David Collis (2014). *International Strategy: context, concepts and implications*. Chichester: Wiley-Blackwell.

Pankaj Ghemawat (2016). *The Laws of Globalization and Business Applications*. New York, NY: Cambridge University Press.

Stephen Tallman (2008). *A New Generation in International Strategic Management*. Northampton, MA: Edward Elgar.

Thomas C. Lawton, Jonathan P. Doh and Tazeeb Rajwani (2014). *Aligning for Advantage: competitive strategies for the political and social arenas*. New York: Oxford University Press.

Sydney Finkelstein, Charles Harvey and Thomas Lawton (2007). *Breakout Strategy: meeting the challenge of double-digit growth*. New York: McGraw-Hill.

TEACHING METHOD

The learning in this class focuses on the *thought process* in analyzing business situations, not just on the solutions per se. The issues in the cases may not be relevant to that specific company today but they remain relevant to business and management around the world. As such, when the case was written is irrelevant, as indeed may be the current strategic context of that company (if indeed it still exists).

Since the material in this course builds session by session, attendance at each session is important. The related academic readings should be read in advance of each class. These will also be useful for your assessed work. It is recommended that you draw on these readings to more effectively answer assignment questions. We will discuss the assigned case each day but may not explicitly discuss the related readings. However, they will help you in tackling the case.

My expectation is that you will come to the class having already thought through and analyzed the relevant case. This way, we can devote the bulk of the class time to thinking about and responding to each other's analyses of the case, and only the necessary minimum to getting the facts out. Students are expected to be active participants in classroom discussions. Class participation is important as it is intended to encourage students to improve their verbal communication skills in developing, presenting and defending international strategy analyses and recommendations. However, think "quality" of participation, not "quantity" (i.e. a few insightful and well informed comments or questions are far better than many unstructured or misinformed interjections). If you are ever in doubt, I encourage you to speak up instead of staying quiet. It is especially important to get the contributions of international students and visiting students from overseas universities to help understand the local context of cases. Students may be divided into teams for in-class casework and may be expected to give pre-planned presentations on a regular basis.

CLASS STRUCTURE

As with other Tuck courses, the typical class will be structured as follows:

1. Tidy up loose ends – address any questions or concerns from the previous class (5 minutes).
2. International strategy issue of the day – discuss/debate an issue in the news (10 minutes).
3. Case discussion – this should be led by you and driven by the relevant questions in the syllabus. Please do the readings and come prepared to query and debate (circa 45 minutes).
4. Presentation by me - I shall present ideas, information and techniques that help to frame and explain the case discussion and contribute to your toolkit as an international strategist (time remaining).

ASSESSMENT

Grading Distribution

Your course grade will be determined by the following elements:

▪ Class Participation	20%
▪ Assignments	40%
▪ Final Exam	40%

N.B. Please note that a key element of the Assessment of Learning for International Strategy is the objective that "students will integrate their knowledge of multiple disciplines and apply that knowledge outside those courses". This means that I will expect you to demonstrate, both in class and in your written assignments and exam,

what it means to integrate outside concepts in this course, i.e. concepts from other MBA electives and core courses. You will be assessed on how well you include and apply those concepts to case discussion and assignment/exam analyses.

Grading Criteria

Class participation

To get the most out of this course, it is important that you come to each class well prepared to discuss the relevant issues and theme and your analysis of the assigned case. As previously mentioned, quality of contributions is weighed more heavily than quantity. Quality comments add value by offering new or alternative perspectives, providing support or relevant evidence, building on previous comments, providing an illuminating example from personal experience, or moving discussion in an interesting direction.

Most of our sessions will start with a brief discussion of that week's world events or a specific issue in international strategy. *This is an opportunity for you to proactively prepare and tell us about the issue that caught your attention and why.* This discussion is meant to illuminate the importance of observing and understanding the international environment in making strategic decisions.

In addition, I will randomly cold call on students and may, at the beginning of class, list some randomly chosen students that I will predominantly call on that day. ***N.B. Please notify me if you are likely to be absent from a class. Otherwise, if your name is listed and you are not in class, it will adversely impact on your class participation grade.***

Below is a description of how I propose to evaluate your class contributions:

Outstanding Contributor: Contributions in class reflect exceptional preparation. Ideas offered are always substantive and provide one or more major insights as well as direction for the class. Arguments, when offered, are well substantiated and persuasively presented. If this person were not a member of the class, the quality of the discussions would be diminished significantly.

Good Contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive and provide good insights and sometimes direction for the class. Arguments, when presented, generally are well substantiated and often are persuasive. If this person were not a member of the class, the quality of the discussions would be diminished considerably.

Adequate Contributor: Contributions in class reflect satisfactory preparation. Ideas offered are sometimes substantive and provide generally useful insights but seldom offer a major new direction for discussion. Arguments, which are presented sometimes, are well substantiated and sometimes persuasive. If this person were not a member of the class, the quality of the discussions would be diminished

somewhat.

Non-participant: This person has said little or nothing in class to date. Hence, there is inadequate basis for evaluation. If this person were not a member of the class, the quality of the discussions would not be changed.

Unsatisfactory Contributor: Contribution in class reflects inadequate preparation. Ideas offered are seldom substantive; provide few, if any, insights; and never offer a constructive direction for the class. Integrative comments and effective arguments are absent. Class contributions are, at best, cherry-picking efforts, making isolated, obvious, or confusing points. If this person were not a member of the class, valuable airtime would be saved.

Assignments

There are **two** written assignments due during the course. Assignments are to be done in small groups of **2 - 3 people**. Please form yourselves into groups and create your group on Canvas (for assignment submission). Both assignments must be submitted through Canvas. No collaboration is allowed between groups. If you have any questions, I am available to discuss.

The first assignment is due by **08:00 on Friday, April 28**. The second assignment is due by **08:00 on Friday, May 12**. Each assignment is worth 20% of your total grade.

In each assignment, you are required to write a **1,000 words** review of an after class reading (required or optional) listed in the International Strategy syllabus (e.g. Lessard, Lucea and Vives, 'Building your company's capabilities through global expansion', *MIT Sloan Management Review*).

In your essay, you must:

- (a) Briefly summarize the reading's main argument or thesis.
- (b) Comment on a key takeaway(s) for international strategy practice (in doing so you may refer to a case study discussed in class).
- (c) Discuss a concept or technique in the paper that might assist a manager or consultant in the design, development or delivery of a company's international strategy.

Brevity is part of the exercise here, so ensure you keep it succinct and within the 1,000 word limit (two to four pages, depending on line spacing). You will be penalized if you write more. Please ensure you state at the beginning your names and the reading you have selected.

Unless you receive my advance consent to submit later than this time, assignments handed in late will be automatically downgraded. Assignments handed in early are of course welcome.

Final Exam

The final exam is an individual effort. By individual effort, I mean no one else is to be involved in preparing for, or sitting the exam.

The exam will consist of a case study with two questions to complete in three hours. Each question may have several parts. The case will not be one you have already engaged with on the course. You are expected to read and comprehend the case before commencing the exam. Please do not read any materials about the exam case company beyond what you see in the case. Please do draw upon other International Strategy course materials in your preparation for the exam.

The final exam is cumulative and is designed to be a fair test of your comprehension of the ideas and issues discussed in class. The best way to prepare for the final is to prepare carefully for each of the classes that precede it.

The final exam case and questions will be distributed at the end of the last class (session 9). It is due back by 4pm on Tuesday, May 23, to a drop-off box outside of my AC's office (Carolee Crossmon, Tuck 310). You must take the exam in one continuous 3-hour sitting.

The exam is worth 40% of your overall grade for International Strategy.

N.B. Please note, as mentioned earlier, that a key element of the Assessment of Learning for International Strategy is the objective that **"students will integrate their knowledge of multiple disciplines and apply that knowledge outside those courses"**. This means that I will expect you to demonstrate, both in class and in your assignments and final exam, what it means to integrate outside concepts in this course, i.e. concepts from other MBA electives and core courses. You will be assessed on how well you include and apply those concepts to case discussion and assignment/exam analyses. Higher grades will be awarded to those who explicitly link a concept or technique they learned about in another MBA class/reading with a concept or technique they are critically assessing for an International Strategy assignment or the final exam. That is, you should indicate how one idea or method supports, supplements or challenges another. Anyone who does not at least attempt to connect in ideas/material from another course will automatically lose one grade.

RELATIONSHIP OF ASSESSMENT TO LEARNING OUTCOMES

The individual assignments are intended to test your ability to critically engage with assigned readings and to distill key managerial takeaways from research literature.

The final exam is designed to help you learn to apply the tools and concepts covered in this course to an international strategic management case context and scenario.

In-class participation is intended to ensure that all students remain engaged throughout the course, reinforcing the individual learning experience.

ADDITIONAL GUIDELINES

Attendance

You are expected to attend every class session. It is Tuck School policy that missing a class for an interview is not an excused absence. However, I understand that sometimes diary conflicts are unavoidable or personal commitments may result in a class being missed. In these circumstances, you are required to do two things in advance of the class you will miss: (a) notify me by email as to the reason for your absence; and (b) submit to me or my AC your answers to the class case preparation questions (hard or soft copy). Failure to do either will result in an unexcused absence for that day. More than two unexcused absences will result in a penalty to your grade.

Plagiarism

Any form of plagiarism violates the Academic Honor Principle. Plagiarism is defined as the submission or presentation of work, in any form, that is not a student's own, without acknowledgement of the sources.

Office Hours

I am available for half an hour unscheduled consultation immediately after each class. Outside of these times, you can make an appointment to meet individually or as a group by contacting me through email or via my academic coordinator. In addition, if you see my door open, feel free to call in to discuss any aspect of the course or to simply chat more generally.

Also, I am willing to schedule informal discussion groups at regular intervals for the duration of the elective. These half hour lunchtime or coffee break sessions will serve as a forum to exchange consulting, advisory or practical experiences and as Q&A time for any-and-all issues of international strategy, including current topics reported in the media. All students registered for International Strategy are eligible to participate. If you wish to avail of these optional and voluntary discussion groups, please let me know, individually or collectively, at the beginning of the second class.

Tuck Honor Code

The Honor Code applies to this course. The following statements define its role in this course:

- You are encouraged to form study groups to prepare for the assigned cases or lectures for each day, but individual assignments and exams must be written up individually.
- Students must rely primarily on the materials listed in the syllabus and provided in the course pack in preparing for class. You should not use any handouts or Power Points distributed in previous years.
- Disruption of the learning experience for others should be avoided, which means that each student should respect the opinions of others and the professor, even if personal, cultural or national differences lead to conflicting views.

Laptop Policy

To provide a first-class learning environment, and out of respect for fellow students, visitors, and faculty, Tuck honors the following policy regarding the in-class use of laptop computers, smartphones, tablets and all other electronic communication devices.

- Students shall not use laptop computers, cellular telephones, or any other electronic communication device in any class session unless explicit permission to do so is granted by that class's faculty member(s). Thus, the default policy in all Tuck class sessions is for no use of laptop computers, cell phones, or any other electronic communication devices.
- "Class session" refers to any meeting of a for-credit Tuck course. More broadly, "class session" also refers to guest-speaker presentations for the Tuck community and to recruiter presentations.
- In each Tuck course, the faculty member(s) will articulate when (if at all) and how use of laptop computers is permitted. Such policies will be clearly articulated in the course syllabus. They may also be communicated through other channels, such as discussion in the inaugural class meeting.
- In each Tuck course, it is ultimately each student's responsibility to be aware of and in compliance with that course's laptop policy. Students are always encouraged to talk with faculty regarding any policy questions they may have.

Speaker Cancellations

As our guest speakers are all senior executives with rapidly changing agendas and priorities, we must anticipate and understand if they cancel last minute. Unforeseen circumstances or sudden crises may necessitate abrupt changes to their schedules, preventing them from visiting our class.

If they do cancel, class will still be scheduled. You will be notified by email when a cancellation occurs. So please be vigilant about monitoring class notices.

Miscellaneous

Students with learning disabilities or other special needs should contact me at the beginning of the course to arrange for any accommodations that may be necessary.

A copy of my PowerPoint slides will be available in the course folder on Canvas after the relevant class.

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T.O.B.

"We want y ou to get us into the international
honey market."

CLASS PLAN

Class 1 April 20, 2017

Time: 08:30-10:00

Topic: **Introduction: Deciding on an International Strategy**

Learning Points:

In the introductory class, we reflect on the challenges and opportunities of internationalization and of being an international strategist. We consider the imperatives that drive firms to do business abroad as they seek growth, efficiency, knowledge and diversification. We also begin to discuss the, often contrasting, strategies of emerging economy and developed economy multinationals seeking international growth.

Reading: S. Ichii, S. Hattori and D. Michael (2012). How to win in emerging markets: Lessons from Japan. *Harvard Business Review*, May: 2-6.

Discussion: In the 20th century, Japanese multinationals established themselves as powerhouse exporters in developed markets. Names like Sony, Toyota, and Honda became commonplace. But in this century, growth in developed markets slowed as emerging market growth increased. To prosper now, Japanese companies must also win in developing markets - which they have largely failed to do. Two Japanese multinationals stand out for their success in bucking this trend: Unicharm, a manufacturer of personal-care products, and Daikin, one of the world's largest air-conditioning manufacturers. In this class, we discuss what they have done.

Class Preparation Questions

1. Why are Japanese companies failing to win in developing markets?
2. How are the international strategies of Unicharm and Daikin different?
3. What are the strategic lessons for U.S. or European companies trying to enter and compete in emerging markets?

After Class Reading*

A. Musacchio and E. Werker (2016). Where to play and how to win. *Harvard Business Review*, December: 41-48.

* The purpose of post-class readings is to provide managerial and/or scientific research papers that delve deeper into all, or parts, of the key conceptual takeaways from each class.

Topic: **Entering Emerging Markets through FDI**

Learning Points:

Following on the discussion in Session 1, the emphasis in our second class is on how firms can cope with and respond to variances in overseas nonmarket environments, particularly in transition and emerging economies. We look at comparative foreign direct investment (FDI) strategies and the challenge of understanding and engaging with host governments. The case compares the entry strategies and operational performance of German wholesaler Metro Cash & Carry (MCC) in three major transitional/emerging economies: Russia, China and India. After building up successful operations in Russia and China, MCC struggled in India. MCC's experiences in the three countries highlight similarities and differences of institutional contexts in BRIC markets and call attention to the need for multinationals to tailor their country strategies.

Case: Metro Cash & Carry (HBS 9-707-505)

Class Preparation Questions

1. What have been Metro Cash and Carry's (MCC's) key sources of competitive advantage as it moved into emerging markets?
2. What role did institutional context play in challenging MCC's efforts to prove the value proposition of its unique wholesaling format and establish itself as an accepted corporate citizen in Russia, India and China?
3. How would you rethink MCC's approach to strategic expansion and public relations in India going forward?

After Class Reading

D. Bach and D.B. Allen (2010). What every CEO needs to know about nonmarket strategy. *MIT Sloan Management Review*, 51(3): 41-48.

Optional theory reading:

J. Doh, T. Lawton and T. Rajwani (2012). Advancing nonmarket strategy research: institutional perspectives in a multipolar world. *The Academy of Management Perspectives*, August: 22-39.

Topic: **Growing through International Strategy**

Learning Points:

In the third class, we again consider entry into India but in a very different industry and market context. We explore how companies employ international strategy for new markets as a key driver of business growth. These are firms that often have a long established international presence but are dealing with two interlinked questions: *where to next* and *how do we do it?* We examine business model adaptation for new growth opportunities and the reformulation and intensification of international strategy. Through our case study of Ford Motor Company, and with the in-class participation of **John Casesa, Ford's Group Vice President for Global Strategy**, we consider the competitive challenges of not only entering a foreign market but doing so in a new market space. We particularly consider how to select strategic alliance partners for new market entry in emerging economies.

Case: Ford Motor Company: New Strategies for International Growth
(Tuck 1-0109)

Extra Data Sources

<http://www.wired.com/2016/02/ubers-india-learn-rule-rest-world/>

<http://www.theguardian.com/world/2013/oct/29/india-mumbai-population-rail-accidents>

<http://gadgets.ndtv.com/apps/features/uber-vs-ola-in-india-how-do-they-stack-up-798608>

Class Preparation Questions:

1. Consider Ford's competitive environment in establishing a ride-sharing, mobile-based smartphone app in India. How is Ford's value proposition for Dynamic Shuttle a competitive threat to other ride-hailing or ride-sharing apps?
2. In moving from being an automotive manufacturer to an automotive and mobility company, how can Ford leverage its production capabilities, logistical prowess, and global brand awareness for the Dynamic Shuttle pilot?
3. Using the materials in Exhibit 3, evaluate which partner would be the best match in terms of business model and operational efficiency for Ford to successfully launch a Dynamic Shuttle pilot in India.
4. What could potentially hinder the international success of Ford's new strategy, combining manufacturing, transport services, and data analytics?

After Class Reading

D. Lessard, R. Lucea and L. Vives (2013). Building your company's capabilities through global expansion. *MIT Sloan Management Review*, Winter: 61-67.

K. Wilson and Y.L Doz (2011). Agile innovation: A footprint balancing distance and immersion. *California Management Review*, 53: 6-26.

<i>Class 4</i>	<i>May 3, 2017</i>	<i>Time: 08:30-10:00</i>
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Topic: **Internationalizing through Joint Venture and Wholly-Owned Foreign Subsidiaries**

Learning Points:

In this class, we consider the risks and advantages associated with entering foreign markets through takeover and joint venture. Through our case study of Corning Inc., and with the in-class participation of **Peter Volanakis, former President and Chief Operating Officer, Corning Inc.** and **Clark Kinlin, Sector Executive Vice President (Telecommunications)** and **former CEO of Corning China**, we consider the competitive challenges of not only entering a foreign market but doing so in a new market space. We especially consider how to select and manage strategic alliance/joint venture partners for new market entry into China.

Case: Corning in China: A Primer on Successful Partnerships (Tuck 5-0033)

Class Preparation Questions:

1. What accounts for Corning's success in creating and cultivating cross-border joint ventures?
2. Given the success of the nascent *wofe* structure for catalytic converter production, should Corning completely convert its joint venture portfolio into a series of *wofes* '?
3. What can Clark Kinlin do to develop local talent in China and what challenges will he face in transferring Corning's corporate culture to its Chinese subsidiaries?
4. What foreign market entry lessons can other multinationals learn from Corning's experience and choices in China?

After Class Reading

P.W. Beamish and N.C. Lupton (2009). Managing joint ventures. *Academy of Management Perspectives*, May: 75-94.

Optional empirical/scientific reading:

S-J. Chang, J. Chung and J.J. Moon (2013). When do wholly owned subsidiaries perform better than joint ventures? *Strategic Management Journal*, 34: 317-337.

Topic: **International Strategy in Africa: Lessons from the Airline Industry (A)**

Learning Points:

All too often we focus on international strategy for entering, growing and succeeding in developed, transition and “Tier 1” emerging economies (mostly BRIC countries). But there is another category of country often referred to as less developed or underdeveloped. In these “Tier 2” emerging economies, the entry risks and pioneering costs are greater but the potential reward is significant and there can be the opportunity to capture much of the market through first mover advantage. These markets are generally “base of the pyramid” (BOP), a term used to describe the 4 billion plus people who subsist on incomes of \$1 to \$2 per day. The Ethiopian Airlines case study looks at an African company’s plans to expand its African market base to become a leading airline on the continent. Three key issues need to be resolved: location choice, entry mode and ownership level.

Case: Ethiopian Airlines: Bringing Africa Together (Ivey 9B14M005)

Class Preparation Questions:

1. Which competencies should Ethiopian leverage into its international strategy?
2. In which region should Zewoldi and his team locate the first hub?
3. Which entry mode is ideal for Ethiopian: a greenfield venture, an acquisition or a joint venture?
4. If Ethiopian chooses to pursue a joint venture, should its ownership level be majority share, parity (50 percent), or a minority share?

After Class Reading

M.F. Guillén, E. García-Canal (2012). Execution as strategy. *Harvard Business Review*, October: 3-7.

Optional empirical/scientific reading:

K.D. Brouthers, L.E. Brouthers, S. Werner (2008). Real options, international entry mode choice and performance. *Journal of Management Studies*, 45(5): 936-960.

Topic: **International Strategy in Asia: Lessons from the Airline**

Industry (B)

Learning Points:

International strategy has many levels of geographic reach. A U.S. company selling to Canada or sourcing in Mexico is engaged in international strategy but is not necessarily a global competitor. The extent of geographical reach of a company's international strategy may in fact be as much predicated on the globality of its industry and value proposition as on its own growth, diversification and disaggregation choices. In the case study of AirAsia X, we consider the strategic decisions and actions of a successful Southeast Asian airline operating in a global industry. We assess how an established competitor can continue to grow and reshape its value proposition for new market segments, extending its capabilities and business model into new geographies. Following the crash of Indonesia AirAsia flight 8501 in late 2014, we also consider how companies manage crises, particularly those potentially precipitated by the pace and nature of their international growth.

Case: AirAsia X: Can the Low Cost Model Go Long Haul?
(Ivey 9B12M013)

Note: AirAsia Faces A Major Crisis: The Loss of QZ8501
(Ivey 9B15M018)

Class Preparation Questions:

1. What factors led to the success of AirAsia as it grew and expanded from Malaysia to other destinations in Southeast Asia and beyond?
2. What elements of AirAsia's strategy had to be revisited as it introduced AirAsia X? How did its industry and competitive environment change during this expansion?
3. What specific value proposition offerings had to be adjusted or newly provided when AirAsia X introduced long haul service?
4. What advice would you give to Darren Wright as he prepares for the IPO?

Addendum Question:

1. Following the loss of flight QZ8501, should Tony Fernandes re-evaluate AirAsia's internationalization model that has relied heavily on joint ventures and localized quasi-independent foreign subsidiaries?

After Class Reading

C. Carr and D. Collis (2011). Should you have a global strategy? *MIT Sloan Management Review*, Fall 53(1): 21-24.

S.P.L. Fourné, J.J.P. Jansen, T.J.M. Mom (2014). Strategic agility in MNEs: Managing tensions to capture opportunities across emerging and established markets. *California Management Review*, 56: 13-38.

Class 7 May 11, 2017

Time: 08:30-10:00

Topic: **Implementing International Strategy I: Leveraging Ecosystem Advantage to Deliver International Growth**

Learning Points:

In Session 7 we explore how locational context - and the existence or creation of ecosystems within specific countries - can shape international strategy decisions and impact on international strategy implementation. The case discusses the key elements that contributed to the successful operations of the Rolls-Royce Singapore Seletar Campus. The US\$565 million campus resulted from Rolls-Royce's decision to expand its production capacity and set up operations outside the UK to meet growing customer demands and future growth, particularly in Asia. The facility succeeded in its objective to develop a talent ecosystem of engineering excellence, which would be a key factor in enabling the Group to significantly increase in size as the decade progresses. The case discusses the challenges encountered, and the way they were overcome. We are joined in this class by **Kevin Michaels, Managing Director of AeroDynamic Advisory**, and a global authority on the aerospace industry, who has visited the Seletar Campus and will share his insights on Rolls-Royce's international strategy and the importance of Singapore's ecosystem advantage.

Case: Rolls-Royce in Singapore: Harnessing the Power of the Ecosystem to Drive Growth (SMU-13-0031)

Class Preparation Questions:

1. Describe the rationale for Rolls-Royce choosing to set up operations in Singapore. What are the key challenges it faced in the process?
2. What are the key challenges that Rolls-Royce faces in getting talent to populate their organisation?
3. When Rolls-Royce decided to grow significantly in Singapore, how did they succeed in building an ecosystem to get a flow of talent to populate their organisation?
4. Beyond building partnerships and ecosystems, how else did Rolls-Royce improve the effectiveness of their international talent pipeline?

After Class Reading

P.J. Williamson and A. De Meyer (2012). Ecosystem advantage: How to successfully harness the power of partners. *California Management Review*, 55: 24-46.

K.P. Michaels (2014). *Up Front*. Supply chain hot spots: why OEMS are flocking to U.S., Mexico and Singapore. *Aviation Week & Space Technology*, February 24: 15.

Optional theory reading:

M.A. De Villa, T. Rajwani, T. Lawton (2015). Market entry modes in a multipolar world: Untangling the moderating effect of the political environment. *International Business Review*, 24: 419-429.

<i>Class 8</i>	<i>May 17, 2017</i>	<i>Time: 08:30-10:00</i>
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Topic: **Implementing International Strategy II: Influencing for Advantage**

Learning Points:

In the penultimate class, we reflect on how to gain and maintain competitive advantage through aligning market and nonmarket strategy. Specifically, we examine how to align stakeholder expectations and lobbying practices with business objectives and foreign market access. Through a case study of international lobbying and the Dow Chemical Company, we explore company strategy, business-government relations, and collective action challenges associated with international lobbying around regulation of the chemical industry in the European Union (EU).

Case: International Lobbying and the Dow Chemical Company A (HBS 9-710-027).

Note: International Lobbying and the Dow Chemical Company B: Regulatory Reform in the United States? (HBS 9-710-028).

Class Preparation Questions:

1. Should Dow have lobbied against REACH?
2. How effective has chemical industry lobbying been?
3. If REACH passes, should Dow support or oppose reform of the U.S. Toxic Substances Control Act to align with Europe?

After Class Reading

J.P. Doh, T.C. Lawton, T. Rajwani, S. Paroutis (2014). Why your company may

need a chief external officer: Upgrading external affairs can help align strategy and improve competitive advantage. *Organizational Dynamics*, 43(2): 96-104.

J. Chipman (2016). Why your company needs a foreign policy. *Harvard Business Review*, September: 37-43.

<i>Class 9</i>	<i>May 18, 2017</i>	<i>Time: 08:30-10:00</i>
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Topic: **Conclusions: Engaging International Strategy and CLO Q&A**

In the final session, we will consider emerging trends and dynamics in international strategy content and context, and draw some overall course conclusions. We will also have a Q&A session with a member of the C-Suite of Pearson PLC, the British publishing and education multinational, headquartered in London. **Bjarne Tellmann, General Counsel, Chief Legal Officer, and Executive Committee member of Pearson** will join our class to share his experiences and respond to your questions on the challenges of leading the implementation and enforcement of corporate strategy across borders. Founded in 1724, Pearson, a FTSE 40 company, has annual revenues of US\$7 billion, operations across more than 80 countries, and over 40,000 employees. Relevant discussion topics include leading a (legal) function within an international matrix structure, managing regulatory differences across borders, dealing with corruption, optimizing cross-cultural people management, and constructing an effective global service delivery model.

N.B. If you wish to boost your class participation grade, now is your opportunity. In advance of the last class, I urge you to send me via email one question to put to Mr. Tellmann, drawing on the ideas and issues that have been raised in International Strategy.

After Class

The final exam will be distributed at the end of this session. It is due back by 4pm on Tuesday, May 23 to Carolee Crossmon (Tuck 310). You must take the exam in one continuous 3-hour sitting.

T.C. Lawton, Spring 2017