

Global Strategy and Organization

15.220

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MIT Sloan Fellows Program in Innovation and Global Leadership
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About me

- Epoch Foundation Professor of International Management
- BA (Latin American Studies), MBA, PhD Stanford
- At MIT since 1973
- Deputy Dean 1998-2004
- Faculty Director: BP-MIT Projects and Engineering Academy
- Most recent book:
 - Strategic Management of Large-Scale Engineering Projects (MIT Press 2001)
- Current research
 - Project and Enterprise Risk Management
 - Global leading firms from middle countries
- Frequent traveler
 - Greater China
 - Latin America
 - Europe
- Fun
 - Travel
 - Long distance motorcycling
 - Skiing



What is this course about?

- Strategy and organization in cross-border business
 - What do we do where, and how?
 - How does (or might) operating in a different location affect our competitive advantage? What do we need to do differently?
 - How does (or might) operating across locations affect our competitive advantage? What do we need to do differently?



Course Structure

I. Global Competitive Context

- Industry
- Country
- Combining the two

II. Building the Global Enterprise

- Globalizing from the middle
- Outsourcing and Back-end Internationalization
- India as home base
- China as platform and market

III. Integrating Across Countries

- The Integration-Responsiveness Tradeoff
- Manufacturing and Product Development
- Supply and Marketing Chains
- Leadership Roles

Cases cover

- Variety of industries
- Old and New countries, firms

From \ To	Old	New
Old	Nokia Nissan P&G	Bollywood ICICI Lenovo
New	BP BTC Dell	ICICI
All	Shimano Zara	Cemex

Grading

- Individual Participation (20%)
- Blogs --Group Participation (20%)
- Short papers (30%) (individual)
 - Paper # 1 due February 19
 - Paper # 2 due March 10
- Integrative Project (30%)
 - Team project focusing on one aspect of integrative case (BTC)
 - Presentations -- April 4 (Friday)



Important Dates

- February 6, 2008
 - First Day. Detailed explanations on operational issues and grading policy will be provided.
- February 8, 2008
 - Form groups, inform TA
- Every day: Prep, submit blogs for at least 4 of 9 cases.
- February 19
 - Paper # 1
- March 10, 2008
 - Paper # 2

• April 4, 2008

- Integrative Deep Dive

15.220, Spring 2008



Blog

- The goal of the class blog is to motivate participation and to open/sharpen the discussion
- Blog posts may be used for “warm calls”
- Go to forum, go to topic, post new discussion
- Feel free to return later and post comments (be sure to state if the result of group discussion, since only individual submitter’s name will show)



Welcome to Bollywood!



Discussion

- Thinking about a Bollywood movie you have seen, what was its target audience? Would this movie have broad appeal to an American audience? Why or why not? If the movie was changed to speak to an American audience, do you think it would still appeal to an Indian audience? Can a movie appeal to both successfully?
- How well do movies travel across borders?
 - As a general matter?
 - From India?
- Is the filmmaking industry global?
 - What factors would you consider in determining how global an industry is or should be?
- For Hollywood, does Bollywood represent a competitive threat? What kind of opportunities does Bollywood present for American filmmakers?
- Based on your analysis of the global movie industry, is the world flat or not?
- What is the best strategy for Bollywood to go global?
 - Should they pursue a niche market?
 - What kind of relationships should Indian filmmakers build with Hollywood movie industry?

How should American filmmakers respond to Bollywood's attempts to go global?



Frameworks for Analysis

Industry (boundaries, structure)

Country/region (diamond)

Firm (positioning, virtual diamond)

Firm (value chain configuration,
organization)

Leadership roles

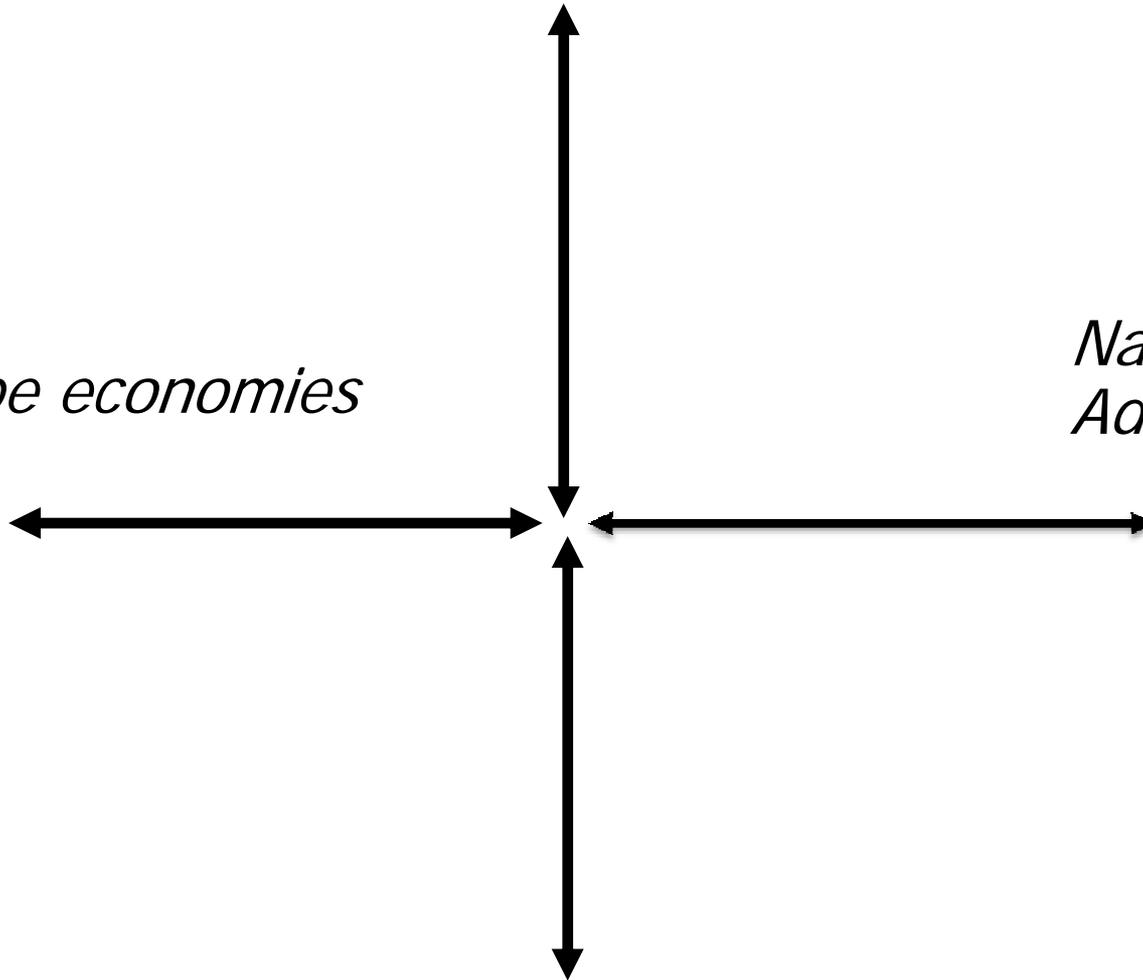
Action

How global is the moviemaking industry?

Market similarity

Scale, scope economies

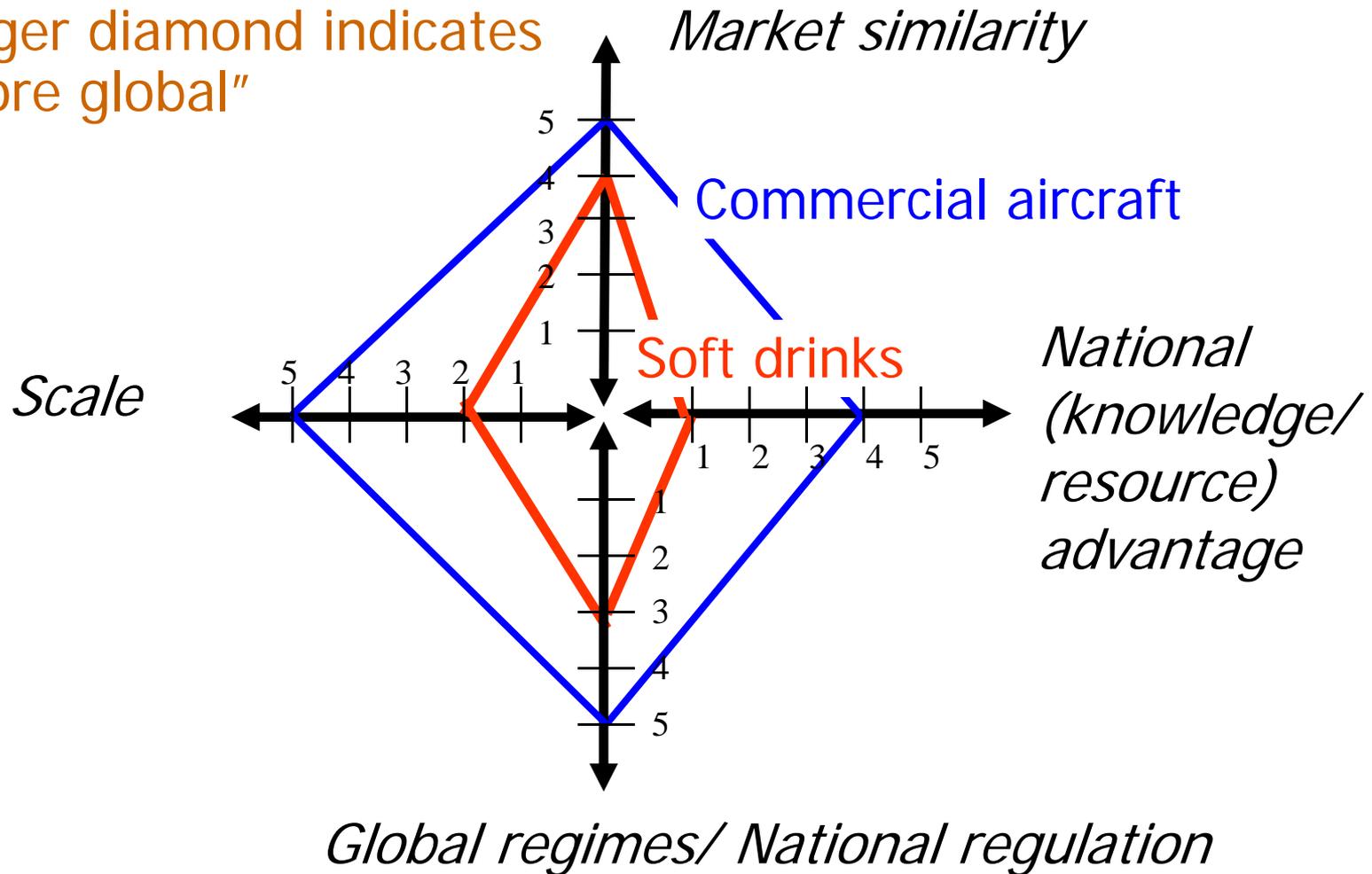
National Advantage



Global regimes/ National regulation

How global is the game?

Bigger diamond indicates
"more global"



The world is flatter, but...

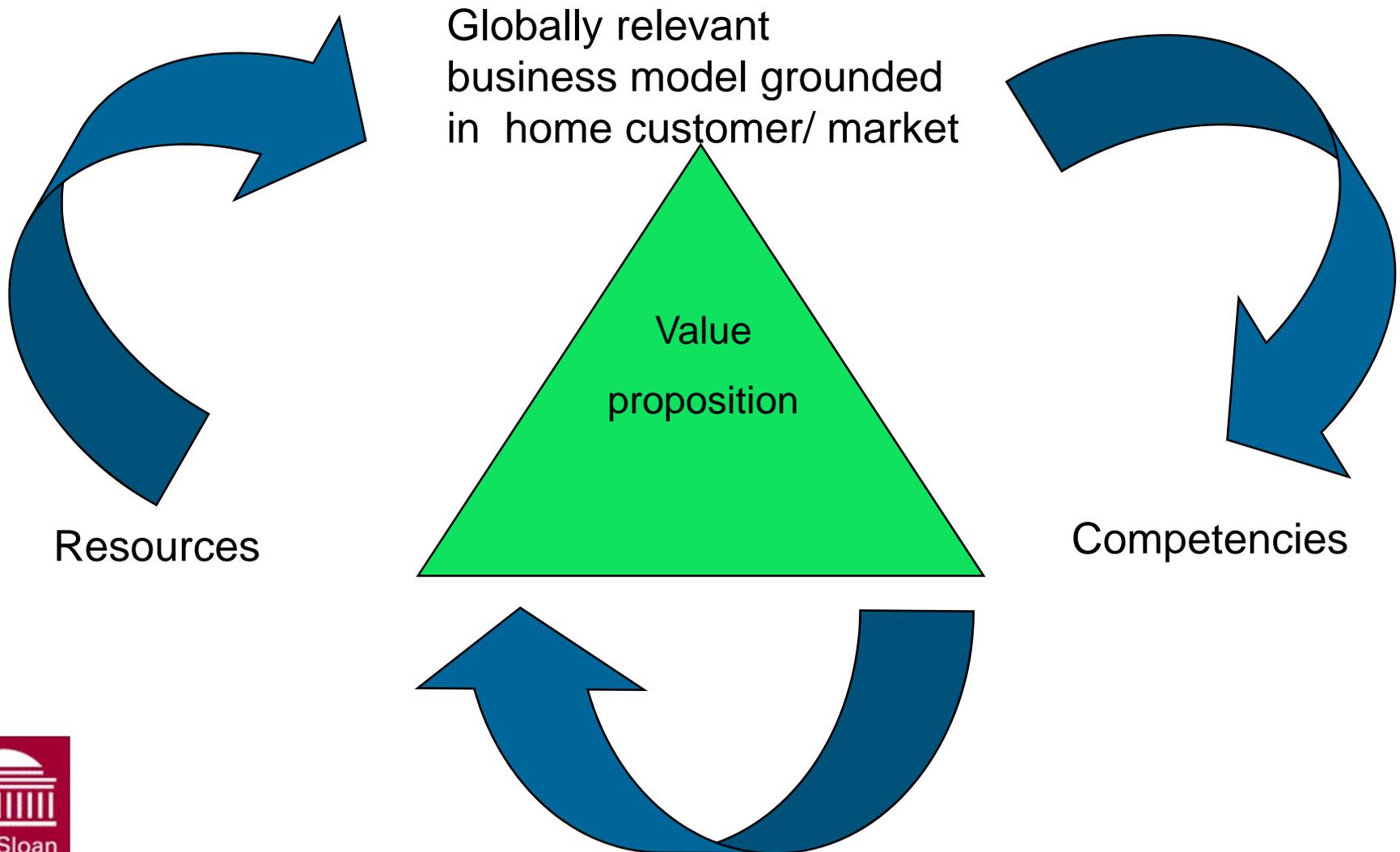
- Differences still matter
 - Resources
 - Costs
 - Tastes, experiences, styles
 - Business models
 - Etc.



Flat(ter) World >> Game(s) Over!

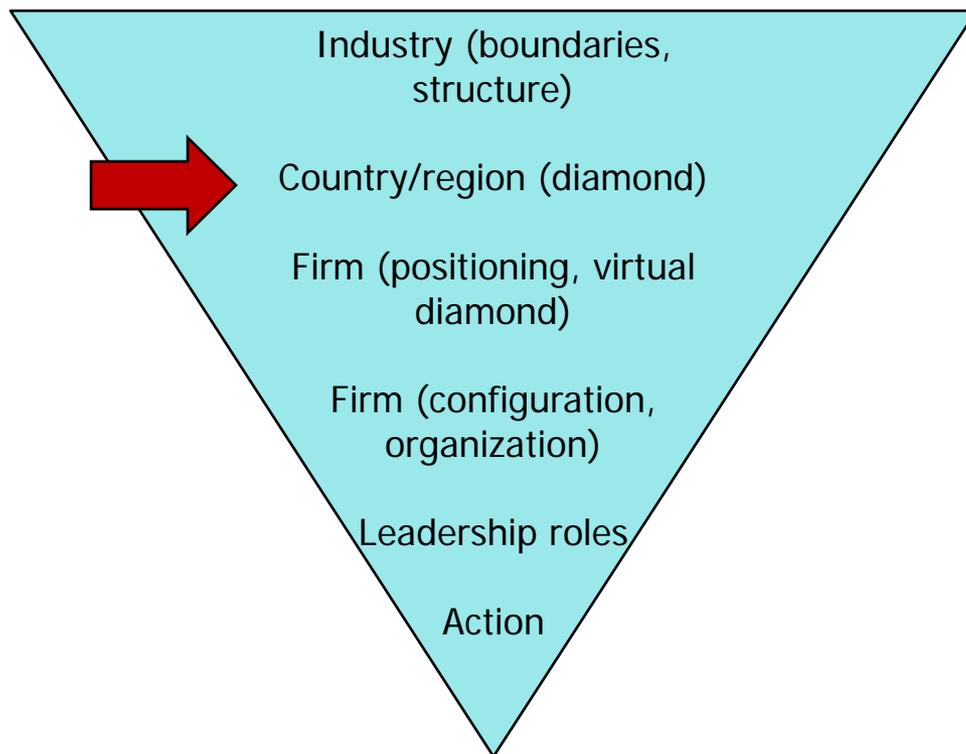
- “Purely local” firms
 - Foreign firms can/do enter at low cost
 - New distributors are organized to tap lowest cost source regardless of location
- Firms that have competed internationally primarily on the basis of (resource, labor) cost
 - With decreasing transport barriers, there is only one lowest cost source
 - China is the current focus, but others will enter in time

The solution: Compete on variety by combining at least two



Monday Focus

- Understanding “Home –base” Advantage
 - What it is?
 - How to exploit it globally?
 - How to move beyond it?



Questions for Nokia Case

- What were the primary characteristics of Finland that allowed Nokia to build a global leadership position in mobile phones? Which of these were the result of explicit policy choices?
- To what extent were these advantages unique to Finland, compared to Germany or other countries in Western Europe, the U.S. or Japan?
- To what extent did Nokia “reach beyond” these “home-base” characteristics in establishing its leading position?
- Do you think the same cycle of establishing advantage (and the associated business model) in an advanced country and diffusing it to other markets (including emerging markets) is still relevant in this industry? Why or why not?

