

Local Strength to Global Advantage

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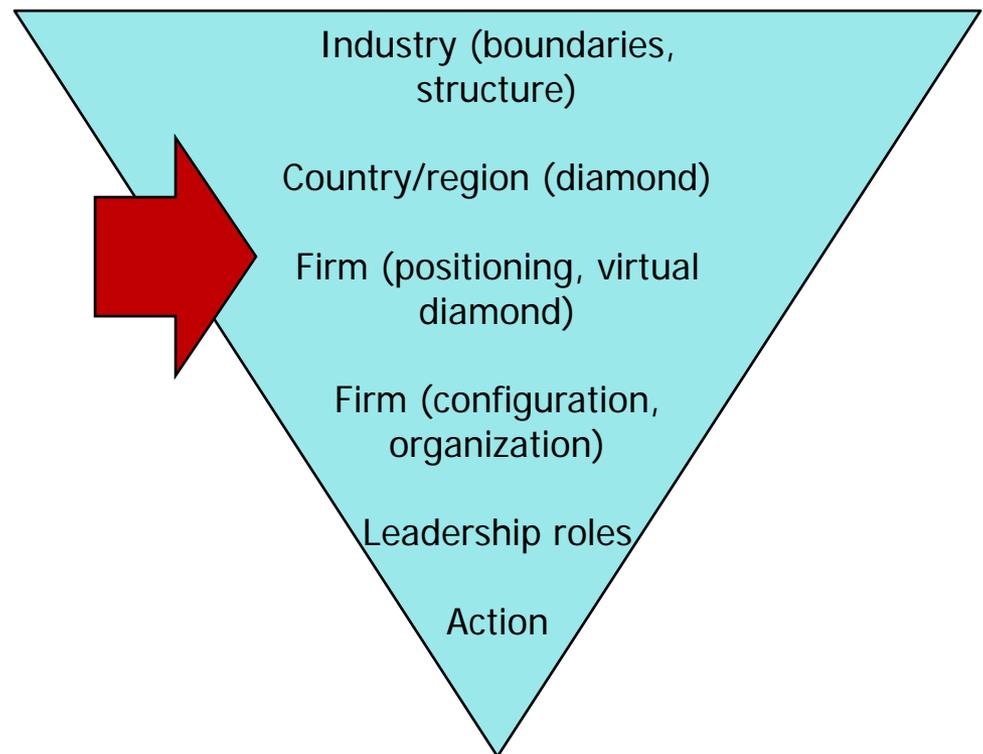
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Today's Focus -- Shimano

- Understand how firms “internationalize” by “exploiting” home base advantage
- Understand how firms “enhance” capabilities by creating “virtual diamonds”
- All in dynamic context

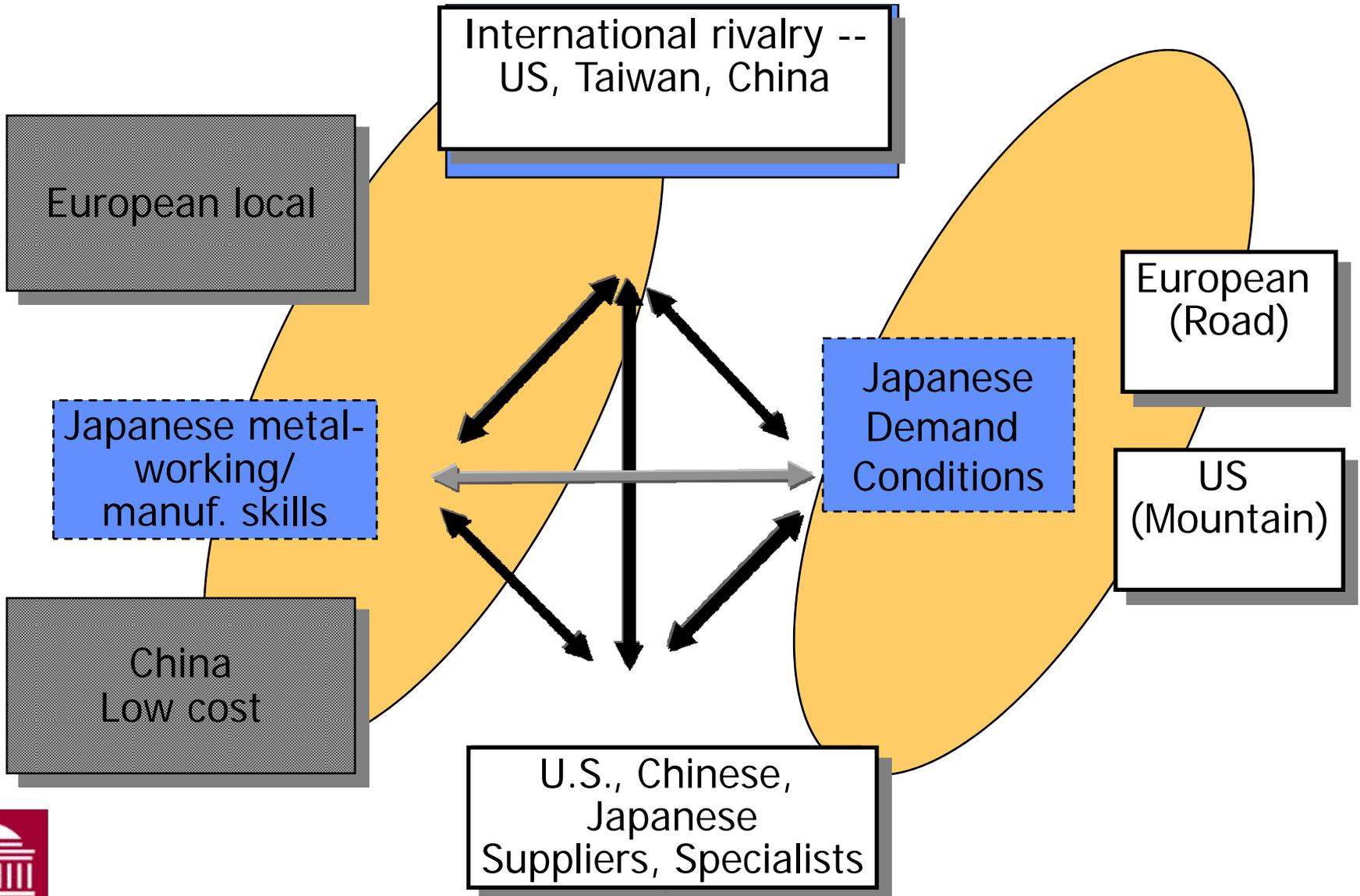


Questions for Shimano Case

Looking back over Shimano's history, focus on each of the following three questions at each stage:

- a. early formation (up til 1930's),
 - b. reemergence (50s through 70s)
 - c. new European market – road racing bikes (early 1970s)
 - d. cost based competitive challenge (mid 1970s)
 - e. new North American market – mountain bikes (late 1970s)
1. What are the major elements in Shimano's competitive strategy
 2. Does Shimano's home base fit Porter's definition of an advantaged home base?
 3. How has Shimano leveraged its global presence into global competitive advantage.

Dynamic virtual diamond—Shimano



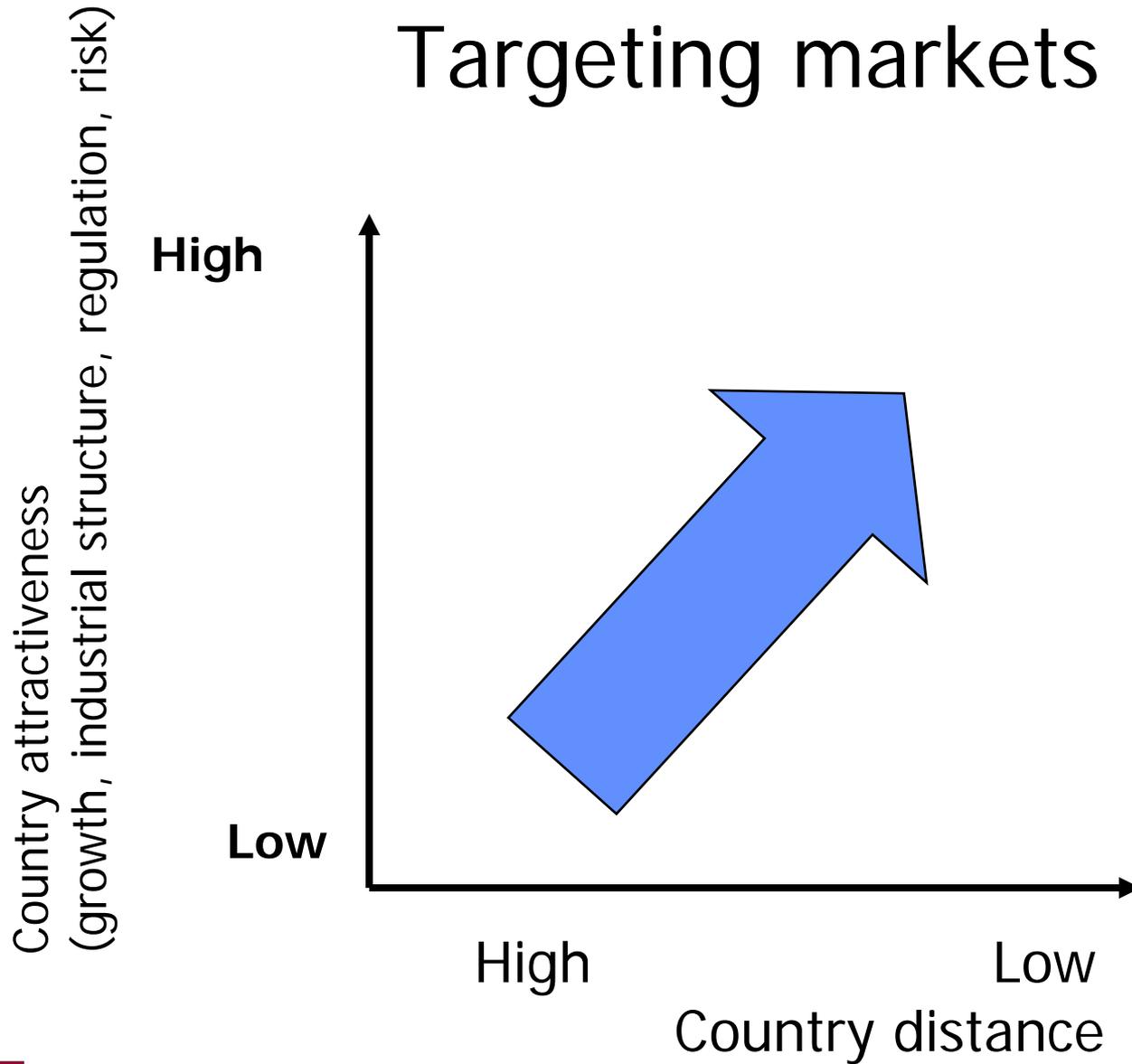
Shimano Now

- What steps should Shimano take to improve its competitive position?
- Where should it look for the growth it wants?
- Specifically, what geographic strategies should it pursue?

National Markets vs. Global segments

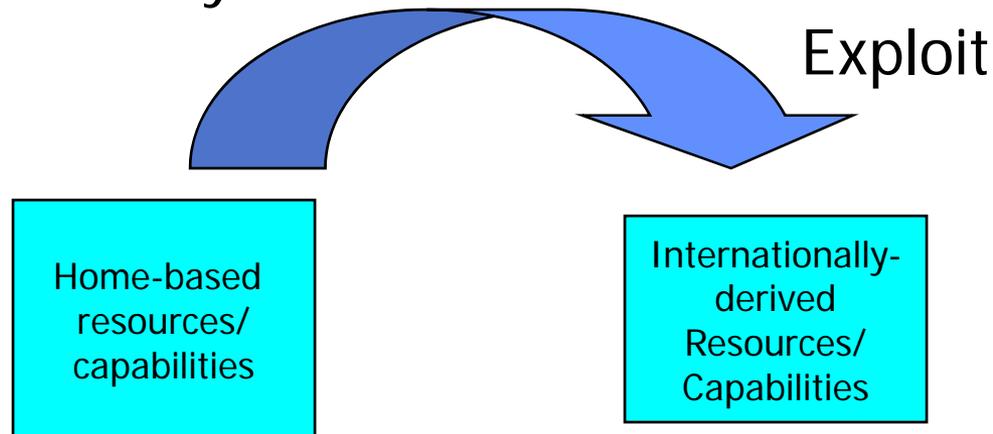
Country	North Amer.	Western Eur.	China....
Channel				
Pro shop				
Shimano				
"Almost Shimano" Wal-Mart				

Targeting markets



Competency Exploiting Internationalization

- RATs tests your potential to exploit existing competencies internationally:
 - Are they **R**elevant?
 - Are they **A**ppropriable?
 - Are they **T**ransferable?



Which Products/Services Pass the RATs Test for Which Markets?

- Relevant?
- Appropriable?
- Transferable?

- R -- Similar customers, tastes, appeal?
- R -- Similar channels?

- T - Have we done it before, does org. support?
- T – Do we have the competencies

- A – Access to/power with channels, advisors?
- A – Will spillovers be valued?



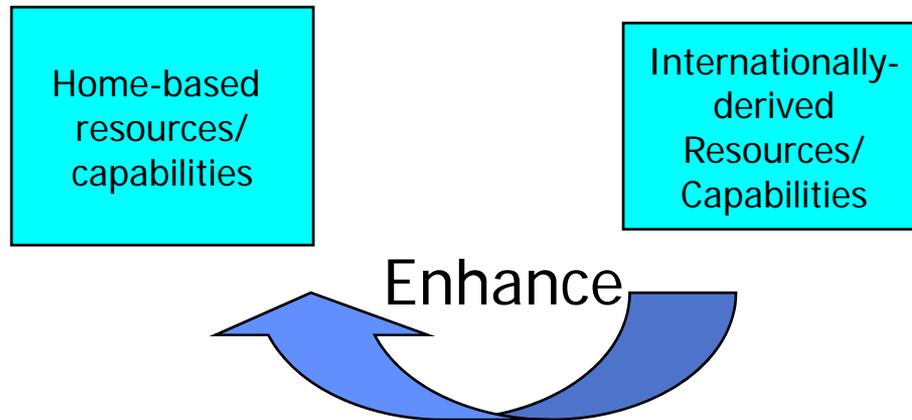
RATs in the CAGE?

- CAGE(Cultural/Administrative/Geographic/Economic)
- How do two concepts compare:
- CAGE more detailed re dimensions of distance
- RATs links it to firm's business model

	C	A	G	E
R				
A				
T				

Competency Enhancing Internationalization

- Tap into Strategic Platforms that enhance core competencies
 - Countries/locations that facilitate development of capabilities that provide access to other segments, activities
 - Countries/locations that create/extend the virtual diamond



Tuesday, February 12 – Written Assignment # 1

Using one or more of the frameworks presented in class,

- 1) discuss the degree of globalization of the industry of your firm (or a firm of your choice) and how this global scope has changed over time,
- 2) discuss the competitive advantages that your firm (firm of your choice) gains from the resources in its home country and/or another country or countries where it conducts significant activities.
- 4 pages, double-spaced, plus up to 3 figures. Be sure to refer to the figures in your text.



Generic outlines

- In this paper I examine the context for the internationalization of firm ABC in the XYZ industry. I first examine the degree of globalization of the XYZ industry. The XYZ industry is dominated by global firms... The reasons for this are quite clear and can be illustrated using the four dimensions of the "globalization diamond."....

Or

- The XYZ industry is an interesting mix of global, continental and national firms. Further, some of the global or continental firms are "international," with core activities concentrated in their home countries, while others are multi-domestic or transnational...

Or

- The XYZ industry is largely domestic, and only ABC and XXX are significant international players...

And

- ABC benefits substantially from its "home resource" diamond.... However, other countries have significant advantages in some dimensions ... As a result; ABC has constructed a virtual diamond that combines....



Tuesday --Questions for Cemex

(Ghemawat Chapter and Part II of Lessard Lucea article)

- What are the key stages of CEMEX's international development since the early 1980s?
 - What were the reasons for each stage (opportunity to exploit or enhance)?
 - What challenges did CEMEX face at each stage?
 - What did Cemex ultimately gain from each stage?
- What are the elements of CEMEX's Business Model that have enabled it to grow internationally in an industry with “weak” globalization drivers from a home base that does not have strong advantages?
- What are the key opportunities and challenges that Cemex now faces having joined the big leagues (with acquisition of RMC, Southdown, and Rinker)?

