MBA Elective- MGMT 509  
Spring, 2015  
Managing in a Global Environment  
Section 2, Th, 6:00 – 9:20

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Course Objectives and Content

This course is intended to help you develop a better understanding of the global environment in which businesses compete. Today’s regional economies are increasingly linked to the rest of the world and many industries are global. International markets and competitors cannot be ignored. In a global economy, managers need to develop a broad vision and an organization that can operate and compete effectively worldwide. This requires an appreciation of international markets. It means being willing to really think about the differences (and similarities) that exist among national markets and national business practices.

This course will give you a broad overview of many of the issues that global managers face including government-MNE relations, global strategy, entry modes, country analysis, national culture, and the social responsibility of a global enterprise. Additional second year courses are available to provide further depth into these topics.

To accomplish our learning goals, we will combine multiple learning aids including in-class simulations, lecture, case analyses, and videos.

Required Materials

Readings packet available at Rams Copies

Additional handouts and readings will be provided in class as needed.
Course Requirements and Grading

The course grade is determined as follows:

- Individual case write-ups (4) due prior to class: 200
- In-class participation: 100
- Take home essay exam: 200

Total: 500

Group assignments

Group work is somewhat minimal and informal. You will be working in teams for the Boeing simulation (session 3). Individual assignments, however, are based on team membership.

Teams are as follows:

Team 1: Abebe, Mou, Godinez, White
Team 2: Chandrasekaran, Shah, Gourova
Team 3: Chang, Sutta-Gomez, Kamoosi
Team 4: Nelson, Tuffley, Kimball
Team 5: Johri, Wallack, Laub
Team 6: Kalyanakrishnan, Yuan, Nixon
Team 7: Liu, Bonilla, Poulsen
Team 8: Loveday, Cotlarciuc, Rao
Team 9: Marshall, Feurerstein, Violett

Individual Written Assignments - Cases

You will be responsible for analyzing and writing up four cases. Case questions are provided for each session. Such analysis should be no longer than two pages, single space, in length and should simply address the questions associated with the case. These case reports will be graded as ‘high pass’, ‘pass’, and ‘low pass.’ All cases are due at the session that the case is discussed. You have been assigned to your case based on your team. However, these are individual writeups.

In-Class participation

Clearly class participation is essential to the course. The class should be a common learning experience. Thus, we want you to take ownership and initiative for the success of the class. It is critical that you arrive for each class fully prepared to lead the discussion if called upon. You should be able to demonstrate your understanding of the relevant issues and problems in the
assigned readings and cases. Share your knowledge and help others understand your point of view.

Some of the criteria we will use to judge the effectiveness of your participation include:

1. Are you willing to participate?
2. Do your comments show evidence of appropriate, insightful analysis of the case?
3. Are your comments relevant to the class discussion?
4. Are you a good listener as well as speaker? Can you play off of the comments of others?
5. Are you willing to test new ideas? Or are all of your comments “safe”?
6. Do you work well with others during group projects?

Exam

A take home essay exam will be given immediately following the final class.
May 7, Sessions 1 & 2

Globalization: Promises and Impediments

For our first session, we will be developing a deeper understanding of the globalization process, why it is occurring, and the winners and losers in the process. The readings should provide you with some insight on the different perspectives on this hot button issue.

Please view the following on-line video clip:

http://www.ted.com/talks/matt_ridley_when_ideas_have_sex.html


Whose arguments resonate with you emotionally or logically- Lou Dobbs or Daniel Drezner?

‘Free-trade blinders’ Dani Rodrik, Project Syndicate, March 9, 2012

‘The Lexus and the olive tree’, Thomas Friedman, 1999, Farrar, Straus, and Giroux, Chapter 2

Friedman provides a metaphor for viewing globalization. Do you think it is effective? In your opinion, what is going to win out in the long run—the Lexus or the olive tree?

‘Identity, not ideology is moving the world’, Fareed Zakaria, Washington Post, July 3, 2014

Zakaria provides some current manifestations of the Lexus vs. olive tree battle.


For our second session, we will explore the difficulties and travails of investing in a somewhat risky environment. AES Corporation, the largest independent power company in the world, makes a sizable investment in post-communist Republic of Georgia. The case describes some of the challenges that management faced as it attempted to establish its subsidiary.

Readings


AES-Telasi: Power trip or power play? (A), The Wharton School of the University of Pennsylvania, 2006
Questions to think about:

1. Could AES’s management style and organization structure work in a post-communist state such as Georgia? Why or why not?

2. What groups supported or hindered Scholey’s attempts to make AES-Telasi a viable company? What were their interests?

3. How should the following stakeholders be dealt with to improve the likelihood of AES-Telasi success:
   - AES-Telasi employees
   - AES-Telasi customers
   - AES-Telasi suppliers
   - US and other intergovernmental organizations
   - Georgian political and regulatory actors
We will gain a deeper understanding of the relationship among governments, multinational firms and local firms. What does each party want out of the globalization process? We will be analyzing the fictionalized, yet realistic case, ‘A collaborative opportunity’ describing a potential joint venture opportunity for Boeing. To do so, we will be conducting a role-play whereby some of you will be representing the Bonjovan government, others the local potential partner (Basastan), and others will be representing Boeing management. Additional information about your specific objectives will be provided prior to class. You will be asked to hammer out an initial agreement acceptable to all…not an easy task.

Case:


Role assignments

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Deliverables:
A defensible memorandum of agreement at the end of the class

For our second session, we acknowledge that global firms can use political strategies to further their position. We will examine the Kodak-Fujifilm trade dispute. Kodak files a market-opening petition under US trade law alleging that practices in the distribution systems for photographic film and paper in Japan blocked exports. Kodak accompanied its petition with an integrated market and non-market strategy intended to pressure the US government to pursue vigorously its petition. We will use a debate format to analyze this case. Half of you will prepare a two-page brief outlining your support of Kodak. Half of you will prepare a two-page brief outlining your support of Fujifilm. Each side will present their testimony supporting their case to the WTO (Myself and my TA). Note that you are presenting your testimony prior to the resolution of the conflict described in the case. We will render an opinion following your arguments. A lot is at stake for these two companies and I want to see passion behind your stance!
Reading:


Who pays the price for subsidies?

‘Why should Apple have access to consumers if it refuses to pay its fair share of taxes?’, Robert Reich, The Observer, May 26, 2013.

Case:

Kodak-Fujifilm Trade Dispute, Stanford University

Deliverables:
A two-page brief on behalf of Kodak or Fujifilm. Do NOT answer the questions at the end of the case. Simply lay out your defense of your client. Anticipate the claims of your opponent.

Individuals from teams 1, 2, 3, 4 and 5 represent Kodak

Individuals from teams 6, 7, 8 and 9 represent Fujifilm
A multinational firm can use various modes to enter a new market. Cross-border strategic alliances are becoming increasingly common as a means for firms to gaining access to both resources and markets. Although some prove to be mutually beneficial, others are often short-lived and fail to meet expectations. What are some of the pitfalls of these arrangements? The chapter will provide some perspective.

Cameron Auto Parts is a small domestic auto parts supplier trying to diversify away from its dependence on the North American auto industry. They develop a new product line with international appeal. Cameron Auto Parts is now faced with decisions of whether to export, license, or form joint ventures.

Reading:


Case:

Cameron Auto Parts (A), Ivey School of Business, 87G001

Questions to think about:

1. Should Cameron have licensed its technology to McTaggart or continued to export?
2. Was McTaggart a good choice for licensee?
3. Was the royalty rate reasonable? Did Cameron leave money on the table?

Deliverables:
Individuals from teams 1, 2, 3, and 4 provide a two page writeup answering the questions above.

We continue our look at the collaborative challenge and look at the case of Wil-Mor, a joint venture between a Japanese auto parts supplier and a U.S. auto parts supplier. The case describes the each partner’s motivation and some of the problems that have arisen.
Readings:


Japan’s management approaches offer lessons for U.S. corporations, Jacoby and Kohn, March 29, 2009


The secrets of intangible wealth, *WSJ*, 2007

*Is China following in the footsteps of Japan? Does China have the ingredients for intangible wealth? What sort of changes might they need to make to take their economy to the next level?*

Case:

Wil-Mor Technologies, Inc.: Is There a Crisis?, Ivey School of Business, 8A99M42

Questions for write-up:

1. What are the major problems in the relationship between Wilson and Morota? Can either Wilson or Morota continue to justifiably lose money on the joint venture?

2. As Ron Berks, analyze the various options that you now have with regard to the joint venture. What are the possible ramifications of each? What option do you think Ron Berks is likely to pursue?

3. How do you think Morota, the Japanese partner, will respond to the various options if pursued?

4. As Steve Easton, how would you respond to Berks’ concerns? What action would you recommend?

Deliverables:

*Individuals from teams 5, 6, 7, 8, 9 provide a two-page writeup answering the questions above.*
May 28, Sessions 7 & 8
Strategy and organization of the multinational firm

In our first case on strategy and organization, we examine Corning Glass Works International over a 15-year time period. From the readings, you should understand the different types of strategies that a multinational firm can pursue, the fit between these strategies and the competitive environment, and the appropriate means of organizing the multinational firm. You will be provided with additional case material in class.

Readings:


Case:

Corning Glass Works summary
Corning Glass Works International (A), HBS 9-381-160

Questions to think about:

1. What are the problems facing Forrest Behm and Corning International? How serious are they? Why are they emerging now?

2. What do you think of the organizational changes Behm made in response to these problems? Why have they failed?

3. What should Forrest Behm do now? How would you restructure?

Deliverables:
Individuals from teams 1, 2, 3, 4 provide a two-page writeup answering the questions above.

We consider BRL Hardy, an Australian wine company with operations in the United Kingdom. Management is faced with two decisions that impact the European market and BRL Hardy’s overall global strategy. This case provides further insight on the critical relationship between headquarters and subsidiaries.

Case:

BRL Hardy: Globalizing an Australian Wine Company, HBS 9-300-018
Questions to think about:

1. How do you account for BRL Hardy’s remarkable post merger success?

2. What is the source of tension between Stephen Davies and Christopher Carson? How effectively has Steve Millar handled their differences?

3. Should Millar approve Carson’s proposal to launch D’istinto? Why/why not?

4. What recommendation would you make to the organization concerning the conflicting proposals for Kelly’s Revenge and Banrock Station? What would you decide to do as Carson? As Millar?

Deliverables:
Individuals from teams 5, 6, 7, 8, 9 provide a two-page writeup answering the questions above.
June 4, Sessions 9 & 10
‘Base of the pyramid’ strategies and national culture

To what extent can multi-nationals solve the ills of the world? Billions of people live on less than $3000 per year in the informal economy of the developing world. There may be opportunities to align business-oriented investments with local resources and demand that will lead to both high returns and alleviate poverty. However such opportunities present significant challenges.

Readings:

Bill Gates’ 2008 speech to the World Economic Forum, Davos, Switzerland

*Can global capitalism and philanthropy work together to solve the ills of this world (no small question)?*


*Do you agree or disagree with Karnani’s perceptions and arguments?*

Case 1:

1. In terms of building a distribution network, what are the major differences between the rural Tanzanian context and a developed country?

2. Which approach – top down or bottom up- would you recommend the African Solar Rise use to scale up its distribution? What is the role of local entrepreneurs under each approach?

3. Should ASR adopt a pay-as-you-go system to finance customers and entrepreneurs? What are the pros and cons of such a system? What are the alternatives?

Deliverables
Individuals from teams 1, 2, 3, 4 provide two page writeup answering the questions above.

Case 2:
Genzyme’s Gaucher Initiative: Global Risk and Responsibility, HBS 9-303-048

**Questions to think about:**

1. What do you think of Henri Termeer’s “universal provision” and “universal pricing” policies? Are they socially responsible? Commercially viable? Competitively sustainable?
2. How can the company reconcile the tension created between Gaucher Initiative’s humanitarian commitments and Genzyme’s commercial imperatives?

3. Exhibit 7 describes the situation of Amaru, a Peruvian child, who has come to Boston to receive treatment and now must go back to Peru. How do you perceive Genzyme’s actions in this case? Are they pursuing a hostage strategy? Price discrimination strategy? Or introductory pricing strategy?

**Deliverables:**
**Individuals from teams 5, 6, 7, 8, 9 provide two page writeup answering the questions above.**

We will generalize about the values and behavior of individuals in different regions of the world. For example, the concept of time and appreciation for space differ across societies. Some cultures place more focus on the individual, while others emphasize the collective. These differences can have a significant influence on the workplace and interactions between people. We will review the various dimensions of culture and consider a number of scenarios where we see these come into play.

Please take the following short survey prior to the readings and print out the summary report at the end of the survey.

[http://washington.qualtrics.com/SE/?SID=SV_4VK4sXoK5ltbqHa](http://washington.qualtrics.com/SE/?SID=SV_4VK4sXoK5ltbqHa)

This short survey is only for your own self-diagnostics and completely confidential. I will provide summary statistics in class.

**Readings:**

“Diagnosing the new cultural code,” Adam Molinsky, 2013

‘Quotations of foreign visitors’, Robert Kohls

*Which of these quotations resonate with you? Which do you find surprising?*

‘Caught between two cultures: An American’s attempt to manage Japanese/Korean supplier relationships,’ H. Kevin Steensma, 2009

*See attached questions to the case*

‘The ethnic theory of plane crashes- ‘Captain, the weather radar has helped us a lot’’, *Outliers*, Malcom Gladwell, 2008 (scan)

‘Marines are from Mars, Iraqis are from Venus’ 2004, Major Ben Connable (scan)
Take home final exam as arranged
APPENDIX

Why we use the case method

The case method is one of the most effective means of management education. It is widely used in schools of business and major corporations throughout the world. This use is predicated upon the belief that tackling real business problems is the best way to develop practitioners. Real problems are messy and complex.

The case method requires you to be an active participant in the closest thing to the real situation. It is also a way to learn a great deal about how certain businesses operate, and how managers manage. There are few programmable, textbook solutions to the kinds of problems faced by real general managers. When a problem becomes programmable, the general manager gives it to someone else to solve on a repeated basis using the guidelines he or she has set down. Thus the case situations that we will face will require the use of analytical tools and the application of your personal judgment.

Sources of cases

All the cases in this course are about real companies. You will recognize many of the names of the companies, although some of them may be new to you. These cases were developed in several different ways. Occasionally, a company will come to a business school professor and request that a case be written on that company. In other situations, a professor will seek out a company because he or she knows that the company is in an interesting or difficult situation. Often, the company will agree to allow a case to be written. Occasionally, cases will be written solely from public sources. This is perhaps the most difficult type of case writing because of the lack of primary data sources.

In those situations where a company has agreed to have a case written, the company must “release” the case. This means that they have final approval of the content of a given case. The company and the case writer are thus protected from any possibility of releasing data that might be competitively or personally sensitive. Public source cases, obviously, do not need a release. Given the requirement for release, however, it is amazing the amount of information that companies will allow to be placed in a case. Many companies do this because of their belief in the effectiveness of the case method.

Preparing for class

When you prepare for class, it is recommended that you plan on reading the case at least three times. The first reading should be a quick run-through of the text in the case. It should give you a feeling for what the case is about and the types of data that are contained in the case. For example, you will want to differentiate between facts and opinions that may be expressed. In every industry, there is a certain amount of conventional wisdom that may or may not reflect the truth. On your second reading, you should read in more depth. Many people like to underline or otherwise mark up their cases to pick out important points that they know will be needed later.
Your major effort on a second reading should be to understand the business and the situation. You should ask yourself questions like: (1) How does this business work? (2) What are the economics of this business?

On your second reading, you should carefully examine the exhibits in the case. It is generally true that the case writer has put the exhibit there for a purpose. It contains some information that will be useful to you in analyzing the situation. Ask yourself what the information is when you study each exhibit. You will often find that you will need to apply some analytical technique to the exhibit in order to benefit from the information in the raw data.

On your third reading, you should have a good idea of the fundamentals of the case. Now you will be searching to understand the specific situation. You will want to get at the root causes of problems and gather data from the case that will allow you to make specific action recommendations. Before the third reading, you may want to review the assignment questions in the syllabus. It is during and after the third reading that you should be able to prepare your outlined answers to the assignment questions.

Class discussions

In each class, we will ask one or several people to lead off the discussion. If you have prepared the case, and are capable of answering the assignment question, you should have no difficulty with this lead-off assignment. An effective lead-off can do a great deal to enhance a class discussion. It sets a tone for the class that allows that class to probe more deeply into the issues of the case.

The instructor’s role in the class discussion is to help, through intensive questioning, to develop your ideas. This use of the Socratic method has proved to be an effective way to develop thinking capability in individuals. The instructor’s primary role is to manage the class process and to insure that the class achieves an understanding of the case situation. There is no single correct solution to any of these problems. There are, however, a lot of wrong solutions. Therefore, we will try to come up with a solution that will enable us to deal effectively with the problems presented in the case.

After the individual lead-off presentation, the discussion will be opened to the remainder of the group. It is during this time that you will have an opportunity to present and develop your ideas about the way the situation should be handled. It will be important for you to relate your ideas to the case situation and to the ideas of others as they are presented in the class. The instructor’s role is to help you do this.

The use of extra or post-case data

You are encouraged to deal with the case as it is presented. You should put yourself in the position of the general manager involved in the situation and look at the situation through his or her eyes. Part of the unique job of being a general manager is that many of your problems are dilemmas. There is no way to come out a winner on all counts. Although additional data might be interesting or useful, the “Monday morning quarterback” syndrome is not an effective way to
learn about strategic management. Therefore you are strongly discouraged from acquiring or using extra- or post-case data.

Some case method purists argue that a class should never be told what actually happened in a situation. Each person should leave the classroom situation with his or her plan for solving the problem, and none should be falsely legitimized. The outcome of a situation may not reflect what is, or is not, a good solution. You must remember that because a company did something different from your recommendations and was successful or unsuccessful, this is not an indication of the value of your approach. It is, however, interesting and occasionally useful to know what actually occurred. Therefore, whenever possible, I will tell you what happened to a company since the time of the case, but you should draw your own conclusions from that.
## Course Summary

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<td>Various readings on globalization</td>
<td>Read and think!</td>
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<td>May 7</td>
<td>AES Telasi and associated readings</td>
<td>Read and think!</td>
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<td>May 14</td>
<td>A collaborative opportunity</td>
<td>Prepare for negotiation- defend resulting memorandum of agreement</td>
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<td>May 14</td>
<td>Kodak-Fujifilm trade dispute</td>
<td>Individuals from teams 1-4 submit brief on behalf of Kodak</td>
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<td>Individuals from teams 5-9 submit brief on behalf of Fuji</td>
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