



College of Management
National Taiwan University



Course Syllabus for Master-Level
International Business Strategy
Autumn 2010

Instructor: *Prof.* Hong-Jen Charles Chiu Class Time: Wednesday 9:10 – 12:10
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1. COURSE OBJECTIVES

This course focuses on the key issues on formation, decision-making, communication & negotiation, and implementation of global business strategy. By key issues, we mean to *leverage* existing knowledge to achieve the effectiveness of objective-driven strategic processes, and to improve the efficiency of strategic conduct that links objectives and performance. In the context of international business, we further intend to *redefine* global strategy to incorporate strategic challenges across economic, political, cultural, and social boundaries.

In his work of “Redefining Global Strategy”(2007), Professor Ghemawat of HBS-IESE developed the “*CAGE (i.e., Cultural, Administrative, Geographic, and Economic) Distance Framework*” for country analysis before laying out the foundation of global strategy. Then, Ghemawat redefined vital business strategy worldwide by making clever trade-off between the elements of the so-called “*AAA triangle*” (i.e., *Adaptation, Aggregation, and Arbitrage*). This model sounds relevant for figuring out strategic moves in current business landscape across the borders.

Regarding the pedagogical approach, we are going to discuss core theories, best business practices, visionary thinking, seamless implementation, and policy implications. In global business environment under strategic uncertainty, *flexibility and speed* are key to competitive supremacy. Students can expect to learn the best models and approaches for seeking untapped opportunities, for strengthening economic performance and social legitimacy, for upgrading technical and structural innovation, and for responding to dynamic changes in either frontier, emerging, or advanced economies.

2. INSTRUCTOR'S BACKGROUND

Professor Hong-Jen Charles Chiu

*Senior Faculty in Strategy & Former Director in Ph.D. Program in IB,
Department of International Business, National Taiwan Univ. (since 1993),
China Putian Group Chair in Global Strategy, Peking Univ. (China) (since 2006),
Chief Economist, Carlos-Marc Empire Capital Group (Hong Kong) (since 2006);*

- 2010 Elected Chairman, Advisory Board, Group @ Alternative Wealth & Asset Buyout, Hong Kong,*
- 2009 Best Paper Award, Business Policy & Strategy Division, Annual Conference, Academy of Management, San Diego (USA),*
- 2008 Best Paper Award, Annual Conference, Academy of International Business, Milan (Italy),*
- 2008 Best Paper Award, Global Management Division, Annual Meeting, Canadian Assoc. of Administrative Science, Halifax (Canada),*
- 2007-09 Director of the Board, Taiwan Securities & Futures Institute,*
- 2005 Committee Member & Chair in Global Strategy, Chinese EMBA Program, Australia National University (Australia),*
- 2004 Chairman of the Board, M-otel Multimedia Corp. (listed in OTC Section II, Taiwan),*
- 2004-08 Committee Member, Taiwan Financial Stabilization Fund, TEY,*
- 2003-08 Committee Member, RTC Fund, Taiwan Executive Yuan (TEY),*
- 2003-05 Director of the Board, Taiyen Enterprise Corp. (listed in Taiwan Stock Exchange),*
- 2001-07 Supervisor, Board of Directors, Taiwan Central Depository Corp.,*
- 2002 Founded CFO & e-Finance Forum, National Taiwan University*
- 2000 Founded Bio-Commerce Strategy Forum, NTU,*
- 1998 Founded Mobile-Commerce & Telecom Forum, NTU,*
- 1996 Co-founded E-Commerce Forum, National Taiwan Univ. (NTU),*
- 1995 Outstanding International Research Visiting Chair, College of Commerce, Meiji University (Japan),*
- 1993-97 Adjunct Professors, National Chengchi Univ., National Taiwan Univ. of Science & Technology, National Taipei University, etc.*
- 1993 Post-Doctoral Fellow in Global Management, School of Business, University of Washington, Seattle, USA,*
- 1992 Ph.D. in Strategic Management, School of Business, University of Washington, Seattle, USA;*

3. COURSE FORMAT

3.1 Pre-requisites & Expectations

- This is an advanced course in international business field, so basic knowledge in global business (or equivalent) is a pre-requisite for

effective learning. Another pre-requisite is basic understandings of management at the graduate level for conduct case analysis.

- Students can expect to learn timely professional knowledge and experience in global strategy. Also, we will interact and exchange thoughts on the essence of conducting rigorous analyses and discussions on global strategy. Our learning focus is on competitive & cooperative drivers, resources integration, capability leverage, strategic learning, inter-firm alliance, managing institutional relationship, innovation and entrepreneurship, and acquisition & restructuring in the global marketplace. Finally, the instructor commits to enhance students' understandings of strategic thinking, decision-making framework, and action programs that is "working surely"..

3.2 Course Structure and Knowledge Contents

- We first attempt to figure out *differences in operations of the global vs. domestic firm*. As our textbook [Peng's (2009)] suggested, a truly globally-positioned player needs to consider three aspects of foreign direct investment: *Industry-, Resource-, and Institution-based factors*.
- *Constrained by these three types of strategic considerations*, the top management team (i.e., CEO, CFO, COO, etc.) conducts strategic planning in such business-level conduct as foreign market entry, international new ventures, inter-firm alliances and networks, competitive dynamics on the one hand; also in such corporate-level conduct as diversification & acquisition, structure & learning, corporate governance, social responsibility on the other.
- *What complicates decision-making for choosing right strategic alternatives* includes discrepancies in Cultural value, Administrative heritage, Geographic dispersion (of assets and operations), and Economic development stage [i.e., *CAGE Distance Framework* by Ghemawat (2007)]. Thus, how to apply the "AAA triangle" (*Adaptation, Aggregation, and Arbitrage*) analysis becomes very relevant in selecting out the most viable strategic alternatives, according to Professor Ghemawat of HBS-IESE.
- *To make the global strategy chosen workable*, the top management team -- including both headquarters and foreign subsidiaries -- is entailed to *design, negotiate, and implement appropriate* organizational structure, knowledge & talent repertoire, management systems, and incentive schemes. On top of these, strategic leadership that is dynamically-responsive and culturally-sensitive could enhance the positive strategy-performance relationship in global business landscape.

3.3 Learning Thru A "SURLY-WORK" Case Study Process

One mainstream pedagogical approach in current B-school classroom learning is the case-study approach. The instructor draws on his 17-year plus B-school teaching & real-world consulting experience, which leads to a "Surly-Work" case-study innovation. To work surly, the case analysis

that students learned should be applicable to a variety of business/market settings...

Why the Professor Chiu is so sure? Let performance speak itself: He has served as Chief Economist of a private-equity firm (CECG) with equity capital up to US\$ 11.4 billion (as of August 31, 2010); during his tenure, the average annual IRR/ROE of this PE firm in the time period between 2006 Q4 and 2010 Q2 has reached 56.8%!

Regarding the cases' sources, we are going to draw on the following global strategy cases from *Harvard Business School* mainly, as well as *Stanford School of Business*:

Companies Involved	Home Country	Area(s) Focused	Industry Setting(s)	Global Strategic Issue(s)
MTC (now...Zain)	Kuwait	Africa	Telecom Services	Opportunities & strategy for emerging markets
Chiaphua	Hong Kong (China)	ASEAN (South-east Asia)	Real Estate Development	Deregulation & host country government-global firm relations
Infosys	India	North America	Consulting Services	Capability leveraging, value creation from global operations
Samsung	Korea	North Asia	Consumer Electronics	Localization vs. globalization in product design
Nestle	Switzerland	Europe	Food & Beverage	Implementing & governing global strategy
Exxel Group, Carrefour	Argentina	South America	Finance, Retail	Strategic negotiation, merger & acquisition, investment exit

(1) **Crossing Borders: MTC's Journey through Africa** (published in 2008)

Case Description:

This is the story of MTC, a Kuwaiti telecom company that has grown from a sleepy, state monopoly to become one of the fastest growing telecom companies in the world, with the largest regional footprint across the Middle East and Africa. Dr. Saad Al Barrak had been successful in executing an aggressive growth plan that found its crown jewel in the acquisition of Celtel, one of the largest telecom companies in Sub-Saharan Africa. However, this acquisition threw MTC into a dynamic new context and marked the beginning of a very different phase. If Dr. Saad was going to lead MTC into the topmost ranks of global telecom, his team would

have to successfully grapple with all the growing pains of managing across borders, brand names and cultures.

(2) **Chiaphua Group (香港捷和控股) Vietnam** (published in 2007, revised in 2008)

Case Description:

As part of its expansion and diversification strategy, the Chiaphua Group explored real estate investments in emerging markets. The Group was one of the largest privately held company groups based in Hong Kong, with international investments in a variety of manufacturing and property development. Raymond Cheng narrowed the list of potential markets and concluded that Vietnam was the best option. Revolves around how to assess the market in the absence of hard data, and what would be the appropriate entry points. Illuminates how relationship-driven investments can be the foundation of a long-term investment strategy.

(3) **Infosys Consulting in 2006** (published in 2006)

Case Description:

Describes Infosys Technologies' approach to growing the company by moving up the value chain to offer higher-end consulting services; improving its brand equity and recognition as a global company, etc. Considers whether Infosys Technologies--through the creation of a wholly owned U.S.-based subsidiary, Infosys Consulting--has created disruptive change in the IT consulting industry by leveraging its competency in global delivery to create a new model that shortens the lifecycle from business consulting to implementation. The case profiles leading onshore (U.S.) and offshore (Indian) competitors and describes their different approaches to global delivery in the IT consulting industry.

(4) **Design Strategy at Samsung Electronics: Becoming a Top-Tier Company** (published in 2008)

Case Description:

Samsung Electronics aspires to "Tier One" status among its competitors through mastering the less tangible, more intuitive qualities of superior design. Samsung has risen in little more than three decades from a small OEM producer of generic TV sets to a giant in numerous product categories, from components (such as LCD displays) to ubiquitous consumer devices (such as cell phones). During the past decade, this engineering-driven company has given way to an innovative, design-driven company, without any less emphasis on R&D. Nevertheless, despite worldwide design awards and engineering accolades, the "iconic" product (such as Apple's iPod) eludes them.

(5) **Nestle in 2008** (published in 2008)

Case Description:

In April 2008, Paul Bulcke took over as CEO of the world's largest food and beverage company. His predecessor, Peter Brabeck, had delivered 12 years of outstanding results while moving the company towards a new vision of health, nutrition, and wellness. Bulcke's challenge was to swiftly execute the vision and deliver the organic growth and improved margins necessary to meet the "Nestle model."

(6) **The Exxel Group: March 2001** (published in 2001, rev. in 2003)

Case Description:

The Exxel Group, a leading Latin American buyout fund, faces a challenge when deciding whether and how to exit its largest investment. The capital markets are very weak and lacking of liquidity, precluding an initial public offering (IPO). Undertaking the trade sale of a retail business to France-based Carrefour could be challenging. This case illustrates the structuring of leveraged buyouts, and investment illiquidity in emerging markets, and how equity investments can be exited without IPO..

3.4 **Textbook**

Peng, M. (2009) Global Strategic Management (2nd ed.). US: South-Western [The book agent in Taiwan: Princeton Books (Tel: 2290-0318)]

Our recommend book list:

Cellich, C. and S. Jain (2004) Global Business Negotiation: A Practical Guide. US: South-Western.

Ghemawat, Pankaj (2007) Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter. US: HBS Press.

3.5 **Course Readings**

Bhattacharay, Hemerling, and Waltermann (2010) Competing for advantage: How to succeed in the new global reality. The BCG Report, Boston Consulting Group.

Bhattacharay and Michael (2008) BCG 50 local dynamos: How dynamic RDE-based companies are mastering their home markets. The BCG Report, Boston Consulting Group.

Bhattacharay and Zabit (2009) Taking R&D global: Meeting the challenge of getting it right. The BCG Report, Boston Consulting Group.

Carpet, Conigliaro, and Boroujerdi (2009) Commodities in the crosshairs – A commodity shortage lies ahead. Global Investment Institute, Goldman Sachs.

Cohen and Semaya (2009) Copenhagen – On the road to a new global climate change treaty. Global Markets Institute, Goldman Sachs.

Cools, et al. (2007) The brave new world of M&A: How to create value from mergers and acquisitions. The BCG Report..

Lang and Mauerer (2010) Winning BRIC auto markets: Achieving deep localization in Brazil, Russia, India, and China. The BCG Report.

Lindgardt, et al. (2009) Business model innovation. The BCG Report.

- Manyika, et al. (2010) How to compete and grow: A sector guide to policy. McKinsey Global Institute.
- Michael, et al. (2007) Beyond Great Wall: Intellectual property strategies for Chinese companies. The BCG Report.
- Olsen, et al. (2008) Missing link: Focusing corporate strategy on value creation. The BCG Report, Boston Consulting Group.
- Roxburgh, et al. (2010) Lions on the move: The progress and potential of African economies. McKinsey Global Institute.
- Treisman, D. (2010) “Loans for shares” revisited. NBER WP, No. 15819.
- Walters, et al. (2010) The keys to kingdom: Unlocking China’s consumer power. The BCG Report, Boston Consulting Group.
- World Economic Forum (2010) Stimulating economies from fostering talent mobility. In collaboration with Boston Consulting Group.

4. CLASS SCHEDULE

Week	Topic(s) for Class Discussion	Textbook Chapter	Notes and Cases/ Readings
1 (9/15/2010)	Course Introduction & Study-Group Formation		
2	The Moon’s Festival Holiday		No Class
3	Strategic Thinking for Opportunity-Seeking vs. Threat-Driven FDI <i>The “Surly-Work” Case Study Method & Alternatives</i>	Chapter 1	Roxburgh, et al. (2010)
4	(1) Identifying Global Opportunities & Strategy Configuration, (2) Entry Modes for Foreign Markets	Chapter 5	Carpet, Conigliaro & Boroujerdi (2009)
5	(1) Global Industrial Competition (2) Deregulation and Privatization: Implications from Economic Reforms	Chapter 2	Manyika, et al. (2010) Treisman (2010)
6	Enhancing Competitive Positioning from Quickly Responding to Institutional & Cultural Shifts	Chapter 4	Case (1): MTC, Walters, et al. (2010)
7	Fostering Entrepreneurship, Learning, and Knowledge Transfer from Global Best Practices	Chapter 6	Case (2): Chiaphua, Lindgardt, et al. (2009)
8	(1) Leveraging Critical Resources and Strategic Capabilities (2) Sources of Global Competitive Advantage	Chapter 3	Case (3): Infosys, Bhattacharay, Hemerling & Waltermann (2010)
9	Global Mergers and Acquisitions, Partnership, and Restructuring (Mid-term Exam Week)	Chapter 7	Cools, et al. (2007), Ghemawat (2007)

10	Localization & Globalization Issues in Business- & Functional-Level Strategies	Chapter 8	Bhattacharay & Michael ('08), Lang & Maurer ('10)
11	Delivering and Restructuring MNE's Value Creation Mechanisms from Global Operations	Chapter 9	Case (4): Samsung , Olsen, et al. (2008)
12	Strategic Innovation in Technology, Supply Chains, and Client Relations in the Multinational Setting	Chapter 10	Michael, et al. (2007), Bhattacharay & Zabit (2009)
13	Implementing & Governing Global Strategy: Leadership, Systems, and Structure	Chapter 11	Case (5): Nestle , World Economic Forum (2010)
14	Sustaining Profitable Growth in the Context of Global Citizenship and Social Responsibility	Chapter 12	Cohen & Semaya (2009)
15	Strategic Negotiation and Bargaining Around the World	Chapter 13	Case (6):Exxel , Cellich & Jain (2004)
16	Term Project Presentation I		
17 (1/5/2011)	Term Project Presentation II Class Wrap-up		
18	Final Exam		

5. INSTRUCTOR'S EXPECTATION

Professor Chiu has taught for 17 years plus at NTU and others major universities in Asia-Pacific. He has also served on the boards of and has made advisory/ consulting services to a variety of domestic leading firms in Greater China (e.g., Mega Financial, Fubon Financial, TECO Group, President Corp, China Putian, China Food & Oil, China Unicom, etc.) as well as several global firms such as France-based PPR, Italy-based Fiat, India-based Tata Group, US-based DLJ (later merged into CSFB), Spain-based Telefonica, and Indonesia-based APP.

Students are expected to be present in class on time. Those who arrive at class late should not disturb classmates and make noise to class discussions. The instructor seldom calls the roster. Nevertheless, students are expected to notify the instructor at least in e-mail in advance, if you will be absent from a upcoming class.

6. GRADING



These are three parts of the grading system for this course:

- (1) One final exam (40%)
- (2) Two group case-study written reports + One oral presentation (30%)
- (3) One group term project + One oral presentation (30%)

6.1 The Final Exam

Total : 100 points
Weight : 40%
Exam Date : **January 12, 2010**
Exam Materials : Textual materials & readings

6.2 Case Study Reports

Total : 100 points
Weight : 30%

We will discuss 6 cases in global strategy. Each study group consisting of 3 - 4 members needs to pick **TWO cases to analyze** and then to **write case study reports** for them, respectively. The length of the report should be 2500 words or so (excluding exhibits).

Students are also expected to make **ONE oral presentation** in class, based on the two cases chosen. If there are more than two groups choose the same case, the instructor will make the coordination.

6.3 The Term Project

Total : 100 points
Weight : 30%
Dates for Presentation: **Dec. 29, 2010 or Jan. 5, 2011**

Each study group should choose an industry to **write ONE term project** that aims at addressing issues related to global strategy. Then, each group is expected to make **ONE oral presentation** in class.

The following industries are worth studying due to their strategic importance and relevance to current global business environments: DRAM, TFT-LCD, Automobile, Bank, Retail, Game & Casino, Luxury Good, Real Estate. The length of the term project is at your discretion.



*To conquer fast-changing global business landscape,
you trust NTU's strategic leadership – Just like your faith in Genghis Khan.*