PURPOSE OF THE COURSE

The course provides future managers with a clear conceptual understanding of:

- The fundamental economic and political factors affecting the international expansion of the firm, as distinct from purely domestic factors.
- The persistence of deep and momentous cross-national differences in the world that affect the strategy, performance, and value of the multinational firm.
- The models for organizing and managing a multinational network of subsidiaries, including how to coordinate and to transfer useful knowledge across borders.
- The sequence and mode of international expansion depending on the characteristics of the industry, the firm, and the host country.
- The rise of multinational corporations from emerging markets and its implications for global business.

The Wharton School is the world’s preeminent center for international management research and education. The course intends to demonstrate that decisions affecting the international expansion of the firm are neither obvious nor totally determined by the technological or economic forces generally associated with globalization. Detailed case studies are used to illustrate that the internationalization of the firm is a sequential decision-making process operating at the country, industry, corporate, business, and subsidiary levels of analysis. Firms manage knowledge accumulation and transfer as they grow international through a mixture of planning and trial-and-error. Students will experience in the classroom the most important decisions that multinational firms face in the course of conducting business across borders.
Course takeaways:

- A set of conceptual tools to navigate through the often contradictory and ambiguous mass of information about how international competition takes place.
- A set of criteria for evaluating exactly which global strategy will help enhance the firm's long-term profitability and value.
- A clear understanding of how to evaluate and interpret the effects of economic, financial, political, and social factors on international management decisions.

REQUIREMENTS

- Homework assignments and class participation (30%).
- In-class midterm exam (20%), **Tuesday, February 16, 2010**, 25 minutes.
- Group project (50%).

A Note on Homework Assignments and Class Participation

Each student will be graded based upon the frequency and quality of his or her contribution to class discussion, as well as on his/her homework submissions before class.

Effective participation is accomplished by focused comments or questions that demonstrate mastery of readings and cases and develop insights that are not immediately discernible from these materials. We especially encourage class participation that applies conceptual frameworks to case materials and that enriches the learning experience of the class.

There will be a homework assignment for most sessions. Before every case discussion session, a question will be posted in the “assessment” section of webCafé. It will require you to make a decision based on the case material (and readings if relevant) (e.g. should Mondavi compete head-to-head with the Australian wine producers?) and to state the main reasons for your answer (bullet points are fine). Responding to this question will take little time in addition to your normal class preparation. You must respond to the poll no later than 9:00am on the day of the class. On the sessions where there is no case discussion, students will be required to submit a 1-page critique of the reading(s) assigned to that session to the electronic submission folder on WebCafé no later than 9:00am on the day of the class. We will not accept any answers that are submitted to us by email.

We expect students to prepare for class, to attend class (and be on time) and to be willing and ready to participate in each and every class discussion. Please inform the instructor in advance by email if you are going to miss a class. Please remember to turn off your cell phones and Blackberries before the start of class. We enforce concert rules and request that no laptops should be open during class. Please bring your name tent to each class. Class participation will be affected by any class that you miss beyond two.
Group Project

The group project consists of a mini-report and a presentation on a key decision made by a multinational firm. It is worth 50 points (i.e. 50% of the total grade). Groups should have 5-6 members. The final report should provide: (1) a description of the company and industry background; (2) a description of the decision; and (3) a critique of the decision. The decision should be directly related to one or more of the ten key themes below:

1. The Global Environment and the Motivations for Foreign Direct Investment
2. Industry Characteristics & Global Strategy
3. Home-Country Effects
4. Distance & Global Strategy
5. Organization of the MNC: Dispersion & Coordination of Activities
6. Administrative Heritage and Organizational Changes in the MNC
7. Innovation in MNC Subsidiaries
8. Open Innovation and Global Knowledge Sourcing
9. Market Entry Strategies & Sequence and Pace of International Expansion
10. The Emergence of New Multinationals

The decision analyzed in the project could be one that helped the company become more competitive or profitable, or just the opposite. The specifications, distribution of points, and deadlines are:

• Deliverable #1: Deadline March 04, 2010 by 9:00am. A one-page, single-spaced, 12 point Times New Roman Font, with 1 inch margins all around, description of the project due. Please submit it to the electronic submission folder on WebCafé. (5 points)

• Deliverable #2: Deadline March 04, 2010. A 5-minute presentation of your project proposal. A hard-copy of the slides is due at the end of the class (5 points)

• Deliverable #3: Deadline April 22, 2010 by 9:00am. Final report due. Please submit it to the electronic submission folder on WebCafé. The final report should be no more than 10 pages, single-spaced, 12 point Times New Roman Font, with 1 inch margins all around, excluding tables or exhibits. (25 points)

• Deliverable #4: Deadline April 22, 2010. A 8-10-minute presentation of your final project. A hard copy of the slides is due at the end of the class (15 points)

We will have sessions in the course exclusively dedicated to the discussion and presentation of the project. In those instances, I will provide more details about the project and answer specific questions students may have. While the goal is for everyone in the group to receive the same grade, I have mechanisms to deal with group process issues that will punish free riders, and groups with concerns to this effect should contact me as soon as they become aware of the issues. Any student who misses his/her group presentations due to an unexcused absence will forfeit 50% of the oral presentation points earned by the group.
READING MATERIALS

- All readings are available from Wharton Reprographics.

ABOUT THE INSTRUCTOR

L. Felipe Monteiro is an Assistant Professor of Management at the Wharton School, University of Pennsylvania. He obtained his Ph.D. in Strategic and International Management at the London Business School. He also has a LL.B. (JD equivalent) degree, *cum laude*, from the Federal University of Rio de Janeiro, a M.Sc. in Business Administration from COPPEAD/UFRJ, Brazil and a MRes in Business Studies from London Business School.

Before joining The Wharton School, Felipe was a Fellow, and an award-winning teacher, at the London School of Economics and Political Science (LSE). Prior to that, he was a Senior Researcher at the Harvard Business School’s Latin American Research Center where he published several case studies on multinational corporations headquartered in Latin America. Felipe was also an Adjunct Professor at IBMEC Business School in Rio de Janeiro, Brazil, where he won seven teaching awards between 1998 and 2002. Prior to joining academia, Felipe was a Senior Analyst at Banco do Brasil acting as an advisor to foreign companies investing in Brazil.

His research focuses on knowledge processes within multinational corporations (MNCs), in particular, on how MNCs access external knowledge across organizational, technological and geographic boundaries. Felipe is also leading a research project on foreign direct investment strategies of MNCs headquartered in the BRIC (Brazil, Russia, India and China) countries. His research has been published in top academic and managerial journals and nominated to prestigious awards at the Academy of International Business and at the Academy of Management. He is an active member of the Academy of International Business, of the Strategic Management Society and of the Academy of Management.

His personal website is at: [http://www-management.wharton.upenn.edu/monteiro/](http://www-management.wharton.upenn.edu/monteiro/)
INTRODUCTION TO MULTINATIONAL MANAGEMENT

Theme 1 – The Global Environment and the Motivations for Foreign Direct Investment

Session 1 - Thursday, January 14


Session 2 - Tuesday, January 19


FORMULATING GLOBAL STRATEGY

Theme 2 - Industry Characteristics & Global Strategy

Session 3 - Thursday, January 21


Session 4 - Tuesday, January 26


Questions: (1) What is the global potential of the wine industry?
(2) Characterize and evaluate the strategies of Mondavi’s global competitors.
(3) Do you think that Mondavi should compete head-to-head with the Australian wine producers?
LOCATION & GLOBAL STRATEGY:

Theme 3 - Home-Country Effects

Session 5 – Thursday, January 28


Session 6 - Tuesday, February 02

Questions: (1) How do you explain the shifting global leadership in the watch industry, from Swiss to American to Japanese and back to Swiss firms?
(2) How do you explain the success of Swatch as a company in this industry?
(3) Do you think that Swatch should continue to rely on Switzerland as the location for most of its activities?

Theme 4 - Distance & Global Strategy

Session 7 – Thursday, February 04


Session 8 - Tuesday, February 09

Case: The Globalization of CEMEX, HBS 9-701-017
Questions: (1) Is cement a global industry?
(2) What accounts for CEMEX’s success to date? In particular, what are the benefits that CEMEX has derived from expanding across borders?
(3) How far can Cemex’s competitive advantage travel?
(4) Do you think that CEMEX is making the right strategic move in expanding into developed countries?

Session 9 – Thursday, February 11

Review Session

Session 10 – Tuesday, February 16

In-class mid-term exam. Group sign-ups due.
DESIGNING GLOBAL ORGANIZATIONS

Theme 5 – Organization of the MNC: Dispersion & Coordination of Activities

Session 11 – Thursday, February 18


Session 12 – Tuesday, February 23

Case: Acer Inc.: Taiwan’s Rampaging Dragon. HBS 9-399-010.
Questions: (1) Describe Acer’s culture and organizational structure. Can Acer’s early culture and practices be sustained as the company grows?
(2) How responsive is Acer to local environments? How coordinated or integrated is it?
(3) Analyze the advantages and disadvantages of allowing Acer America to design and market the Aspire.
(4) If you were Stan Shih, would you give the Aspire project the green light? Is the organizational structure appropriate?

Theme 6 – Administrative Heritage and Organizational Changes in the MNC

Session 13 – Thursday, February 25

Questions: (1) How did Philips become a leader in the industry? How did Matsushita overtake Philips? What distinctive capabilities did each firm possess?
(2) What are the major problems currently facing each firm?
(3) What specific organizational changes would you say each firm should implement?

Session 14 – Tuesday, March 02

Group project preparation

Session 15 – Thursday, March 04

Presentation of project proposals
SPRING BREAK: March 06 – March 14

MNC SUBSIDIARIES AND GLOBAL INNOVATION

Theme 7 – Innovation in MNC Subsidiaries

Session 16 – Tuesday, March 16


Session 17 – Thursday, March 18

Case: P&G Japan: The SK-II Globalization Project, HBS 9-303-003
Questions: (1) Does SK-II have the potential to become a global brand within Procter & Gamble’s worldwide operations? Why or why not?
(2) Which of the three market options should Paulo DeCesare recommend to the GLT? What benefits do you expect to gain? What risks do you see?
(3) How should he implement your recommended option? What are the implications for P&G’s new post-O2005 organization? What support and/or resistance do you expect? How will you manage it?

Theme 8 – Open Innovation and Global Knowledge Sourcing

Session 18 – Tuesday, March 23


Session 19 – Thursday, March 25

Case: BT Group: Bringing External Technology Inside, ECCH 307-045-1

Questions: (1) How do you compare BT’s technology scouting units with a typical subsidiary in a multinational corporation? What makes their mandate distinctive?
(2) What are the main challenges involved in this global technology scouting process?
(3) Among the three growth avenues being considered by Frangos, which one would you recommend to him? Why?

ENTERING FOREIGN MARKETS

Theme 9 - Market Entry Strategies & Sequence and Pace of International Expansion

Session 20 – Tuesday, March 30


Session 21 – Thursday, April 01

Case: Häagen-Dazs’ Entry in to Europe, Wharton case study

Questions: (1) Why has Häagen-Dazs been so successful in its home country?
(2) Why did Häagen-Dazs decide to expand internationally? Did it learn how to succeed globally as it entered new markets?
(3) Do you like the second European entry plan? Please provide reasons for your answer.

Session 22 – Tuesday, April 06

Questions: (1) Do you think there is a good strategic rationale for Wal-Mart &/ or Tesco to expand internationally?
(2) Explain what you believe to be the rationale for the sequence in which, and the pace at which, Wal-Mart & Tesco have entered different markets.
(3) Do you think Tesco’s strategy to enter the United States makes sense?

NEW DEVELOPMENTS IN MULTINATIONAL MANAGEMENT

Theme 10 - The Emergence of New Multinationals

Session 23 – Thursday, April 08


Session 24 – Tuesday, April 13

Case: Grupo Elektra. HBS 9-502-039

Questions: (1) What are the respective roles of the retail offer and the consumer credit offer in the Elektra business model? How important is each to the group’s performance?
(2) Is Elektra’s business model transferable to other countries, or is it Mexico-specific?
(3) Where are the greatest expansion opportunities for Elektra: Latin America or the Hispanic market in the US?

Session 25 – Thursday, April 15


**Session 26 – Tuesday, April 20**

**Case:** Haier: Taking a Chinese Company Global, HBS, 9-706-401  
**Questions:**  
(1) What do the characteristics of the global large appliances industry tell you about the design of an effective competitive strategy?  
(2) Was there a good rationale for Haier to make global expansion its top strategic priority?  
(3) Do you think Haier is right to shun the conventional wisdom by focusing on markets in developed countries before turning to those in developing countries?

**Conclusion to Multinational Management**

**Session 27- Thursday, April 22**  
Group project preparation

**Session 28 – Tuesday, April 27**  
Final project presentations