Companies today confront an increasing array of choices regarding markets, business models, locations for key activities, and processes for managing across borders. Megatrends such as globalization, digitization, and the rise of social networks are changing the basic landscape in which global companies—multinationals and startups alike—operate in the twenty-first century. This course prepares students to think clearly about these trends and develop strategies and business structures that position a global company to succeed.

The course is divided into three sections. The first section of the course (sessions 1-5) focuses on introducing a set of frameworks that can be applied to analyze and compare country conditions and the strategic alternatives a company faces. When discussing cases, we will apply frameworks and insights from global strategy to analyze the past and current decisions facing companies, focusing on the choice of location, business model, capabilities development, and global competition. The second section (sessions 6-9) of the course focuses on how companies can organize internally and externally to achieve global competitive advantage. Specifically, we focus on the structures that enable companies to achieve an industry-appropriate balance of global integration and local responsiveness, and discuss how this can be applied to reap the benefits of distributed innovation, mergers and acquisitions, and joint ventures and alliances. The final sessions (sessions 10-13) of the course will be focused on integrating strategy and organization concepts to decipher complex and contemporary business model design challenges in the sharing economy, clean energy, and e-Commerce.

Materials:
1. A course reader, which will be available on Study.Net.
3. Class slides and additional resources related to the course will be posted on Stellar.

Attendance policy:
Attendance is mandatory. If you have to miss class, please email your TA before class to request an excused absence. Everyone is permitted one excused absence. Absences thereafter will negatively affect your participation grade.
Requirements:
The requirements for the course and the contribution of each towards the final grade are:

1. Class participation 30%
2. Two individual case memos (2 x 15%) 30%
3. Group final paper strategic question & outline (Due Nov. 16th) 10%
4. Group final paper (Due Dec. 8th) 30%

1. Class participation

Your active participation in the discussion in class is integral to the design of this course. For each class, study guide questions are provided. These questions will help you prepare for class and think about the issues that may arise in discussion. Because we value exchange of ideas as an effective way of learning, we encourage debates among students and expressions of your own views. You will be evaluated on the quality of your comments, not the quantity. If your native language is not English and/or you have difficulty speaking up in class, please meet with the instructor to discuss ways to support your participation.

2. Individual case memos

Two short memos (5-6 pages double spaced, 12-point font, including figures and tables) offer you an opportunity to analyze cases assigned in class. Please write one memo on sessions 2-5, the other for sessions 6-9. Please sign up for your sessions in advance with Stella. In your memo, you should imagine that you are providing analysis to the head of strategy (or the CEO) of a company in the case discussed on either a past or future decision related to the company’s global business model design. Your memo should focus on the Study Guide Question highlighted in bold for the corresponding class in your syllabus. Your memo should state your recommendation clearly at the start of the memo, and support your recommendation with facts from the case and themes and frameworks discussed in class. Strong memos typically apply one of the frameworks from the class. Your write-up is due in class on the day the memo is to be discussed.

3. Group final paper

This project involves writing a group paper (maximum 20 pages double spaced, including figures and tables) on a firm of your choice making a decision that concerns its global strategy and organizational design. Your report should clearly define a strategic question that is narrow enough to address thoroughly in the paper and evaluate 2-3 strategic options related to its global business model using the frameworks and ideas discussed in class. Your paper should then discuss how the organization of the firm—both internally and with respect to external stakeholders and partners—can be aligned to execute this strategy. For this assignment, every student is expected to participate in a self-formed group of four people. Please e-mail the membership of your group to your TA by October 29th. Your strategic question and paper outline are due on November 16th. The final paper is due before 5 p.m. on December 8th.

Final papers will be graded on content as well as clarity of writing. Please follow a consistent format for citing references to data or other materials used to support your argument, including those you find online. For more details, including acceptable citation formats, please see http://libguides.mit.edu/citing.
Detailed Schedule of Classes and Assignments

Readings for each session are available either on Stellar or on Study.Net as indicated below. A copy of the Textbook can be accessed through Stellar. You are responsible for all cases and readings.

PART I – GLOBAL STRATEGY

SESSION 1. BUSINESS MODELS IN A GLOBAL WORLD – Monday, Oct. 26th

Readings:


Chinese Smartphone Maker Xiaomi Places Its Next Big Bet. Knowledge @ Wharton, University of Pennsylvania. (http://knowledge.wharton.upenn.edu/article/chinese-smartphone-maker-xiaomi-places-its-next-big-bet/) [STELLAR]


Learning Objectives:

1. Using Xiaomi as a case study, identify ways in which a company can be global, and identify factors that drive companies to become pursue globalization strategies.

2. Become familiar with levels of analysis, both in geography (world/region/country/site) and in business (industry/company/unit).

Study Guide Questions:

1. What are several dimensions along which a company can be global?

2. What differentiated Xiaomi as a leader in China’s cell phone industry within a few short years? Where and how is the latest Xiaomi designed, produced, and sold?

3. What market should Xiaomi enter next and why?
SESSION 2. HOME BASE ADVANTAGE – Wednesday, Oct. 28th

Readings:
Chapter 2: The Globalization of Companies and Industries. [TEXTBOOK]


Case: Fast Retailing (HBS 9-711-496) [Study.net]

Learning Objectives:
1. Examine the implications of location and home base advantage for capabilities development and learning.
2. Apply Porter’s Diamond to analyze a company’s home base advantage and to evaluate its prospects in alternative target markets.
3. Relate a company’s comparative advantage (based on country characteristics) to its competitive advantage (based on firm-level configuration and competencies).

Study Guide Questions:
1. Why did Fast Retailing internationalize?
2. How did Fast Retailing decide to enter the markets it did? Do you see a pattern in the choice of country and in its growth strategy after entering?
3. Define each dimension of Porter’s Diamond for the apparel industry in Japan and in one of its target markets. Solely on the basis of differences between the two markets, do you recommend expansion into the target country?
4. Is Fast Retailing expanding too fast?

Deadline(s):
* Sign up for your project group with Stella Gaitani. *
* Sign up for the classes for which you plan to write memos. *
SESSION 3. BUSINESS MODEL INNOVATION – Monday, Nov. 2nd

Readings:
Chapter 4: Global Strategy as Business Model Change [TEXTBOOK]
CASE: Haier: Taking a Chinese Company Global in 2011 (HBS 9-712-408) [Study.net]

Learning Objectives:
1. Understand the evolution of Haier’s business model and articulate its relationship to its global and home market strategies.
2. Articulate the connection between a company’s global strategy and its organizational structure, and identify several challenges involved in aligning them.
3. Identify ways Haier could leverage its domestic market presence and customer data access to strengthen both local and global competitive advantage.

Study Guide Questions:
1. Why did Haier internationalize? Given the size of the Chinese market, did it need to? What would you consider to be its greatest successes and failures?
2. Evaluate Haier’s recent experiments in organizational innovation—from ZZJYT’s to microenterprises within the company. Do you believe these innovations are strengthening the company’s global and local competitive advantage? What would you do differently, if anything?
3. In what ways is Haier becoming a tech company rather than a traditional white goods company? Is this a smart move? What are the potential implications for the company’s global and local competitive advantage?
SESSION 4. BUILDING CAPABILITIES ACROSS BORDERS – Wednesday, Nov. 4th

Readings:
Case: CEMEX [STELLAR]

Learning Objectives:
1. Understand and apply the RAT/CAT framework to evaluate key decisions in the global expansion of CEMEX.
2. Identify challenges that CEMEX and other emerging market multinationals face when internationalizing.

Study Guide Questions:
1. How global is the cement industry? Would you expect a nationally-owned company in the cement industry to be a good candidate for internationalization? Why or why not?
2. What was the primary motive for CEMEX to enter Spain? What additional value did this decision create for the company?
3. Describe the CEMEX Way. In what ways did it help CEMEX maintain a competitive advantage during its international expansion?
SESSION 5. GLOBAL COMPETITION – Monday, Nov. 9th

Readings:


Case: Cafe Coffee Day (HBS 9-714-409) [Study.net]

Learning Objectives:

1. Identify the components of, and apply, the AAA frameworks.
2. Grounded in an analysis of firm capabilities, compare the strategic options of local firms when responding to the entry of global competitors.
3. Develop a strategy for Cafe Coffee Day that draws on insights from the AAA framework, and discuss whether the strategy is applicable to other industries.

Study Guide Questions:

1. What are Cafe Coffee Day’s capabilities? Are these capabilities qualifiers or differentiators? What are Starbucks’ capabilities?
2. Does Starbucks pose a unique threat to Cafe Coffee Day, compared to its previous competitors? Evaluate Cafe Coffee Day’s response to the impending entry of Starbucks in the Indian market.
3. Consider the next 5-10 years. If you were in charge of strategy for Cafe Coffee Day, what strategy would you pursue, in terms of the three As? Would you internationalize, as the company has stated that it hopes to do?
PART II – CONNECTING STRATEGY AND ORGANIZATION

SESSION 6. DISTRIBUTED INNOVATION – Monday, Nov. 16th

Readings:

Immelt et al. (2009). How GE Is Disrupting Itself. [STELLAR]
Case: Haier: Zero Distance to the Customer (HBS N1-115-006) [Study.net]

Learning Objectives:

1. Describe how GE’s organizational structure was set up to enable distributed innovation.
2. Evaluate the prospects and challenges associated with bringing local “cost” innovations to the global market, and its implications for the company’s long-term global competitive advantage.

Study Guide Questions:

1. What is “distributed innovation” and why are some companies pursuing it?
2. What are the risks associated with a distributed innovation strategy? What are the potential rewards, and how can these strengthen the company’s comparative advantage over time?
3. How would you design GE’s internal architecture and reporting structures to make the most of distributed innovation? What linkages, processes, and communication channels are particularly important for the organization to work?
4. Compare how Haier and GE carry out distributed innovation. Are organizational structures adopted by one company workable in the other?

Deadline(s):

* Final project: Strategic question & report outline due. *
SESSION 7. MERGERS AND ACQUISITIONS – Wednesday, Nov. 18th

Readings:
Chapter 5: Target Markets and Modes of Entry [TEXTBOOK]

Case: Takeda (Stanford GSB OB-83(A)) – (B) and (C) cases will be used in class [Study.net]

Learning Objectives:
1. Recognize features of Takeda’s corporate culture and home base, and how they influenced the company’s global expansion strategy.
2. Compare and contrast strategic acquisition options, considering the company’s desired positioning in terms of GI-LR and AAA.
3. Identify the challenges involved in creating a global mindset within an organization.

Study Guide Questions:
1. Describe how the differentiating capability set evolved in the pharmaceutical industry through the mid-2000s. How did established players retain their competitive edge?

2. What would you advise Hasegawa to do with the $18 billion in cash? Use it for acquisitions, return it to shareholders, or something else?

3. How can Hasegawa ensure that the traditional Takeda culture did not smother Millennium’s approach to research? Discuss elements of a viable strategy and organizational foundation to support it.
SESSION 8. JOINT VENTURES AND ALLIANCES – Monday, Nov. 23rd

Readings:

Case: BMW-Brilliance Automotive Joint Venture in China [stellar – to be posted]

Learning Objectives:
1. To identify the opportunities and challenges involved in operating a joint venture in a complex product industry in an emerging market.
2. To link firm strategy and organization with the evolution of the innovation landscape within the country.
3. To evaluate proposals for organizing global production in ways that combine the advantages of locating functions in particular markets.

Study Guide Questions:
1. Briefly recall the history and terms of the BMW-Brilliance joint venture. What capabilities did each company bring to the table?
2. What challenges have BMW and Brilliance faced in developing local production for vehicles designed in Germany? Was the local Sinoro electric vehicle development a success?
3. Design strategy and organizational model that would support more distributed design and production of new BMW vehicles, and pitch this to the senior management. Justify your recommendations for where specific functions should be located and how they should be connected. What is the potential upside, and what are the risks, associated with your proposed approach?

SESSION 9. PROJECT TEAM COLLABORATION SESSION – Wednesday, Nov. 26th

This time is available for your team to work together on your final project. The instructor will be in the classroom during this time to answer any questions about the project or the class material. You are welcome to work in the classroom, but you are not required to come to the classroom during this time if it works better for your team to meet at another time or location.
PART III – NEW GLOBAL BUSINESS MODELS IN ACTION

SESSION 10. NEW MODELS: THE SHARING ECONOMY – Monday, Nov. 30th

Readings:


Why Every Business Model May Soon Look Like Uber’s. [STELLAR]

Case: Uber Technologies, Inc.: Global Strategies, Local Challenges [STELLAR]

Learning Objectives:

1. Understand the basic sources of value sharing economy businesses are tapping into worldwide, and consider their sustainability.

2. Consider whether any tension between integration and responsiveness is or is not fundamentally different in a sharing economy business relative to other industries.

3. Evaluate Uber’s approach to global market expansion, in particular, its responses to regulatory challenges across countries.

Study Guide Questions:

1. Describe Uber’s business model and how the company has adapted its offerings in the new markets it enters. Does the company face significant trade-offs in pursuing both global integration and local responsiveness?

2. What are the pros and cons to Uber’s current approach to global market expansion? Is it effectively and appropriately managing the regulatory challenges that it currently faces? What strategic advice would you offer the company?

3. What will the future of global P2P business models look like? Are these models likely to transform traditional ways of doing business and sources of value on a large scale? Where and what are the next untapped opportunities?
SESSION 11. NEW MODELS: CLEAN ENERGY – Wednesday, Dec. 1st

Readings:

Case and materials to be posted. Focuses on the questions of whether and how an integrated global energy company should enter the solar energy industry in one of its major producing markets.

We will be joined by Rhonda Jordan, MIT Alum and Energy Specialist at the World Bank, and MIT Alum Ninad Rajpurkar, who wrote the case.

Learning Objectives

1. To evaluate how multiple considerations—profitability, regulatory conditions, capabilities development, and sustainability—affect the cross-border investment decisions of businesses in resource-intensive industries.

2. To describe the complexity of stakeholder relationships involved in cross-border investments in the host country and propose ways of engaging effectively with them.

Study Guide Questions:

1. Why might an investment in solar energy in a major production location be of interest to an integrated global energy company?

2. Compare the company’s options in terms of mode of entry and target market segments. In what ways could this decision provide the company with future options to develop solar technology, should conditions prove favorable?

3. In what ways might the global energy company be able to leverage its initial investment in one market across its global operations? What conditions does this decision depend on?
SESSION 12. NEW MODELS: E-COMMERCE – Monday, Dec. 7th

**Readings:**


**Learning Objectives:**
1. To examine the “home base” conditions of today’s e-Commerce companies, and how they have shaped their business models.
2. To compare the capabilities of today’s leading e-Commerce companies and discuss the transferability of different models outside their home markets.

**Study Guide Questions:**
1. How global is e-Commerce? Are e-Commerce companies likely to become truly global, or just universal?
2. Why have so many companies struggled in China’s e-Commerce market?
3. Will the dominant Chinese players be able to succeed in markets outside of China, and how much (if any) business model innovation will be required? Which market(s) should Alibaba target next, and how?
4. The e-Commerce industry is both a viable business and an enabler of businesses worldwide. As an e-Commerce company, what types of global strategic partnerships or alliances would you seek?

SESSION 13. Group Project Presentations – Wednesday, Dec. 9th

This is your opportunity to share recommendations based on your group final project with your classmates, who will assume the role of a senior decision maker or CEO of your company. Please keep your presentation short and to the point. Clearly state the decision in question, the rationale for your choice of framing, and briefly state your recommendation. Then explain how you applied the three frameworks to analyze the question, mention any requirements or changes to the company's current organization needed to carry out your strategic recommendation. Conclude with your view on how your recommendation will create lasting value for the company while mitigating risk in the face of market, policy, and other uncertainties.