

PUBLISHER'S CHOICE INTERNATIONAL BUSINESS CASES

International Business

9B19M031

Garrard Japan: Global or Local?

Paul W. Beamish; R. Chandrasekhar

In late September 2017, the country manager of Garrard Japan was reviewing an interim strategy to deal with emerging, negative views on the ongoing globalization of industry and commerce. Garrard Japan was a wholly owned subsidiary of Garrard S.A., a leading packaged foods company. The European-based multinational enterprise had been a major contributor to globalizing trade and commerce, and the survey results had highlighted a Japanese view that global companies were concerned more with profits than with meeting the needs of local communities. The country manager wondered whether the strategy developed by his team to change these perceptions was adequate. He was also considering how to execute the strategy and who should pay for it: Garrard Japan or Garrard S.A.?

Learning Objective: The case can be used in an undergraduate- or graduate-level course on international business or international management. After working through the case and assignment questions, students will be able to do the following:

- Highlight the pressure points that a multinational enterprise should manage in balancing its global and local aspirations.
- Ascertain whether a “glocal” approach to international business is feasible.
- Consider the cost implications of executing an international strategic initiative.

Publication Date: April 26, 2019

Discipline: General Management/Strategy; International Business;

Issues:

Anti-globalization; Subsidiaries; Headquarters; Relationships; Localization; Globalization

Setting: Japan, Large organization, 2017

Difficulty: Undergraduate/MBA

9B18A052

Wendy's: A Plan for International Expansion

Fabrizio Di Muro

In the summer of 2018 in the United States, Wendy's faced an important decision related to its international markets. The company had a small international presence; of its 6,537 restaurants worldwide, only 637 restaurants were located in international markets. The company was faced with a saturated and stagnating U.S. market and fierce competition from a number of fast food rivals, including McDonald's Corporation, Burger King Corporation, and Carl's Jr. Restaurants LLC, and the surest path to growth seemed to be an expansion into foreign markets, where fast food was still growing. Wendy's chief executive officer needed to determine which international market(s) to target and how many restaurants to open in each international market.

Learning Objective: This case can be used in marketing, international marketing, or international business courses at the undergraduate or graduate level. It gives students the opportunity to do the following:

- Discuss the challenges that companies might face in a foreign market.
- Recognize the types of changes that companies might make when entering an international market.
- Discuss the process of selecting and entering new markets.

Publication Date: August 13, 2018

Discipline: Marketing; International Business;

Issues: international markets, new markets, fast food

Industry: Accommodation & Food Services;

Setting: Ghana, Large organization, 2018

Difficulty: Undergraduate/MBA

9B17D018

Cambridge Cooling Systems: Global Operations Strategy

P. Fraser Johnson; Ken Mark

The chief operating officer (CEO) at Cambridge Cooling Systems (CCS), an industrial cooling system manufacturer, has been asked for his recommendations on CCS's plants in Canada and Mexico. The company has had a reversal in its strategic plan in the past year and is shifting from a focus on growth to looking for operating efficiencies. CCS's global plants are running below full capacity, and opportunity exists to reduce costs through the consolidation of operations. The current focus is on Canada and Mexico, and the CEO is exploring moving custom work from Canada to Mexico, where labour and overhead rates are lower. The challenge for the CEO is to consider the implications of such a move. He needs to determine if it is economically preferable to move production to Mexico, and consider the implications of making changes to CCS's operations strategy.

Learning Objective: This case can be used in courses in operations management, supply chain management, and logistics, in either an undergraduate or an MBA program. The case provides an opportunity to explore the financial and strategic trade-offs of an operations strategy and the challenges of redesigning a supply chain. It gives students the opportunity to

- assess an organization's operations strategy;
- identify the changes to the supply chain required to support a new operations strategy; and
- develop a viable operations plan that aligns with corporate strategy.

Publication Date: October 26, 2017

Discipline: Operations Management; International Business;

Issues: operations strategy, downsizing

Industry: Manufacturing;

Setting: Canada; Mexico, Large organization, 2017

Difficulty: Undergraduate/MBA

9B17M045

Xiaomi: Entering International Markets

Miao Cui; Yan Zhao; Sitara Aziz; Mimi Xiao

After recognizing numerous opportunities in the global market, Xiaomi Technology Corporation Ltd. (Xiaomi), based in Beijing, charted its overseas market strategy in 2013. However, opportunities came with challenges, and during the internationalization process, Xiaomi encountered many problems. By 2016, after three years of hard work, Xiaomi had gained more experience than profits. Compared with Xiaomi's domestic success, Xiaomi's internationalization strategy was unsatisfactory. How could Xiaomi meet its international goals? Should it establish international strategic alliances, develop its firmware operating system, or consider other options?

Learning Objective: The case is suitable for MBA and executive courses in international business. It provides students with an opportunity to establish a basic and structured way of analyzing the internationalization of enterprises, using theories regarding the motivation for internationalization, selection of overseas markets, and modes of overseas market entrance. After working through the case and assignment questions, students will be able to

- develop the ability to analyze companies' motivations for internationalization;
- analyze the rationale for choosing target markets; and
- identify different entry modes and how they may be improved.

Publication Date: April 21, 2017

Discipline: Entrepreneurship; International Business; General Management/Strategy;

Issues: internationalization, entry mode, smartphone

Industry: Information, Media & Telecommunications;

Setting: India; Taiwan; China; Hong Kong, Large organization, 2016

Difficulty: MBA/Postgraduate

9B17M033

Netflix in India: The Way Ahead

Tripti Ghosh Sharma; Suraj S; Mitali Srivastava; Tarun Chandoke; Prachi Prakash

Netflix, Inc. (Netflix), the world's leading provider of subscription video on demand (SVOD), launched its Indian platform on January 6, 2016. Due to its huge population, India represented a lucrative market. Furthermore, the younger generation in India had dynamic consumption patterns that were comparable to those of Western consumers, giving Netflix another reason to invest in the country. However, six months after Netflix's launch in India, as the initial buzz surrounding the entry subsided, important questions loomed: Would the company be able to meet the diverse needs of Indian consumers? Was the Indian market and consumer seasoned enough to adopt a more sophisticated model of SVOD? How could Netflix get a stronghold in a market that was still grappling with basic infrastructure problems and low Internet penetration, as well as censorship issues? Even though Netflix was a formidable player globally, it was not the first mover in the Indian market and many of its competitors were already doing extremely well. How could Netflix compete and move forward in India?

Learning Objective: This case is suitable for use in MBA and other graduate-level programs in courses on industry analysis, intercultural marketing, evolution of business models, comparison of existing business models, competitive positioning, appraisal of existing competition, and implications for consumers. After completion of this case, students will be able to better understand and analyze

the competitive dynamics and possible strategic choices for the company to address multiple challenges;
the strategies already adopted by Netflix, and whether the chosen business model in India has the potential to take on the existing competition in the SVOD industry;
the sustainability of Netflix's chosen model;
the vast diversity in terms of language, culture, and socioeconomic conditions in the market;
the impact of other hurdles like competitors, censorship, and a lack of infrastructure on growth potential; and
the application of various models such as Porter's five forces, SWOT, VRIO, and PESTEL to plan a strategy for the company to penetrate the Indian market.

Publication Date: February 22, 2017

Discipline: International Business; General Management/Strategy;

Issues: SVOD market, International strategy, PESTLE analysis, Porter's five forces, VRIO analysis, value, rareness, imitability, organization, streaming, motion picture, on-demand

Industry: Other Services;

Setting: India, Small organization, 2016

Difficulty: MBA/Postgraduate

9B16A025

Nestlé's Maggi: Pricing and Repositioning a Recalled Product

Neeraj Pandey; Gaganpreet Singh

In June 2015, the Indian food regulatory body, the Food Safety and Standards Authority of India, declared Nestlé's brand of noodles, Maggi, unsafe for human consumption. Tested samples showed excess levels of lead and added monosodium glutamate. To retain the trust of consumers, Nestlé recalled Maggi from all store shelves in the country. Management was then grappling with an improved re-positioning strategy to help Nestlé retain its considerable market share in India. The other issue that Nestlé needed to resolve was what role pricing would play in influencing consumer purchase decisions during the proposed product relaunch.

Learning Objective: This case is designed for graduate and undergraduate management courses, especially in relation to the concepts of pricing, product management, and brand management, as well as in discussions of segmentation, targeting, and positioning. The case is also suitable for course packs in marketing management, pricing, and strategic marketing. After completion of this case, students should be able to
understand the role of pricing in the relaunch of a product;
understand the strategic pricing pyramid to set pricing for a product;
understand prospect theory in terms of pricing;
understand how prospect theory influences buyer perception;
draft a new value communication strategy for a product;
and
discuss the importance of educating the target customer through the media and how to lobby lawmakers and regulatory authorities

Publication Date: June 09, 2016

Discipline: Marketing; International Business;

Issues: pricing, recalled product, repositioning, noodles, ramen, brand power

Industry: Retail Trade;

Setting: India, Large organization, 2015

Difficulty: Undergraduate/MBA

9B16M070

Netflix: International Expansion

Won-Yong Oh; Duane Myer

Netflix adopted an aggressive growth strategy to establish itself as a global force in the video streaming industry. To solidify its position as an industry leader, Netflix invested heavily in the production of in-house content. In January 2016, to deal with slow growth in the domestic market, the company announced an aggressive expansion of its services into a total of 190 countries, thereby giving Netflix coverage over nearly the entire world. International expansion did not come without its challenges. Netflix faced regulatory compliance issues in its targeted markets, competition with domestic competitors, and the need to satisfy local preferences. Was the enormous cost of such an aggressive expansion strategy the right direction for the company?

Learning Objective: This case is suitable for various business courses, including international management, technology management, international marketing, and strategic management, at both the undergraduate and graduate (MBA) levels. By understanding these objectives, students can also learn the process of a firm's strategic actions, such as international expansion, and they can think about how to effectively implement such strategic initiatives.

After completion of this case, students should be able to:

Understand a company's motivation to expand internationally.
Assess the structure and technological development of the industry.
Identify a firm's competitive advantages.
Evaluate the benefits and costs of international expansion.

Publication Date: April 26, 2016

Discipline: General Management/Strategy; International Business;

Issues: international expansion, entertainment, Internet, online streaming

Industry: Arts, Entertainment, Sports and Recreation;

Setting: United States, Large organization, 2016

Difficulty: Undergraduate/MBA

9B15M085

Nora-Sakari: A Proposed JV in Malaysia

(Revised)

Paul W. Beamish; R. Azimah Ainuddin

This case presents the perspective of a Malaysian company, Nora Bhd, which was in the process of trying to establish a telecommunications joint venture with a Finnish firm, Sakari Oy. Negotiations have broken down between the firms, and students are asked to try to restructure a win-win deal. The case examines some of the most common issues involved in partner selection and design in international joint ventures.

Learning Objective: This case was prepared for a course in international management to meet the needs of a section covering the formation of international joint ventures (IJVs). The case examines some of the most common issues involved in a negotiation between two companies. At the end of the case discussion, students should be able to recognize the nature of a good deal and the process involved in reaching a win-win situation. Because the negotiation involves companies from two different countries located in two different regions of the world, this case is also suitable for modules dealing with cross-cultural management where instructors focus on cultural and behavioural factors in cross-cultural cooperative endeavours.

Publication Date: September 09, 2015

Discipline: General Management/Strategy; International Business;

Issues: Intercultural Relations; Third World; Negotiation; Joint Ventures; Finland; Malaysia

Industry: Information, Media & Telecommunications;

Setting: Malaysia/Finland, Large organization, 2013

Difficulty: Undergraduate/MBA

9B14M052

Hyundai Securities: International Expansion

Won-Yong Oh; Kyle Yoon

Firms in Korea's securities and brokerage industries have experienced fierce competition in the domestic market, which has led to international expansion being considered a popular strategic alternative. The chief executive officer of Hyundai Securities Co., Ltd., a Korean securities firm, envisions his company becoming the "pan-Asian market leader." As a result, he is pursuing an international expansion strategy in Hong Kong and Singapore. However, given the popularity of international expansion in these areas, the markets are highly competitive. Has the CEO made an appropriate strategic decision?

Learning Objective: Understanding the motivation of international expansion.

Introducing how organizations react to industry-level changes.
Evaluating the rationale of the location decision.
Assessing the benefits and costs of international expansion.
Understanding the implementation process of strategic decision-making, such as restructuring and international expansion.

Publication Date: July 08, 2014

Discipline: General Management/Strategy; International Business;

Issues: Financial services; international expansion; subsidiary; Korea; Hong Kong; Singapore

Industry: Finance and Insurance;

Setting: Korea, Hong Kong, Singapore, Large organization, 2013

Difficulty: Undergraduate

9B14D005

Apple Inc.: Managing a Global Supply Chain

P. Fraser Johnson; Ken Mark

AWARD WINNING CASE - PRODUCTION AND OPERATIONS MANAGEMENT CATEGORY - THE CASE CENTRE AWARDS AND COMPETITIONS 2016. An analyst for a money management firm is studying Apple Inc. as one of the firm's key investments. In 2013, Apple had a market capitalization of nearly US\$500 billion and sales of US\$171 billion. According to the research firm, Gartner Group, it had the world's best supply chain, ranking ahead of companies such as Walmart, Amazon and Inditex (Zara). As part of the analysis, a full review of Apple's supply chain is required to look for insight into the future performance of the company in order to decide whether or not the analyst's firm should continue to hold Apple shares.

Learning Objective: This case can be used in a single 80-minute class in an operations, supply chain management or strategy course, in an undergraduate, MBA or EMBA program, to illustrate the supply chain capabilities necessary to successfully compete in the fast-paced high tech industry. Combining the Apple case with the "Half A Century of Supply Chain Management at Wal-Mart" case (Ivey 9B12D010) in back-to-back classes provides a particularly powerful illustration of the differences between the two leading companies and the alignment of supply chain competencies and organizational strategy. The comparison illustrates that firms must consider their unique competitive environment when investing in supply chain capabilities.

Publication Date: May 16, 2014

Discipline: Operations Management; International Business; General Management/Strategy;

Issues: Supply chain management; flexibility; strategy; supplier management; technology; innovation; Canada

Industry: Information, Media & Telecommunications;

Setting: Canada, Large organization, 2013

Difficulty: Undergraduate/MBA

9B13A051

Evoe Spring Spa: A Positioning Dilemma

Ashita Aggarwal; Renuka Kamath; Sunil Rao

The co-founders of Evoe Spring Spa need to decide on the positioning of their business in the nascent Indian spa market. Indian consumers perceive spas as an expensive indulgence for the rich, and some spa services are seen as socially and culturally unacceptable. As a result, the co-founders need to build this category by changing consumer attitudes toward spa services. To identify the target segment and the best positioning for Evoe, the co-founders study the market and their competitors and conduct qualitative consumer research. In the end, they must choose from three viable positioning concepts.

Learning Objective: The case is suitable for use in the core marketing management course of an MBA program or in the marketing course of an executive education program to highlight the concepts of segmentation, targeting and positioning. It can also be used in an elective course on brand management.

To identify the best possible positioning option based on consumers' attitudes and behaviour.

To illustrate the importance of identifying distinct consumer segments before deciding on the target market.

To evaluate the implementation of various positioning concepts through the marketing mix.

To familiarize students with the process adopted by organizations to identify positioning concepts.

Publication Date: January 13, 2014

Discipline: Marketing; International Business; Entrepreneurship;

Issues: Positioning; segmentation; targeting; India

Industry: Other Services;

Setting: India, Medium organization, 2010

Difficulty: MBA/Postgraduate

9B12M058

The Espresso Lane to Global Markets

Ilan Alon; Meredith Lohwasser

Founded in Trieste, Italy, Illy marketed a unique blend of coffee drinks in over 140 countries and in more than 50,000 of the world's best restaurants and coffeehouses. The company wanted to expand the reach of its own franchised coffee bar, *Espressamente*, through international expansion. Potential markets included Brazil, China, Germany, Japan, India, the United Kingdom, and the United States. In 2012, the managing director of *Espressamente* knew that global expansion meant prioritizing markets, but where did the greatest potential lie? In addition to market selection, mode of entry was vital and included options such as exporting, franchising, and joint ventures. This case provides a practical example of the challenges faced in international business.

Learning Objective: This case is appropriate for use in international business, international marketing, and business strategy courses to illustrate market selection and mode of entry strategies. It provides the opportunity to combine quantitative and qualitative data to determine which markets to select and which entry strategies to pursue.

Allows students to evaluate potential markets using common business tools like CAGE analysis, SWOT analysis, and the GE and BCG matrices, and to apply the various models to select an entry-mode strategy.

Encourages students to analyze the qualitative and quantitative data presented to the decision-maker. Asks students to prioritize foreign markets to determine the country which the decision-maker should enter next.

Asks students to consider multiple modes of entry and the relevant environmental and organizational variables that should impact the decision.

Identifies the drivers of international market expansion.

Publication Date: May 23, 2012

Discipline: General Management/Strategy; Marketing; International Business;

Issues: International Market Selection; Modes of Entry; Franchising; Retailing; International Business; Coffee; Italy

Industry: Accommodation & Food Services;

Setting: Italy, Large organization, 2012

Difficulty: Undergraduate/MBA

9B11E001

Keda's SAP Implementation

Derrick Neufeld; Yulin Fang; Huaqing Wang; Terrance Fung

Keda, a manufacturer of large-scale machinery in China, had successfully deployed an enterprise resource planning (ERP) solution that was paying for itself through more efficient inventory management. This was significant because despite China's increasing demand for ERP systems, an estimated 80 per cent of ERP implementation efforts failed in the country. The vice general manager of Keda had a large backlog of other information technology projects, and he wanted to carefully evaluate the ERP project to determine what had gone right, what had gone wrong, and what Keda had achieved through simple luck.

Learning Objective: To define and describe ERP technology.

To examine key drivers behind ERP adoption.

To explore technological, organizational, and cultural complexities associated with ERP implementation and associated change management processes.

To illustrate key success factors for ERP implementation.

Publication Date: February 18, 2011

Discipline: International Business; Information Systems;

Issues: System Implementation; Enterprise Resource Planning; Information Technology; Project Management; China

Setting: China, Large organization, 2009

Difficulty: Undergraduate/MBA

9B10M094

Lego Group: An Outsourcing Journey

Marcus M. Larsen; Torben Pedersen; Dmitrij Slepnirov

The last year's rather adventurous journey from 2004 to 2009 had taught the fifth-largest toy-maker in the world - the LEGO Group - the importance of managing the global supply chain effectively. In order to survive the largest internal financial crisis in its roughly 70 years of existence, the management had, among many initiatives, decided to offshore and outsource a major chunk of its production to Flextronics. In this pursuit of rapid cost-cutting sourcing advantages, the LEGO Group planned to license out as much as 80 per cent of its production besides closing down major parts of the production in high cost countries. Confident with the prospects of the new partnership, the company signed a long-term contract with Flextronics. This decision eventually proved itself to have been too hasty, however. Merely three years after the contracts were signed, LEGO management announced that it would phase out the entire sourcing collaboration with Flextronics. This sudden change in its sourcing strategy posed LEGO management with a number of caveats. Despite the bright forecasts, the collaboration did not fulfill the initial

expectations, and the company needed to understand why this had happened. Secondly, what could LEGO management have done differently?

Learning Objective: The case examines the organizational, contractual, managerial and learning challenges of outsourcing a large part of production. The case is suitable for use in both undergraduate and graduate courses in international corporate strategy, organizational learning and design, supply chain management, and theory of the firm, as well as international business studies in general.

Publication Date: December 01, 2010

Discipline: General Management/Strategy; International Business; Operations Management;

Issues: Outsourcing; Management Control; Global Strategy; Supply Chain Management

Industry: Manufacturing;

Setting: Denmark; Czech Republic, Medium organization, 2004-2009

Difficulty: Undergraduate/MBA

9B10M067

Louis Vuitton in Japan

Justin Paul; Charlotte Feroul

This case deals with the opportunities and challenges of Louis Vuitton, the leading European luxury-sector multinational firm, in Japan, taking into account the unique features of brand management and integrating culture and consumer behaviour in Japan. In the last decade, Japan has been Louis Vuitton's most profitable market, but the global economic crisis has presented challenges.

Facing a weak economy and a shift in consumer preferences, Louis Vuitton has been adapting its unique strategy in the Japanese market. The days of relying on a logo and a high price seem to be gone, as there is more interest in craftsmanship and value for money. To promote sales, the company has had to launch less expensive collections made with cheaper materials. The brand has also been opening stores in smaller cities, where the lure of the logo still works.

Over the years, Japanese consumers have demonstrated fascination with and passion for the iconic brand. What have been the keys to Louis Vuitton's successful business model in the Japanese market?

Learning Objective: This case was written to help students develop their analytical and strategic decision-making skills. The case aims at helping in developing a business model, adapting to a new cultural environment, recommending a course of action for further strategic moves, identifying issues, and eventually enhancing multidisciplinary decision making.

This case can be used to discuss:

the complexity of multinational business, particularly the issues of brand management, international marketing, and marketing strategy for succeeding in East Asia, consumer behaviour in Japan and characteristic features of the Japanese market, and strategies to succeed in a foreign country.

Publication Date: October 19, 2010

Discipline: Entrepreneurship; General Management/Strategy; International Business; Marketing;

Issues: International Marketing; Strategic Management; Brand Management; Luxury Goods; Financial Crisis; Japan; France

Industry: Manufacturing;

Setting: Japan; France, Large organization, 2008-2009

Difficulty: Undergraduate/MBA

9B10D005

Operations Strategy at Galanz

Chi Hung Ng; Barbara Li; Xiande Zhao; Xuejun Xu; Lei Yang

Starting from a humble beginning of being a manufacturer of down feather products owned by Shunde Township, Galanz Enterprises Group Co. Ltd. (Galanz) had transformed itself into a world class manufacturer of microwave ovens producing about 50 per cent of the global output in 2003. This case describes the competitive and operational strategies that Galanz used to achieve such a meteoric growth. The company started out with a clear competitive strategy based on cost leadership. It designed and implemented operations system to help achieve lower cost through economy of scale, the transfer of production capacity from developed countries and full utilization of the available production capacity.

Learning Objective: The case aims to:

introduce students to the concepts of order winner, order qualifiers, operations priorities/objectives.

show how operations priorities should reflect customer requirements and affect the way a company wants to compete.

demonstrate how a company can gain competitive advantages through low cost strategy and how to support business strategy using operations strategy and capabilities.

show students how a company can build multiple capabilities over time and how a company's strategy and operational capabilities can change over time.

provide students with the opportunity to analyze trade-offs involved in making strategic, operational and marketing decisions as a business expands from the domestic to the global market and from OEM to ODM and OBM.

challenge students to develop coherent action plans that address future growth objectives.

help understand the tremendous opportunities and challenges of managing operations and supply chain activities in China.

Publication Date: August 20, 2010
Discipline: Entrepreneurship; General Management/Strategy; International Business; Operations Management;
Issues: China; Competitive Strategy; Operations Strategy
Industry: Manufacturing;
Setting: China, Large organization, 2003
Difficulty: Undergraduate/MBA

9B10M041

GENICON: A Surgical Strike into Emerging Markets

Allen H. Kupetz; Adam P. Tindall; Gary Haberland

A critical question facing a company's ability to grow its business internationally is where it should go next. One company facing that decision was GENICON, a U.S.-based firm that manufactured and distributed medical instruments for laparoscopic surgeries. Although the minimally invasive surgical market in the United States had long been the largest in the world, international markets were anticipated to grow at a much faster rate than the U.S. market for the foreseeable future. GENICON was already in over 40 international markets and was looking in particular at the rapidly emerging markets - Brazil, Russia, India and China - as potential new opportunities for growth. This case is appropriate for use in an international business course to introduce market selection strategy. It can also be used in sessions on international marketing, entrepreneurship and business strategy.

Learning Objective: This case is appropriate for use in an international business course to introduce market selection strategy. It provides a practical example for students to take quantitative and less empirical data to rank a short list of potential new markets. It can also be used in courses on international marketing, entrepreneurship and business strategy. The case can help achieve these objectives as it does the following: allows students to understand how instinct, management preference and other non-numeric factors can influence the decision-making process of entrepreneurs with a track record of successfully picking new markets; encourages students to discuss the primary problems confronting companies - even those with considerable international experience - in balancing quantitative and non-quantitative data; provides an illustrative example of a company experienced in developed markets venturing out into some of the fastest-growing developing markets; fosters discussion regarding the unique challenges facing a small, entrepreneurial company in terms of international market selection.

Publication Date: May 05, 2010
Discipline: Entrepreneurship; General

Management/Strategy; International Business; Marketing;
Issues: China; International Expansion; Entrepreneurial Marketing; Emerging Markets; International Business
Industry: Manufacturing;
Setting: Brazil;Russia;India;China, Small organization, 2010
Difficulty: Undergraduate/MBA

9B08M078

Scotts Miracle-Gro: The Spreader Sourcing Decision

John Gray; Michael Leiblein; Shyam Karunakaran

The Scotts Miracle-Gro company is the world's largest marketer of branded consumer lawn and garden products, with a full range of products for professional horticulture as well. Headquartered in Marysville, Ohio, the company is a market leader in a number of consumer lawn and garden and professional horticultural products. The case describes a series of decisions regarding the ownership and organization of the assets used to manufacture fertilizer spreaders. This case is intended to illustrate the application of and tradeoffs between financial, strategic and operations perspectives in a relatively straightforward manufacturing make-buy decision. The case involves a well-known, easily-described product that most students would assume is made overseas. Sufficient information is provided to roughly estimate the direct financial cost associated with internal (domestic) production, offshore (non-domestic) production and outsourced production. In addition, information is included that may be used to estimate potential transaction costs as well as costs associated with foreign exchange risk.

Learning Objective: The case illustrates three primary teaching objectives:

to demonstrate that even simple, non-core products are not always outsourced - when all facts are considered it is not apparent that outsourcing or offshoring even a simple product such as a lawn spreader will offer substantial cost savings

an opportunity to discuss the various risks and tradeoffs associated with ownership and outsourcing of production as well as domestic and non-domestic production to illustrate the critical importance of considering not only production and governance costs, but also changes in macroeconomic variables such as exchange rates and labor rates in international outsourcing decisions

The case may be used in several settings:

in a class on global sourcing, in which make-buy is discussed during the first few weeks of the class

a sourcing elective to help students learn how to measure total cost of ownership between two options, including easy-to-measure and hard-to-measure components to demonstrate the difficult internal and external political issues associated with offshore outsourcing, although these are not the focus of the case as written

Publication Date: November 14, 2008

Discipline: General Management/Strategy; International Business; Operations Management;

Issues: China; Human Resources Management; Outsourcing; Globalization; Operations Management; Supply Chain Management; Operations Strategy

Industry: Manufacturing;

Setting: United States, China, Large organization, 2007

Difficulty: MBA/Postgraduate

9B08M014

ECCO A/S - Global Value Chain Management

Bo Bernhard Nielsen; Torben Pedersen; Jacob Pyndt

ECCO A/S (ECCO) had been very successful in the footwear industry by focusing on production technology and assuring quality by maintaining full control of the entire value chain from cow to shoe. As ECCO grew and faced increased international competition, various value chain activities, primarily production and tanning, were offshored to low-cost countries. The fully integrated value chain tied up significant capital and management attention in tanneries and production facilities, which could have been used to strengthen the branding and marketing of ECCO's shoes. Moreover, an increasingly complex and dispersed global value chain configuration posed organizational and managerial challenges regarding coordination, communication and logistics. This case examines the financial, organizational and managerial challenges of maintaining a highly integrated global value chain and asks students to determine the appropriateness of this set-up in the context of an increasingly market-oriented industry. It is suitable for use in both undergraduate and graduate courses in international corporate strategy, international management, international marketing, supply-chain management, cross-border strategic management and international business studies in general.

Learning Objective: The objectives of this case are: Global value chain analysis. This case can be used as a starting point for students to investigate how a multinational corporation (MNC) configures its global value chain activities in order to exploit location-specific advantages and gain global scale and scope advantages. ECCO has a fully integrated value chain and this allows for a discussion of the pros and cons of such an approach. Outsourcing versus in-house (offshore) production. The case is well positioned to allow for an elaborate discussion of pros and cons of outsourcing versus in-house (yet offshored) production (and other activities). For advanced students, this can be accompanied by a discussion of the theories that can be helpful in assessing when and how to outsource versus offshore. International corporate level strategy. This case can be used to discuss the sustainability of corporate international strategy with emphasis on core competencies and drivers

of competitive advantage in a dynamic market. ECCO is following an inside-out strategy, whereas all the competitors seem to follow an outside-in strategy. The case can be used to discuss the relevance of changing strategic focus as well as the drivers and problems/cost associated with this.

Industry analysis and competitive strategy. The case has enough information to allow for a Porter's 5 Forces that could be combined with some indication of macro-environmental trends via a PEST analysis. Information about main competitors allows for a competitor analysis, which can be used together with Barney's VRIO analysis to assess the sustainability of ECCO's advantages over time in this dynamic environment.

Publication Date: May 29, 2008

Discipline: Entrepreneurship; General Management/Strategy; International Business;

Issues: Marketing Management; Operations Management; Global Strategy; Vertical Integration; Value Chain; Competitor Analysis

Industry: Manufacturing;

Setting: Denmark; Global, Medium organization, 2005

Difficulty: Undergraduate/MBA

9B06A034

Ruth's Chris: The High Stakes of International Expansion

Ilan Alon; Allen H. Kupetz

In 2006, Ruth's Chris Steak House was fresh off of a sizzling initial public offering and was now interested in growing their business internationally. With restaurants in just four countries outside the United States, a model to identify and rank new international markets was needed. This case provides a practical example for students to take quantitative and non-quantitative variables to create a short list of potential new markets.

Learning Objective: This case is appropriate for use in an international business course to introduce market entry strategy. It provides a practical example for students to take quantitative (e.g. per capita gross domestic product (GDP), population and urbanization rates) and non-quantitative variables (e.g. political and social issues) to create a short list of potential new markets. It can also be used in sessions on international marketing, global franchising and business strategy.

The case can help achieve these objectives as it:

Allows students to familiarize themselves with relevant procedures for short-listing possible new markets via identifying critical variables

Encourages students to discuss the primary problems confronting the franchisor in balancing quantitative and non-quantitative data

Provides an illustrative example of an experienced company venturing out of its comfort zone
Asks students to create a list of countries - and the methodology employed to create that list - to answer the question, where do we go next?

Publication Date: January 09, 2007

Discipline: International Business; Marketing;

Issues: Market Strategy; International Business; International Strategy; Market Entry

Industry: Accommodation & Food Services;

Setting: United States; Global, Medium organization, 2005

Difficulty: Undergraduate/MBA

9B04M016

Eli Lilly in India: Rethinking the Joint Venture Strategy

Charles Dhanaraj; Paul W. Beamish; Nikhil Celly

Eli Lilly and Company is a leading U.S. pharmaceutical company. The new president of intercontinental operations is re-evaluating all of the company's divisions, including the joint venture with Ranbaxy Laboratories Limited, one of India's largest pharmaceutical companies. This joint venture has run smoothly for a number of years despite their differences in focus, but recently Ranbaxy was experiencing cash flow difficulties due to its network of international sales. In addition, the Indian government was changing regulations for businesses in India, and joining the World Trade Organization would have an effect on India's chemical and drug regulations. The president must determine if this international joint venture still fits Eli Lilly's strategic objectives.

Publication Date: May 14, 2004

Discipline: General Management/Strategy; International Business;

Issues: Joint Ventures; Emerging Markets; International Management; Strategic Alliances

Industry: Manufacturing;

Setting: India/United States, Large organization, 2001

Difficulty: Undergraduate/MBA

9B00A019

Global Branding of Stella Artois

Paul W. Beamish; Anthony Goerzen

Interbrew had developed into the world's fourth largest brewer by acquiring and managing a large portfolio of national and regional beer brands in markets around the world. Recently, senior management had decided to develop one of their premium beers, Stella Artois, as a global brand. The early stages of Interbrew's global branding strategy and tactics are examined, enabling students to consider these concepts in the context of a fragmented but consolidating industry. It is suitable for use in courses in consumer marketing, international marketing and international business.

Publication Date: October 19, 2000

Discipline: International Business; Marketing;

Issues: Global Product; International Business; International Marketing; Brands

Industry: Manufacturing;

Setting: Western Europe/Asia Pacific, Large organization, 2000

Difficulty: Undergraduate/MBA

9A97G029

Ellen Moore (A): Living and Working in Korea

Henry W. Lane; Chantell Nicholls; Gail Ellement

Ellen Moore, a systems consultant, was sent to Korea to manage a project involving a team of North American and Korean consultants representing a joint venture between a major Korean conglomerate and a significant North American information technology company. The Americans were to be involved for the first seven months in order to transfer expertise and knowledge to the South Koreans, who had little experience in this area. Ellen's superior had played an integral part in securing the contract in Korea due to his depth of knowledge on the subject. He chose Ellen to be the key North American project manager because she had significant project management skills and impressive international experience. Upon Ellen's arrival, she discovered that the Korean consultants were far less skilled than she had expected. In addition, Ellen had understood that she and the Korean manager were to be co-managers, but immediately tensions arose regarding who was giving direction to the team, and the scope of the project. Tensions escalated until it was clear that the project was behind schedule and the Koreans were not taking direction from Ellen. The Koreans insisted that Ellen was the problem. Ellen's superior disagreed; he and Ellen needed to decide how to proceed. The challenge was to balance strategic goals with individual action.

Learning Objective: This case allows students to explore the variety of issues (i.e. gender, personality, cultural, communication, differing expectations) which may underlie conflict in international or diverse teams and to highlight the complex ways in which cultural issues may lead to conflict in an international context.

Publication Date: June 03, 1998

Discipline: General Management/Strategy; International Business;

Issues: Group Behaviour; Cross-cultural Relations; Women in Management; Team Building; United States; Korea

Industry: Administrative, Support, Waste Management and Remediation Services;

Setting: Korea, Large organization, 1995

Difficulty: Undergraduate/MBA

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