

Globalization & Business Strategies

Global Strategic Management

- Developing a strategic vision and business mission
- Setting objectives
- Crafting strategies
- Implementing and executing strategies
- Evaluating performance, monitoring developments, and initiating corrective actions

Mission and Vision

- A mission statement describes the present business scope (“who we are and what we do”).
- A strategic vision portrays a company’s future business scope (“where we are going”).

"Our vision has been described to you for a decade. We believed that only businesses that were number-one or number-two in their markets could win in the increasingly competitive global arena. Those that could not were to be fixed, closed or sold."

Chairman and CEO, General Electric
- John F. Welch, Jr.

Mission and Vision

- Decision---In 1959, Honda decided to start American Honda Motor Co. because American consumers were the true trend setters for most products sold internationally.
- Reasoning---“If Honda could succeed in America, we could succeed anywhere in the world.”

America

Objectives

- Corporate
- Strategic Business Units
- Marketing

Strategic Fit

Corporate Objectives: National, Regional, and Global

- Global leader in high technology products
- Focus on emerging markets
- Presence in globally strategic markets
- Number one or two in the industry

SBU's Objectives: Local, Regional, and Global

- Product line expansion
- Price leadership
- Market extension
- Market penetration

Marketing Objectives: Local, Regional, and Global

- Product
 - Market share
 - New product introduction
- Price
- Promotion
- Distribution
- Customer relationship management

Business Strategy

High			
<i>Country Attractiveness</i>			
Low			
	Low		High
			<i>Business Strength</i>

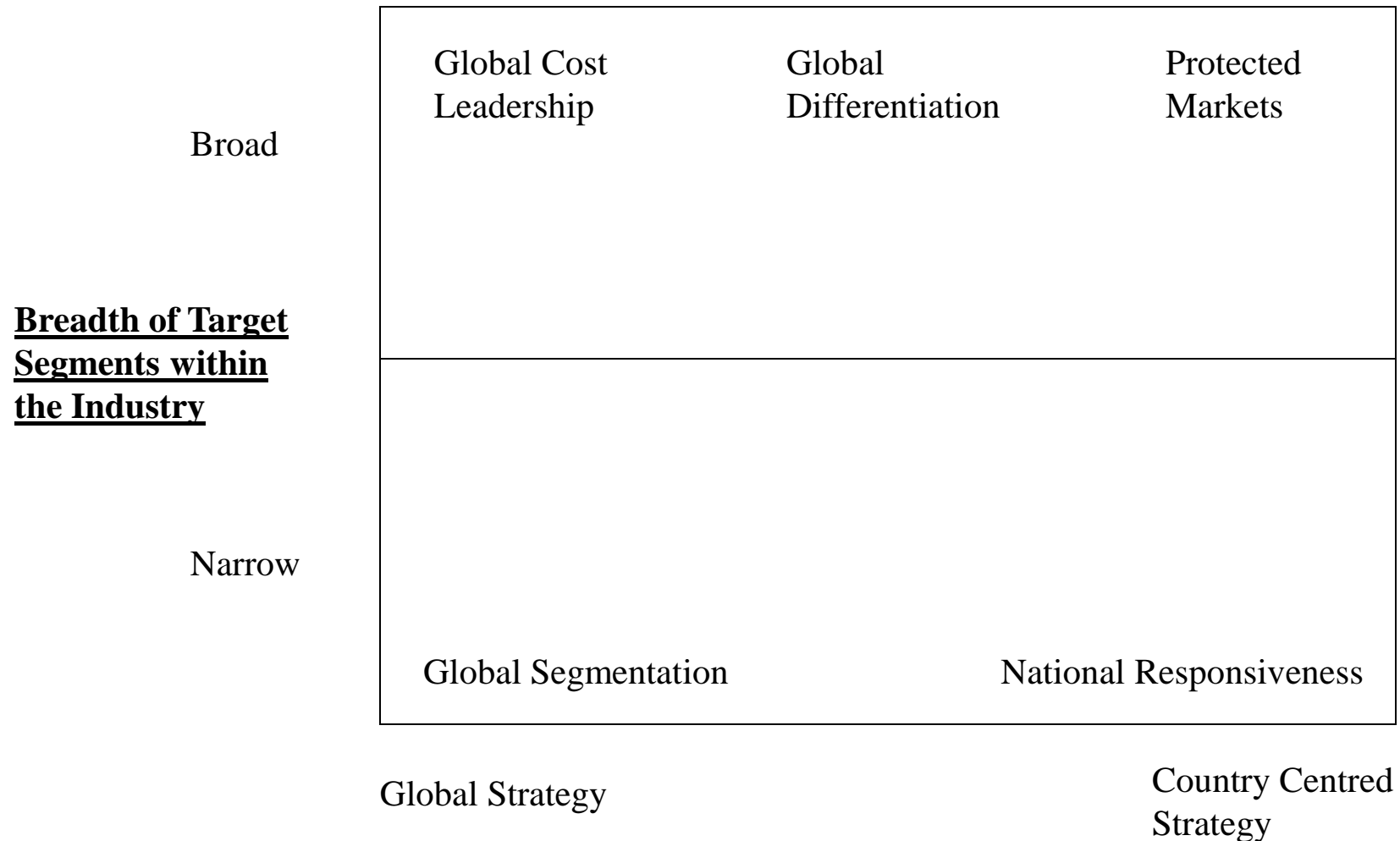
GE/ McKinsay Matrix

Three Generic Strategies-- Porter

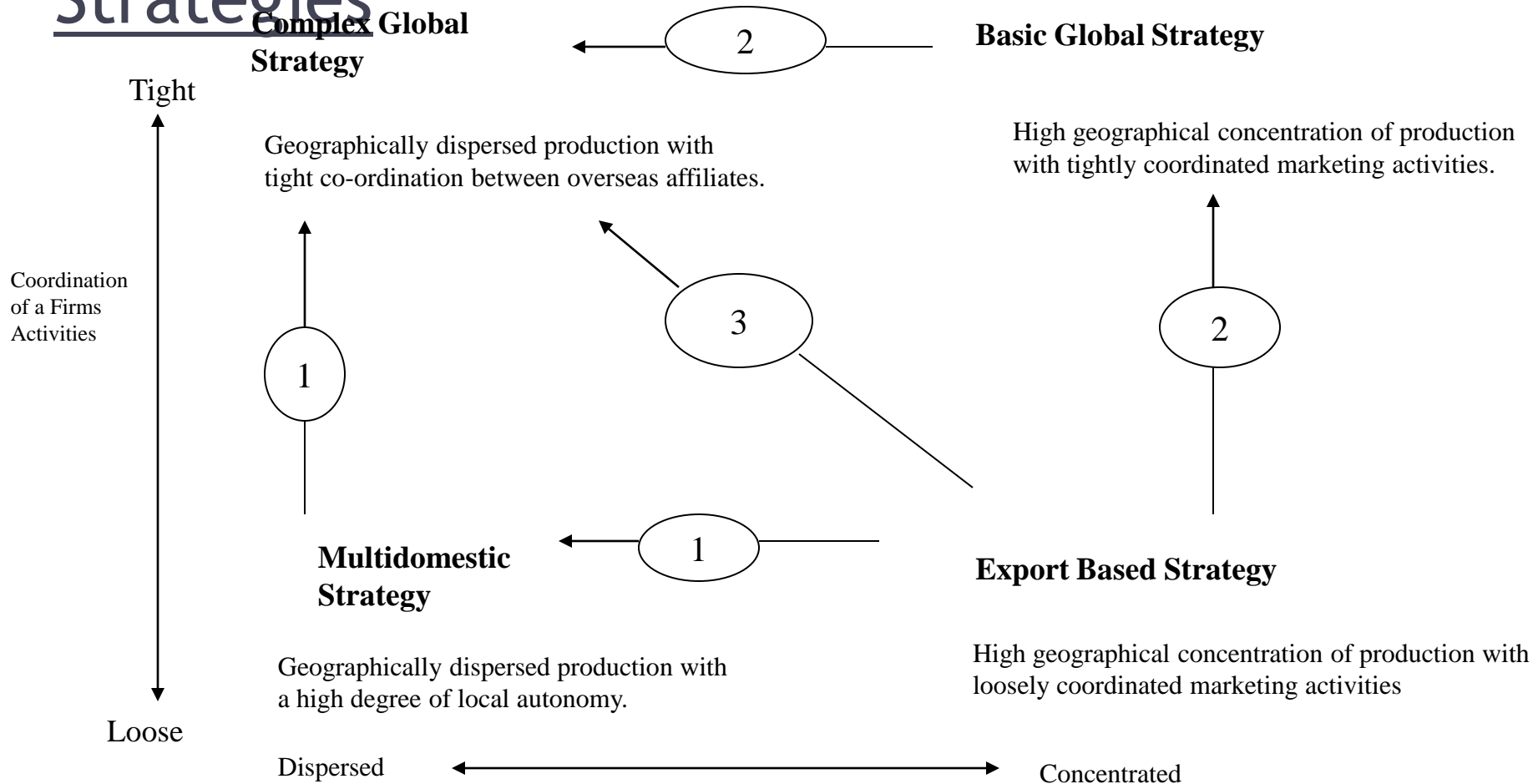
	Lower Cost	Differentiation
<u>Competitive Scope</u>		
Broad Target	Cost Leadership	Differentiation
Narrow Target	Cost Focus	Differentiation Focus

Strategic Alternatives in an International Industry

Extent of global centralization / co-ordination

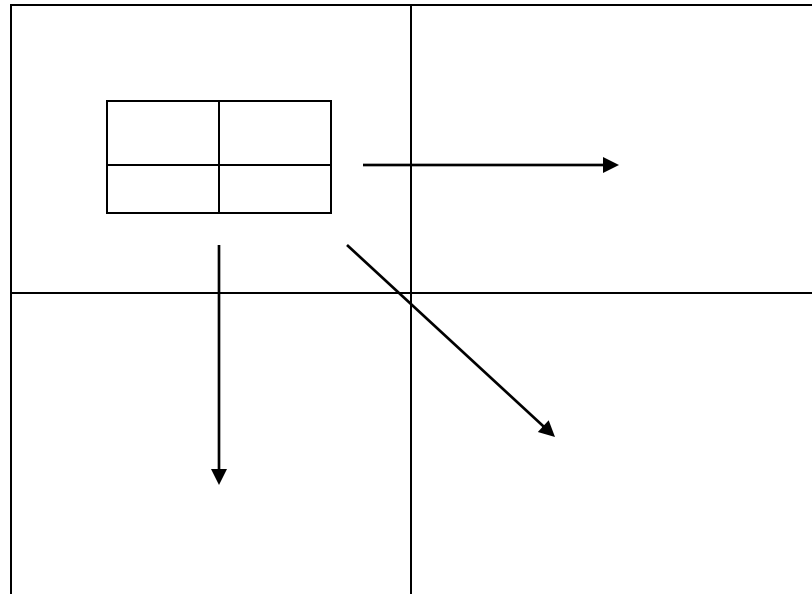


A Typology of International Competitive Strategies



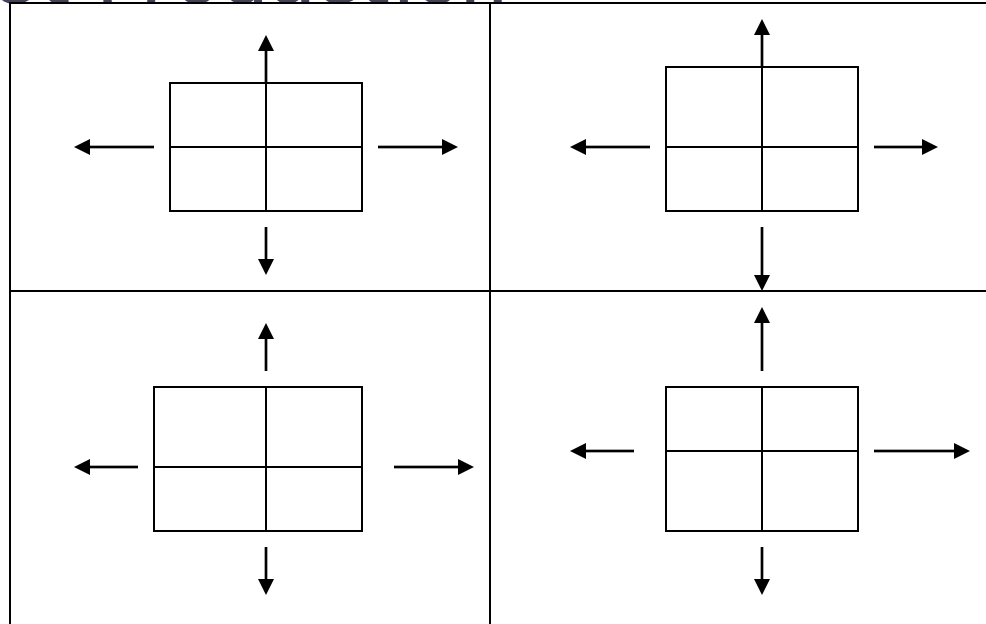
Some Major Ways of organizing transnational production units

A. Globally concentrated production



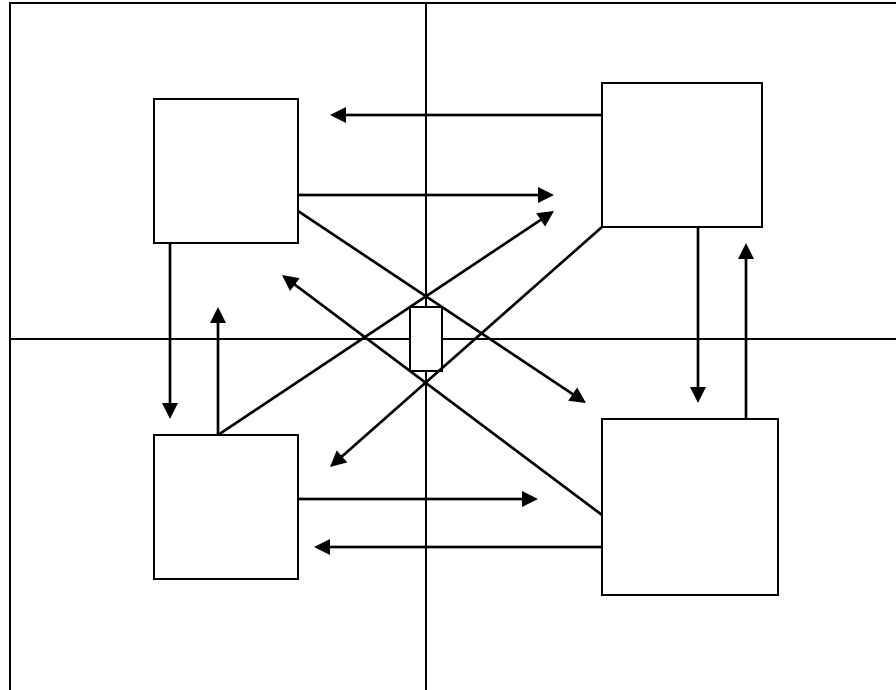
All production occurs at a single location. Products are exported to world markets.

Host Market Production



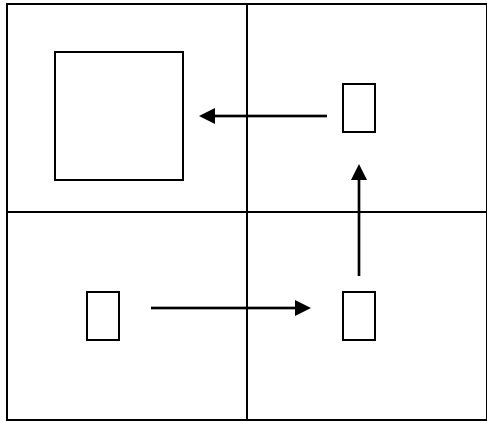
Each production unit produces a range of products and serves the national market in which it is located. No sales across national boundaries. Individual plant size limited by the size of the national market.

Product specialization for a global or regional market

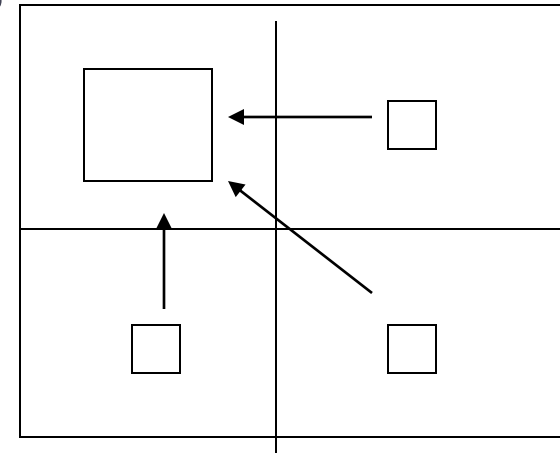


Each production unit produces only one product for sale throughout a regional market of several countries. Individual plant size vary large because of scale economies offered by the large regional market.

Transnational Vertical Integration



Each production unit performs a separate part of a production sequence. Units linked across national boundaries in a “chain-like” sequence - the output of one plant is the input of the next plant.



Each production unit performs a separate operation in a production process and ships its output to a final assembly plant in another country.

Industry Requirements and company capabilities. Bartlett and Ghoshal, 1989.

New Organizational Challenge

Dominant strategic requirements of industry

Responsiveness (branded packaged products)

Efficiency (consumer electronics)

Transfer of Knowledge (telecommunications switching)

Unilever	Kao	Proctor & Gamble
Philips	Matsushita	General Electric
ITT	NEC	Ericsson

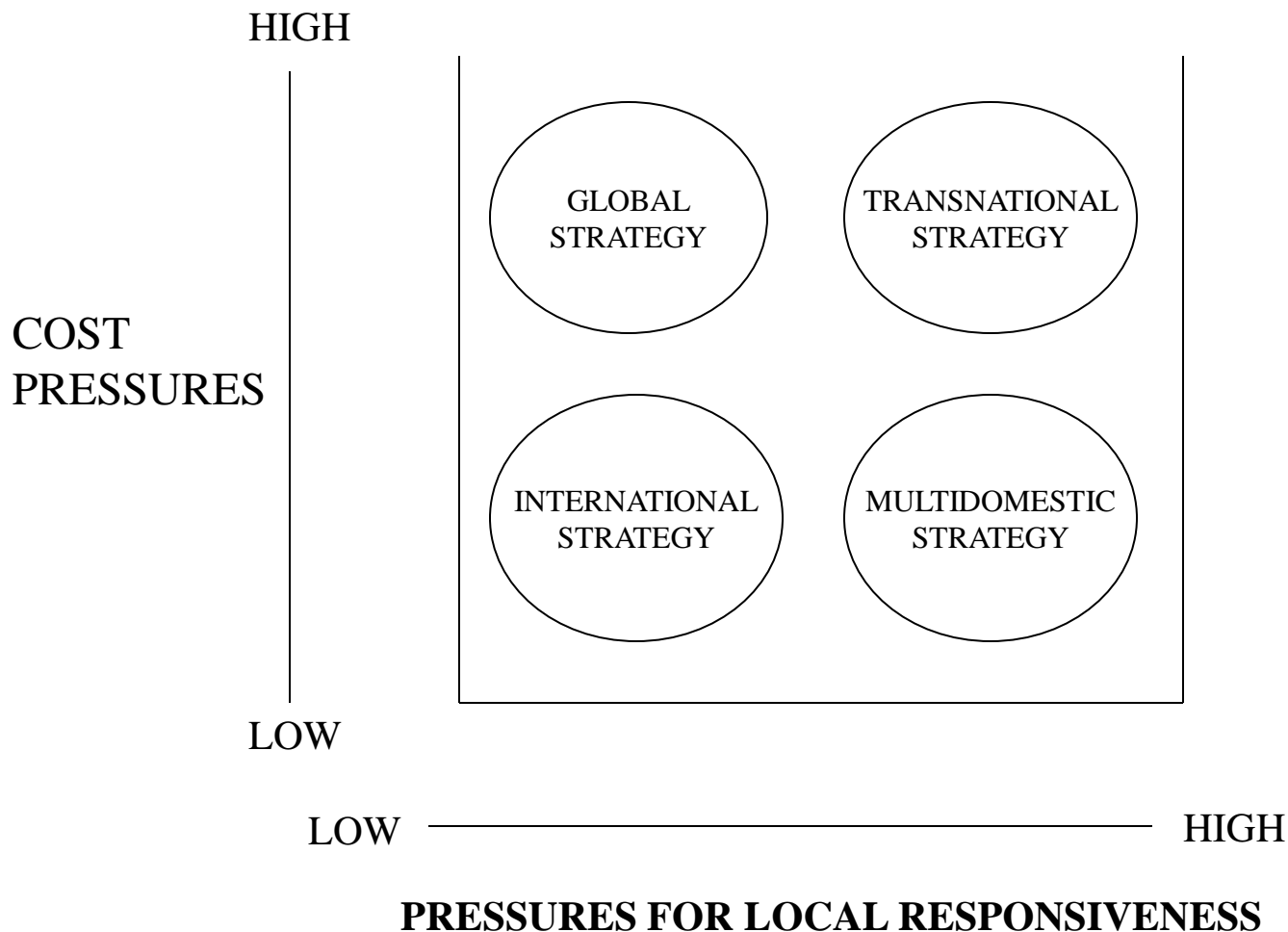
Responsiveness (multinational)

Efficiency (global)

Transfer of Knowledge and competencies (international)

Dominant Strategy capability of company

Four Basic Strategies. Hill and Jones, 1995.



Six Generic International Strategies

Market Share Objective

	High	Low
Global	Global high share	Global niche
Regional	Regional high share	Regional niche
National	National high share	National niche

Scope of Operations

Country Portfolio

Level of Competition

		HIGH	MED.	LOW
C o u n t r y	HIGH			Quickly Build Mkt. Share
	MED.			
	LOW			

Product Portfolio

Growth Rate

HIGH

MED.

LOW

M
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HIGH

MED.

LOW

Skills Portfolio

Levels

HIGH

MED.

LOW

Analytical

Mechanical

Human

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