Multinational Business Management

B65.2340
Fall Semester, 2008

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Office hours: R 2:30-4:30pm; OR by appointment

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COURSE OVERVIEW

This course addresses several questions: (1) Why do firms expand abroad? (2) How do firms expand abroad? (3) How does managing a multinational corporation (MNC) differ from managing a domestic firm? (4) How do managers cope with the multiple and often conflicting demands they face when managing cross-border operations?

COURSE OBJECTIVES

The central objective of this course is to understand the strategic management of multinational firms (MNCs). We will examine how, and why, firms decide to develop operations in foreign countries, and how firms can become successful once their operations cross national boundaries. We will also examine how individuals manage business activities effectively in such multinational firms.

This course is mainly targeted to help students understand the strategic issues and tradeoffs in a multinational context and assess the strategic performance of MNCs. Consequently, this course is not only pertinent for students who intend to pursue general management careers in MNCs, but also to those interested in management consulting, investment banking, venture capital, and other careers in the global context where accurate and concise strategic assessments are crucial.

Notice that this is the “course objectives” section and not the “course guarantees” section. This is more than mere semantics. I cannot guarantee that you “learn” anything. It is up to you to take it upon yourself to accomplish that. What I can do is facilitate your learning through lectures, discussions, and exercises. I’m sure I could lecture endlessly, but that would bore the heck out of
both of us – so for most of the course I will act in the role of moderator and facilitator – setting up a framework for discussion and guiding the group appropriately.

I cannot stress this next point enough, …you and your classmates must actively participate for this course to be a true learning experience!!! Learning goes well beyond memorization and preparation for exams. It is a process – one that is created and enhanced through class discussion.

COURSE PREREQUISITES

Students are expected to have taken basic courses in all of the major functional areas of business such as accounting, finance, marketing, operations management, and organizational analysis. It is also assumed that you already understand how each of these functional areas relates to each other. If you are not sure whether you have taken the proper prerequisite courses for this class, please contact the instructor. In addition to the prerequisites, you are expected to have acquired basic analytical and communication skills. In particular, you should be able to demonstrate high proficiency in reading comprehension, and written and oral presentations.

REQUIRED MATERIALS

There is one course pack that will be used for this course. It will be available at the NYU Bookstore. In addition to the course pack, a number of readings will be posted to Blackboard. Some of the material I distribute in class will be supplementary, or optional, but unless I specifically state so, assume that readings distributed in class are required readings. Exams will cover all course material.

In order to help you organize, I have attached a one page course schedule. This will inform you of the required reading for each class, which case we are covering, and what assignments are due. Please read the course schedule carefully. The sequence in which we will discuss cases in class can be slightly different from the sequence in which the cases are compiled in the packet. Make sure you prepare the right readings for every class. As always, I reserve the right to change, switch, or otherwise supplant any reading, case, or written assignment.

COURSE COMMUNICATION

A Blackboard website has been created for this course. You should check blackboard on a regular basis. The course syllabus, group membership information, lecture notes, class discussion questions, assignment information, and general course announcements will all be posted on the site.

COURSE EVALUATION

Course grades will be determined by students’ relative performance on the following course components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Participation</td>
<td>20%</td>
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<tr>
<td>Individual Assignments (2)</td>
<td>20%</td>
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<tr>
<td>Group Assignments (2)</td>
<td>30%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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Participation. Woody Allen once said: “90% of success is just showing up.” He’s right!! Show up regularly, and you have a decent chance of passing this course. Furthermore, in a case-based class, attendance is absolutely essential. And while I understand that you have to balance classes with interviews and other competing interests, I do expect you to show up for class. I will keep attendance, and I reserve the right to throw a pop quiz to make sure you are in class (and remain in class). There are no excused absences from this class, though consideration will be given to religious holidays, official university engagements, documented illnesses, and emergency situations.

Because you must be present in order to participate, I will incorporate attendance into your participation grade. As the course progresses, it will become clear who participates and who does not. Those who stand out as major contributors will be rewarded with the maximum in participation points. Those who show up in person, but not in mind, will receive very low participation points. Those who do not show up at all will not receive any participation points. To help differentiate among participants and to provide incentive to prepare prior to class, I WILL COLD CALL STUDENTS FREQUENTLY, AND AT RANDOM.

In grading class participation, I will look not just at the quantity, but also the quality of your class contributions. With regard to quality, the dimensions that I look for include:

- **Relevance** -- Does the comment bear on the subject at hand?
- **Causal Linkage** -- Is the logic of a particular argument traced out?
- **Responsiveness** -- Does the comment react in an important way to what someone else has said?
- **Analysis** -- Is the reasoning employed consistent and logical?
- **Evidence** -- Have data from the case been employed to support the assertions made?
- **Importance** -- Does the contribution further our understanding of the issues at hand?
- **Clarity** -- Is the comment succinct and understandable? Is it on point or does it wander?

**Individual Assignments.** You are required to complete two (2) short assignments [SA]. The short assignments will typically consist of your key recommendations to managers in a case, along with the supporting logic for those recommendations. You should identify the strategic problems facing the managers, state your position as what the managers in the case should do, and support that position using strategic logic. You should not use precious space rehashing facts from the case. Instead, key facts should be used (sparingly) to help justify particular recommendations. That is, do not simply restate what the case writer has said in other words. Moreover, do not dwell on things that the company is already doing. Try to go beyond the facts provided by the case writer by doing some new analysis of the situation facing the managers. Details about the specific assignments will be posted to a course folder on Blackboard (see below for details).

**Policies for SA assignments:**
1. Late SA assignments will not be accepted. No excuses, no exceptions.
2. SA assignments must be no longer than two pages (bullet point form is acceptable).
3. SA assignments must be typed in 12-point font with one-inch margins.

**Group Assignments.** You are required to complete two (2) group assignments [GA]. Each group assignment requires an in depth strategic analysis of case. You will be required to perform numerical and/or graphical analyses of data for these assignments. Details about the specific assignments will be posted to a course folder on Blackboard (see below for details).
Policies for GA assignments:

1. Late GA assignments will not be accepted. No excuses, no exceptions.
2. GA assignments must be no longer than five pages (bullet point form is acceptable).
3. GA assignments must be typed in 12-point font with one-inch margins.

Each group will consist of 3-4 members (no exceptions). These groups will remain intact for the semester. There will surely be times during the semester when you might want to throttle one or more of your group members (or do worse things perhaps!), but that is all part of the learning process of working in groups. I do not entertain any excuses at the end of the semester about group members who did not do their share of work. All such problems should be dealt with within the group (or with a little help from me if required) as soon as you perceive them. Under no circumstances will I allow people to switch between groups (however, I reserve the right to add and remove members from a team so as to fit class-wide requirements). I will use Peer Evaluation Forms to enable you to evaluate the contributions of individual group members to the final output. All members of the group will receive the same grade for the final project, except in such instances as there is overwhelming evidence from within the team that a certain individual or individuals have not contributed equally to the project. In such exceptional cases, I will use Peer Evaluation Forms or your comments to adjust grades up or down.

Final Exam. A final exam is scheduled for this course. The exam may consist of multiple choice, short answer and short essay questions.

ACADEMIC INTEGRITY

I consider you all adults, and I will treat you accordingly. I trust you will follow University policy and not engage in academic fraud. As a matter of personal and professional respect for ourselves and each other, we should expect the highest standards of conduct from ourselves and our peers. Violating these standards takes away the value and meaning of the educational environment for all of us, and in the event that such a violation occurs, the individual(s) responsible will be subject to University sanctions that may include suspension or expulsion. Furthermore, I reserve the right to disqualify your work as unacceptable and assign a failing mark. So please, don’t cheat!! I’m really serious, …don’t do it!!

LEARNING DIFFICULTIES

If you are having trouble in class (e.g. with participation or a particular assignment), I want to know about it as soon as possible. I will do my best to help students who, despite a sincere and solid effort, are experiencing difficulty. It is in your best interest to inform me well before an assignment or exam time, and certainly well before the end of the semester, if you are having problems in class. It is usually too late for the instructor to do anything if you report learning difficulties after the fact!

FAIRNESS IN GRADING

I hereby declare that I will make a determined effort to ensure that all assignments are graded fairly based on the quality of each student’s work. If after careful consideration you are thoroughly convinced that a particular grade of yours should be reviewed and potentially revised, provide the
instructor with written justification of your assessment and two copies of all supporting material, including your complete answer to the assignment in question.

I will first determine whether your request is plausibly justified. If your request is plausibly justified, and if and only if I determine that the number of points involved is large enough that it could change your letter grade, then I will review your complete assignment again at the end of the semester. Except in the case of obvious administrative errors (i.e., $2 + 2 = 3$), no re-grading will take place before the end of the semester.

Now that I’m done with my rant about policy, grading, and other stuff – I really hope you enjoy taking this class as much as I enjoy teaching it. I subscribe to the school of thought that learning can and should be fun, …so let’s work, laugh, and learn together.
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<tr>
<th>Date</th>
<th>Reading</th>
<th>Due</th>
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<tr>
<td>9/4</td>
<td>Course Introduction and Overview</td>
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<td></td>
<td>Go Global – or No?</td>
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<td>9/11</td>
<td><strong>Lecture: Why/Where Go Abroad? Liability of Foreignness (CP: Distance still matters)</strong>&lt;br&gt;Ingvar Kamprad and IKEA</td>
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<td>9/18</td>
<td><strong>Lecture: Why/Where Go Abroad? (BB: Foreign acquisitions)</strong>&lt;br&gt;LL Bean Latin America</td>
<td>SA</td>
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<td>9/25</td>
<td><strong>Lecture: Cultural Environment (CP: National culture and management)</strong>&lt;br&gt;Citibank Credit Card Launch: Asia</td>
<td>GA</td>
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<td>10/2</td>
<td><strong>Lecture: Political Environment (CP: Managing risk in an unstable world)</strong>&lt;br&gt;White Nights and Polar Lights: Investing in the Russian Oil Industry</td>
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<td>10/16</td>
<td>AES Telasi: Power Trip or Power Play? (<strong>CASE ON BLACKBOARD</strong>*)&lt;br&gt;AES Telasi: Power Trip or Power Play? (<strong>BB: Strategies that fit emerging markets</strong>)</td>
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<td>10/23</td>
<td><strong>Lecture: Entry Mode (CP: Managing global expansion)</strong>&lt;br&gt;Selkirk Group</td>
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<td>10/30</td>
<td><strong>Lecture: Acquisitions (CP: Paying too much for acquisition; Acquiring intellect)</strong>&lt;br&gt;Gerber Products Company: Investing in the New Poland</td>
<td>GA</td>
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<td>11/6</td>
<td><strong>Lecture: Mergers (CP: The dubious logic of global megamergers)</strong>&lt;br&gt;Rhone-Poulenc</td>
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<td>11/13</td>
<td><strong>Lecture: Alliances (CP: Collaborate with your competitors; Ally vs. acquire)</strong>&lt;br&gt;The Renault-Nissan Alliance</td>
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<td>11/20</td>
<td>American Rice&lt;br&gt;Guest Speaker – TBD</td>
<td>SA</td>
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<td>12/4</td>
<td><strong>Lecture: Managing the MNC (CP: The globalization of markets; Tap your subsidiaries)</strong>&lt;br&gt;Proctor and Gamble: Vizir Launch</td>
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<tr>
<td>12/11</td>
<td><strong>Special Topics: Emerging Markets &amp; Outsourcing</strong>&lt;br&gt;Review Session</td>
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