

# Foundations of International Business Strategy

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*Office hours:* are specified before the course starts

## *Objectives of the course:*

The main purpose of this course is to help students gather a deep insight into the methods of a comprehensive and complex strategic analysis useful for any further strategic decisions within the company. Students will be provided with a “strategist’s toolbox” of most common frameworks used to understand both internal and external environment of the company.

## *Teaching methods:*

This course builds on an active presence of students in the classroom. We believe that the highest value of this course could be delivered only by simultaneous listening, reading, thinking, discussing and writing in an interactive process characterized by developing your own arguments and reflecting on those put forth by others. Thus, the learning process builds on committed by both students and the faculty.

The course will be conducted as a combination of lectures at the beginning of each session followed by discussions on given topic where students are guided, expected and motivated to use the ability of critical thinking when discussing their opinion and accepting opinions of others.

Students are required to get prepared for each single session by reading provided articles and case studies. At the beginning of the semester students will be randomly divided into teams in which they are supposed to collaborate during the whole semester. Almost every lesson there will be some teams asked to present the outcomes of pre-readings and discuss them in the class with other teams which are required to provide feedback. We are aware of the fact that some of the articles and case studies provided may seem to be a bit obsolete by the date of their publishing. But they were picked on purpose to enable students either to learn from the past or to see that there might be still some wisdom applicable today or in the future.

We strongly encourage you to come to class with an open mind and a willingness to engage in discussions together with your peers and faculty. The better prepared you are, the more insightful and fruitful discussions we can have and the more you will learn. Needless to say, the content of class sessions is essential for your examination, and for your future work with, within, or besides global organizations.

Please note, that some lectures might be enriched or provided by lecturers from practice. They are usually professionals in their field but not professional lecturers, speaker or “entertainers”. I kindly ask you to approach them with respect and courtesy.

## Grading and assignments

### *Evaluation:*

The final evaluation is based on both: team work assignments and individual performance during the final test. The final grade is built on following criteria:

#### *20 % - Attendance*

Both physical and mental attendance is measured by Kahoot quizzes during the lesson or at its end. Each quiz is focused on topics and issues discussed during the lecture. It is always a multiple-choice question. The final score from Kahoot is calculated as the number of correct answers during the whole semester divided by the max. available points.

#### *30 % - Team project – Term paper*

During the first two week of the semester students will be provided with term paper assignment. All teams are required to elaborate the entry strategy for given company. Each team is working for different company from different industry.

Project deliverables: defining the problem, foreign market analysis, modes of entry options, comparison of options and recommendations. The project will be assessed based on two main criteria – Content (70% of final grade) and Presentation & Delivery (30% of final grade). More details will be provided at the end of this document.

#### *50 % final test*

There will be only multiple choice questions.

### *Term Paper Assignment - Work required from students' teams*

Student teams may choose from two topics for their term paper:

#### *1. International strategic analysis*

Select any middle sized or large company upon your wish and carry out its strategic analysis on the foreign market. You are supposed to focus on its operations on single market upon your selection (e.g. your Czech market). Please, focus only on one single market upon your selection. Try to suggest its competitive strategy or describe its current competitive strategy and suggest recommendations.

Specifically, you are supposed to perform following tasks:

1. Briefly describe the company (history, product portfolio, geographical scope, etc.) (1-2 p.)
2. Analyse and evaluate corporate statements. If needed suggest new ones. (1-2 p.)
3. Pursue stakeholders' analysis (1-2p.)
4. Carry out an external environment analysis (macro and micro environment). Focus also on the competitive analysis incl. CLC and benchmark the company with major competitors on the market. (5-7 p.)
5. Analyse internal resources of competitive advantage using VRIO/N analysis (3-5 p.)
6. Carry out a comprehensive SWOT analysis (2-3 p.)
7. Evaluate current corporate business strategy (2-4 p.)

8. Suggest recommendation for the Top management. (1-2 p.)
9. Compose a catchy, brief but comprehensive executive summary (max. 1000 words)

## 2. International expansion

Select any middle sized or large company upon your wish and analyse potential markets for market entry. Start with defining 3 most promising market and then pursue a detailed analysis of each of them. You are supposed to come up with one market to be entered and discuss the most appropriate mode of entry. You are also supposed to elaborate on competitive strategy the company should employ on this market.

Specifically, you are supposed to perform following tasks:

1. Briefly describe the company (history, product portfolio, geographical scope, etc.) (1-2 p.)
2. Analyse and evaluate corporate statements. If needed suggest new ones. (1-2 p.)
3. Design a multicriteria foreign market analysis to shortlist 3 most promising markets (2-3 p.)
4. Carry out a detailed market analysis of three foreign markets (7-15 p.)
5. Pursue stakeholders' analysis on given markets (1-2p.)
6. Suggest the mode of entry (1-2 p.)
7. Suggest a competitive strategy the company should employ on selected market (1-2 p.)
8. Compose a catchy, brief but comprehensive executive summary (max. 1000 words)

### Dates and evaluation criteria

Important dates: paper submission not later than April 26 in MS  
Word format on April 30 presentations will take place

Scope of the paper: approx. 20-40 pages, font Calibri 11, spacing 1,15 (Word) 10 – 15 PowerPoint slides for class presentation

Required citation style:

APA Assignment

evaluation: 0-30 points

Criteria	Description	% of final project grade												
<b>Content</b> (70%)	<ul style="list-style-type: none"> <li>▪ <b>Executive summary:</b> Is it relevant? Is it written in a catchy way? Does it cover the most important findings of the paper?</li> <li>▪ <b>Analysis quality:</b> Do you assess the environment, possibilities, relations, expectations, stakeholders etc. correctly? Are the proposed scenarios based on trends? Are the data you gathered and analysed relevant for the company?</li> <li>▪ <b>Data quality:</b> Is the paper data driven? Are data and their sources credible?</li> <li>▪ <b>Methodology:</b> Do you apply suitable tools and frameworks in the correct way to gather relevant data and conduct analysis?</li> <li>▪ <b>Feasibility:</b> Do your proposed ideas make business sense? Do you address issues relevant for the company? Are your suggestions aligned with corporate goals, mission, vision and expectations of stakeholders?</li> </ul>	<table border="1"> <caption>Content Criteria Weights</caption> <thead> <tr> <th>Criteria</th> <th>Weight (%)</th> </tr> </thead> <tbody> <tr> <td>Executive summary</td> <td>10%</td> </tr> <tr> <td>Analysis quality</td> <td>20%</td> </tr> <tr> <td>Data quality</td> <td>10%</td> </tr> <tr> <td>Methodology</td> <td>20%</td> </tr> <tr> <td>Feasibility</td> <td>10%</td> </tr> </tbody> </table>	Criteria	Weight (%)	Executive summary	10%	Analysis quality	20%	Data quality	10%	Methodology	20%	Feasibility	10%
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<b>Delivery</b> (30%)	<ul style="list-style-type: none"> <li>▪ <b>Presentation document:</b> Is the document and presentation itself structured in a clear way? Is it appealing and easy to follow? Does it convey the message efficiently? Are sources of data clearly indicated? Is the document well organized logical whole.</li> <li>▪ <b>Presentation skills:</b> Are you conveying the message effectively? Do you use appropriate words, speed, tone of voice, gestures, movement etc. to express your thoughts in a clear manner? Do you meet the timing requirements?</li> <li>▪ <b>Argumentation:</b> Are you able to readily and briskly react to questions or comments? Are you able to explain unclear parts and connect comments to relevant places in your presentation or parts of particular analyses? How well are you able to defend your ideas and recommendations?</li> </ul>	<table border="1"> <caption>Delivery Criteria Weights</caption> <thead> <tr> <th>Criteria</th> <th>Weight (%)</th> </tr> </thead> <tbody> <tr> <td>Presentation document</td> <td>15%</td> </tr> <tr> <td>Presentation skills</td> <td>10%</td> </tr> <tr> <td>Argumentation</td> <td>5%</td> </tr> </tbody> </table>	Criteria	Weight (%)	Presentation document	15%	Presentation skills	10%	Argumentation	5%				
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In-team peer evaluation will be conducted after the final delivery to avoid free rides.

## 01 Introduction to international strategic analysis

### *Learning outcomes:*

What exactly it means if we declare, we have our strategy? Very often companies confuse their strategy with a mid to long term plans. We believe strategy is much more complex and often could be understood as a philosophy and a set of actions we have to pursue. And everyone would agree that it is not possible to design a good strategy before we answer sever fundamental questions: Who we are? What are our values? Where we are and what it the environment like? What can we do? and many others. These are all the questions which could be addressed and hopefully answered pursuing a comprehensive strategic analysis. This lesson helps to understand what tools you may use and how not to get lost in vast sea of information we are surrounded with.

### *After this lecture you will be able to:*

- understand which questions good strategists must ask themselves and which tools may help them to find answers for these questions,
- articulate research hypothesis and suggest ways how to test them,
- decide which data are more or less relevant for your research and where and how to get them,
- understand meanings and differences in various data,
- distinguish between simple data and useful information and device a research plan,
- suggest relevant sources of information for a comprehensive strategic analysis.

### *Tools:*

- Hypothesis testing
- Data sources – strategic intelligence

## 02 Problem solving

### ***Learning outcomes:***

Strategic analysis could be considered as a very complex task. Therefore, it is important to understand what should be the whole process pursued, how to formulate initial purpose and questions, how to split problems into their subcategories, how to prioritize, collect data, synthesize and provide recommendation. This approach is not valuable only for pursuing a strategic analysis but also for any other complex project.

After this lecture you will be able to:

- define any problem you are supposed to solve,
- break down problems into smaller questions,
- build hypotheses,
- synthesize your findings.

Tools:

- 7 step approach
- CCQ
- Issue trees

Suggested reading: Logic in Writing, Thinking and Problem Solving by Barbara Minto

### 03 Understanding World megatrends

#### ***Learning outcomes:***

The world will never be the same as it was. It is obvious that there is an ongoing evolution, however it is becoming more and more difficult to predict and assume what the future will be like. A vice man said: The world will be like we will make it... But before we start shaping our World we have to understand what are the global megatrends which are very likely to happen, we just do not know now when and in which extant. We have to be capable to step out of our narrow focus and understand what is the bigger picture of the world. This could help us to think of new products, services and assume what the future demand could be like.

After this lecture you will be able to:

- recognize the need for multidisciplinary approach to future forecasting,
- articulate what are fundamental shifts in global evolution,
- identify and recognize current and possible future megatrends with a potential impact on the company,
- describe the way how super products are being developed,
- realize what are the risks when launching super products,
- estimate the factors influencing future strategic demand and distinguish between the perspective and targeted demand.

Tools:

- SCAMPER

## 04 Strategizing – setting goals, missioning, visioning

### *Learning outcomes:*

Anything the company does has to be aligned with the values perceived by primary stakeholders, owners and top management specifically. These values have to be specified and articulated in the very beginning of the company's existence so everyone is certain what to expect from the company. These values are then shared with other stakeholders in the form of mission statement, vision, mantra etc. We will thus learn how to design and formulate these.

### *After this lecture you will be able to:*

- understand the broad scope of corporate strategy and its subsets,
- define what are the corporate major goals,
- evaluate the quality of currently used corporate mission and vision statements,
- compose corporate statements,
- estimate the factors influencing future strategic demand and distinguish between the perspective and targeted demand.

### *Tools:*

- Mission, Vision and Mantra

### *In Class minicase:*

- Statement generation

## 05 Stakeholder analysis

### *Learning outcomes:*

It is hardly possible to make everyone happy. But at least we may try. To do so, it is firstly important to understand who are our stakeholders and what are their expectations. Only afterwards we may seek the ways how to keep them aligned with our valuable competitive position and manage their expectation.

### *After this lecture you will be able to:*

- define and map primary and secondary stakeholder groups,
- classify the impact of different stakeholder's groups on the company,
- pursue a stakeholder analysis,
- describe different types of eventual conflicts between company and its stakeholders, normative and distributional specifically and how to prevent from them,
- incorporate ethical issues into stakeholder management.

### *Tools:*

- Stakeholder analysis

### *In Class minicase:*

- FBA



## 06 External environment (industry) analysis – Market selection

### *Learning outcomes:*

When we seek for business opportunities we have to precisely analyse our external environment. Starting with the broader big picture set by the political, economic, social and technological environment we may reveal challenges on the macro level we can use in our favour or we may hedge against but which we can hardly influence. Then we have to focus on our micro environment which represents the industry we do our business in. Here we have to understand what is the industry attractiveness for us and other players, who are these players and how it enables us to create value for both, our customers as well as for our company.

### *After this lecture you will be able to:*

- assess major macro-environmental factors shaping our company's future using PESTEL analysis,
- analyse five industry forces using Porter's 5F framework,
- evaluate the bargaining power and mutual relationships between industry players,
- describe factors of industry attractiveness and suggest barriers to entry for our incumbents,
- use the CAGE analysis to evaluate country distance from different perspectives,
- analyse cultural differences using Hofstede's 6 dimensional model.

### *Tools:*

- PESTEL
- Porter's 5 Forces Analysis
- CAGE
- Hofstede's 6D framework

### *Cases:*

1. Redhook beer company
2. Apple

## 07 Internal resources and capabilities analysis

### *Learning outcomes:*

Companies struggle to seek for their competitive advantage and once they find it their will is to maintain it as long as possible. The source of their competitive advantage often lies deep inside their intracompany environment. It is often built on their tangible, intangible or human resources, the way the company pursues its processes, relationships and skills and how the company is able to use all of these reflecting external environment conditions and challenges.

### *After this lecture you will be able to:*

- describe different types of competitive advantage sources,
- evaluate corporate resources from the perspective of VRIO/VRIN framework,
- suggest ways how to make these resources sustainable,
- analyse strategic competencies using Porter's value chain framework,
- discuss and critically evaluate the tension between market or resource-based perspective on competitive advantage,
- use the results of resource and capability analysis to formulate strategies that exploit internal strengths while defending against internal weaknesses
- elaborate the overall SWOT analysis and other comprehensive analyses.

### *Tools:*

- VRIO/VRIN framework
- Porter's value chain framework
- SWOT
- SPACE

### *Cases:*

1. Walt Disney Co.: Mickey mouse or media mammoth?

### *In Class minicase:*

2. Hlidacky.cz

## 08 Globalization and Internationalization

### *Learning outcomes:*

The whole World has become a global village. Kind of a cliché we are coming across almost every day supported by different economic like arguments such as economies of scale and scope, synergies, homogenous demand etc. But are we really that global? Or we may feel that the more global we are supposed to be the more local we are indeed. In this lesson we will try to discuss the tension between globalization and localization and we will learn how this tension might be approached by different companies.

### *After this lecture you will be able to:*

- understand what are the features and challenges of globalization,
- describe what is the role of MNCs in a global scope as well as in national economies,
- articulate internationalization and globalization drivers,
- discuss organizational triggers for international expansion,
- understand different international expansion and management strategies,
- critically evaluate the tension between global and local approach in foreign markets.

### *Pre-readings:*

Levitt T.: The Globalization of markets, HBR 1983

Douglas S. P., Wind Y.: The Myths of Globalization, Columbia Journal of World Business 1987

Case: Bel: Inventing new horizons for the family firm

*Lecture:* Globalization\_and\_Internationalization.pdf

### *Recommended reading:*

Porter M.E.: Competitive advantage of nations, HBR 1990

## 09 Simulation Game

## 10 Modes of entry

### *Learning outcomes:*

Besides answering the question where to expand we also have to know how to expand. Which mode of entry would fit most to both our capabilities and resources we are ready to commit and market conditions. There are several concepts and frameworks which may help us to evaluate foreign markets from these perspectives.

Other important question refers to the timing of entry and the scope of entry. Should we try to be first and take the advantage of the first mover or it would be better to wait and rather be the second faster? Should we enter just one market at one time, or we may enter mountainously more markets? We will try to critically evaluate these options and learn how to use available frameworks to suggest solution for specific company.

As a part of this lesson we will focus on elementary mode of entry – Exporting and its key issues, advantages but also limits.

### *After this lecture you will be able to:*

- describe and understand different frameworks used for market entry decision, e.g. Upsala Strategy, OLI, Costs of doing business abroad, Liability of foreignness, etc.
- suggest appropriate mode of entry for given company,
- elaborate on pros and cons on different entry timing,
- suggest speed of foreign expansion for any company,
- understand essential issues, advantage and limits of exporting as a mode of entry,
- describe different types of exporting,
- design an exporting sales contract incl. its most important clauses like delivery and payment conditions, applicable law in case of disputes etc.

### *Recommended reading:*

Eden L., Miller S.R.: Distance matters: Liability of foreignness, institutional distance and ownership strategy, Bush School Working Paper # 404, January 2004

## 11 Competitive strategy

### *Learning outcomes:*

When setting an appropriate strategy to compete against other incumbents we must be certain what our competitive advantage should be. Is it the price or a unique quality or technology? We also need to decide whether we would like to target very broad market or it whether it would be wise to focus only on limited market segment and entrench ourselves there to have a monopolistic power. These are the question we will discuss during this lesson.

### *After this lecture you will be able to:*

- describe 4 generic Porter's competitive strategies,
- avoid your company to get stuck in the middle or at least try to benefit out of it,
- understand the difference between the value and price perceived by your customers,
- suggest a sustainable competitive strategy,
- make your customers happy.

### *Tools:*

- Porter's competitive strategies
- Bowman's strategic clocks
- Delta Model

### *In-class minicase*

how to make your customers happy

## 12 Team presentations

## 13 Final test