IBUS 5715 D

Foreign Markets: Selection, Assessment and Entry Strategies

WINTER 2017

(March 07 to April 11, 2017)

INSTRUCTOR: David J. PEIPPO
OFFICE: by appointment; Dunton Tower
EMAIL: david.peippo@sympatico.ca; david.peippo@pwgsc.gc.ca
CLASS HOURS: Tuesdays 18:05-20:55
CLASSROOM: Dunton Tower 701

Course Description:

IBUS 5715 [0.25 credit]
Foreign Markets: Selection, Assessment and Entry Strategies

Selection and assessment of foreign markets suitable to corporate capabilities. Factors affecting the internationalization of firms, from SMEs and born globals to large multinationals. Methods for foreign market entry and service, from exporting, licensing, and franchising to JVs, M&As and greenfield investment.

Course Prerequisite(s):
BUSI 5701.

Credits:
0.250 Credits

Drop Course Policy:
The deadline for academic withdrawal is the last day of classes (each term).
Required reading:

Professor’s Powerpoint slides on chapters in *International Business – Environment and Operations* - see CU Learn

Optional reading:


Drop Course Policy:
Students can drop a course up until the **END of the second week of classes**. Students that drop a class in the third week will receive a **WDN** but will automatically have the grade changed to **ABS**. A grade of **ABS** is considered a failing grade. A required course will have to be taken again. Students with medical reasons and supporting documentation may petition the School to have the **ABS** grade changed back to **WDN**.

Grading Scheme:

**Individual work**

- Participation 10%
- Individual short cases (2 cases x 15%) 30%
- Final exam 20%

**Group work**

- Group Memoranda (2 cases x 20%) 40%

**Total:** 100%

1. **Participation** (10%)

Individual class participation are based on quality of participation and contribution to in-class discussion of assigned cases. **Class attendance is required.**

2. **Individual short cases** (2 x 15% = 30%)

Each student is required to answer the questions at the end of *Trying to Create a Stir: Opening a coffee shop in Korea* and *Ruth’s Chris.*

3. **Final Exam** (20%)

The final examination will be a closed book case exam. It will be held during the regular class time slot during the MBA exam week.

4. **Group Memoranda** (2 x 20% = 40%)
Groups of 4 students are required to write a memo on 2 cases: The Espresso Lane to Global Markets (due at start of class on March 28) and Eli Lilly in India: Re-thinking the joint venture strategy (due at the start of class on April 11).

Each memo advises the company chairman on critical issues facing the company. They must set out a clear understanding of the issues, the pros and cons of different options and provide a convincing argument to support a recommended course of action. The analysis should incorporate concepts from the course. Memos are no more than 10 pages, double-spaced, excluding appendices and graphs. Margins should be 1” and font size should be no smaller than Times Roman 12.

Submission of assignments:
Always retain a hard copy of all work that is submitted.

A signed declaration of academic integrity must accompany each group submission.

Example of Declaration of Academic Integrity

IBUS 5715D – Winter 2017: Declaration of Academic Integrity (Group)

Report on Company (ies): ______________________________

The University Senate defines plagiarism in the regulations on instructional offenses as: “to use and pass off as one’s own idea or product work of another without expressly giving credit to another.”

I/we declare that the work submitted herewith is my/our work. All sources have been referenced in the footnotes and listed in the bibliography. This work has not been shared with anyone outside this group. This work is the intellectual property of each of the group members and will be returned to any one of the group members to be shared with the other group members.

<table>
<thead>
<tr>
<th>Student Number</th>
<th>Student Name</th>
<th>Signature of Student (everyone must sign to receive a grade)</th>
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Final exam date: April 18, 2017

Preparation and participation:

The final exam will use a business case format. Using a firm or organization in a particular sector, students will be assessed on their application of different analytical theories and tools to analyse and assess the relative attractiveness of various foreign markets as well as to analyse and assess the appropriateness of different entry modes and strategies for those selected markets. Students will be assessed on their ability to use the foregoing analysis and assessment to formulate and defend a recommended foreign market entry or expansion strategy across key foreign markets for the firm’s products and/or services.

Missed assignments and deferred examination:

If a student is absent from class when an assignment is due, then the student must submit their assignment by email on the due date, or in the case of a medical certificate, they must submit their assignment by email before midnight on the day following the day on which their medical certificate was issued.

For deferred final examinations, the student must make arrangements with the professor to write the final examination within a reasonable time after the date on which the final examination was written.

Deferred Final Examination:

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor and the MBA office in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral. Deferred exams are not granted for students who have made travel arrangements that conflict with examination schedule.
COURSE SCHEDULE

It is the responsibility of students to keep up-to-date with changes announced in class.

<table>
<thead>
<tr>
<th>Date</th>
<th>Theme</th>
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<th>Cases &amp; Assignments</th>
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<tbody>
<tr>
<td>1 Mar 07</td>
<td>Globalization and International Business Cultural Environments</td>
<td>1</td>
<td>Review background videos on Identifying key foreign markets for Canadian business;</td>
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<tr>
<td></td>
<td>Facing Business</td>
<td>2</td>
<td>Read reports in red</td>
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<tr>
<td>2 Mar 14</td>
<td>Political, Legal and Economic Environments Facing Business</td>
<td>3</td>
<td>Cameron Auto Parts (A) and (B)</td>
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<td></td>
<td>Guest speaker:</td>
<td>4</td>
<td>In-class group presentations on impacts of US protectionism on international trade and commerce</td>
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<td>3 Mar 21</td>
<td>International Trade Theory and Government Influence on Trade</td>
<td>6</td>
<td>Trying to Create a Stir: Opening a coffee shop in Korea</td>
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<td>Cross-National Cooperation and Agreements</td>
<td>7</td>
<td>written INDIVIDUAL assignment due in class</td>
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<td>Guest speaker:</td>
<td>8</td>
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<td>4 Mar 28</td>
<td>Strategy of International Business</td>
<td>11</td>
<td>The Espresso Lane to Global Markets</td>
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<td>Guest speaker:</td>
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<td>written GROUP assignment due in class</td>
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<td>5 Apr 04</td>
<td>Country Evaluation and Selection</td>
<td>12</td>
<td>Ruth’s Chris</td>
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<td>Guest speaker:</td>
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<td>written INDIVIDUAL assignment due in class</td>
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<tr>
<td>6 Apr 11</td>
<td>Export and Import Strategies; Direct Investment and Collaborative</td>
<td>13</td>
<td>Eli Lilly in India: Re-thinking the joint venture strategy</td>
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<td>Strategies</td>
<td>14</td>
<td>written GROUP assignment due in class</td>
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PEDAGOGICAL APPROACH

Cases are used to illustrate different situations to support learning by “doing”. In this way, the classroom becomes a laboratory for testing decision-making and communication skills. To be an effective learning process, each student must come to class prepared to discuss each case. Prompt and reliable attendance and careful preparation are essential.

Each student’s contribution in class should:
• improve the class understanding;
• build on previous analysis and commentary;
• understand the comments of others;
• add value to class discussions; and
• respect the views and contributions of others

Cases should be prepared in detail BEFORE class: identify the issues, assess the pros and cons of alternatives, and be able to defend your conclusions and recommendations IN class. Students will be able to evaluate their respective analysis and recommendations with respect to the class sessions. There is more than one good approach to a particular case analysis. If one’s approach differs from that in class, it is not necessarily wrong. When assessing their analysis, students should consider:

• If their arguments are logically consistent
• If they are using relevant concepts appropriately
• If they have failed to consider a major factor in the case
• If they have placed the wrong emphasis on a particular issue in the case

The following is a suggested approach or guidelines for the group memo assignment:

**MEMO GUIDELINES**

(Susan Greenfield, N.A., M.B.A., Ph.D.)

The object of a memo is to achieve DENSITY, not BREADTH. There are many interesting and, in peripheral ways, relevant factors in a case. Your task, however, is to distill out the small set of core issues or problems around which the case (and, hence, the good memo) is built.

**Heading:** State the recipient, originator and date.

**Subject:** The subject reads like a title. It gives as much specific information about the memo content as is consistent with acceptable title length. Do not give a set of objectives.

**Problem:** The memo should begin with a statement of the strategic issue/problem you will address. This definition is the most important factor you will consider because it determines the direction that the rest of the memo will take. The terms "issue" and "problem", in this context, do not mean general, overall situation descriptions. Do not give a brief summation of the case. Do not cram the case into one or two questions. Do not recount the decision option(s). Do not make the mistake of thinking that the problem is obvious. It is not. You will discover it only at the end of an in-depth analysis. Study the case carefully and ask what symptoms of malaise (or potential malaise) and what causes for these symptoms lie at its heart. A good problem definition, given at the beginning, keeps the memo tightly structured because everything you discuss after that point, in both the recommendation and analysis sections, must relate to that problem.
**Recommendation:** State what solution you recommend. It must relate back to the symptoms and causes you have defined above. If the word limit permits, elaborate with brief details. Do not argue your point in this section. Because the reader knows what your recommendation is, he or she has a reference point from which to understand your issue discussion. Thus, the recommendation, given up front, also helps to keep the memo tight.

**Discussion of Alternatives and Recommendations:** State concisely what other alternatives you have considered, briefly giving factors in favor and the reasons for your rejection. If the alternatives have arguments in common, group the discussion issues together to save on words. This part of the memo can be a gloss. Also argue in favor of your recommendation, giving as much concrete detail (facts, figures, numerical calculations) as possible. Indicate briefly that you understand whatever drawbacks may exist to the solution you have chosen. Remember that this solution and the arguments you make for it must address the problem you have defined. Show how they address the problem better than the options that you have rejected. BE EXPLICIT. Do not simply recount case facts and assume that their relevance is obvious.

**Implementation:** Give a practical (in terms of constraints outlined in the case) plan for implementing your recommendation. Whenever possible, answer "who", "what", "when", "where", "how much". Do not omit damage control suggestions. If there are major threats or risks to your solution, state how you plan to surmount them.

**Appendices:** The core of the case must be well explained. It must be able to standalone without benefit from the appendices; otherwise, the function of the memo is negated. The appendices are included for the convenience of the reader and should not require arduous effort on his or her part. The reader must be able to see fairly quickly the relevance of the appendix you have cited, to the point you are making in the memo. Hence, appendices will consist of excerpted numbers, truncated lists of key facts, numerical calculations, charts and graphs. It is useful to put a short summary statement on the presented data, at the bottom of each appendix.

**Guidance on Citations/Bibliography:**

**Footnotes:**
Every source for citations, statistics, tables, etc. should be sequentially referenced to a footnote at the bottom of the page. Full information should be provided to allow a reader to know exactly where you obtained the data, remembering that direct quotations require the specifics of page number. When a subsequent citation is made to the exact same one that proceeds you may identify it as *ibid* (for more details see http://www.chicagomanualofstyle.org.proxy.library.carleton.ca/16/ch13/ch13_sec064.html).

**Bibliography:**
It is important that you follow a recognized style to present a comprehensive bibliography that ensures an integrated alphabetical order and recognizes multiple citations to same year documents from a common source.
Be consistent when ordering your citation sources so that like items are grouped together. For example, Natural Resources Canada may also be referred to as NRC (both of which are acceptable), however in ordering citations from multiple NRC documents select one format and list consecutively by date (from oldest to most recent).

Guidance provided by the Academy of Management in its Style Guide may be found at: http://journals.aomonline.org/amj/style_guide.pdf - see from page 4 for details (disregard the in-text, in-parenthesis identification, as the required use of footnotes replaces this format).

It is strongly recommended that you designate an editor for your Capstone report to validate the coherence of your document, ensure that all required elements have been included and that all citations are accurate and correctly included in the bibliography.

GENERAL RULES FOR ANALYZING A CASE

1. Be concise and to the point. Do not write discursively with an essay-like style.
2. You can use lists and points if you introduce them logically, and conclude on them.
3. Avoid excessive use of the passive voice; take responsibility for your own recommendations.
4. Make sure you read the case carefully.
5. Do not invent major facts or data. If you make assumptions- state what they are.
6. Demonstrate proper use of concepts and make convincing arguments to support your recommended course of action.
7. Alternatives – Identify and discuss the merits of legitimate alternatives but not at the expense of proving your recommendation. The primary task on your memo is to prove your recommendation.
8. Analysis – Each memo should have an analysis section that uses the techniques of the course (or techniques you have learned in other courses) to assess the situation.
9. Appendices – Appendices can be used should you feel that more specific information is needed to support key arguments set out in the main body of the memo.

ASSIGNMENT QUESTIONS

Cameron Auto Parts (A)

1. Should Cameron have licensed McTaggart or continued to export?
2. Was McTaggart a good choice for licensee?
3. Was the royalty rate reasonable?
4. What are alternatives to licensing?
Trying to Create a Stir: Opening a coffee shop in Korea

1. Evaluate the decision of Kim and Andes to open a coffee shop in Korea. Is a coffee shop a good fit for them as entrepreneurs? Is Korea the right market for yet another coffee shop? How are they trying to quantify what seems like a personal decision? What other things should they be considering before making a final decision?
2. Given that Kim and Andes seem to be set on opening a coffee shop in Korea, what factors should influence their mode of entry decision? What are the trade-offs between franchising and other choices?
3. If Kim and Andes decide to open their own coffee shop (i.e. not a franchise), what can they do to differentiate it from all the existing market entrants?

The Espresso Lane to Global Markets

1. Conduct a CAGE (cultural, administrative, geographic and economic) analysis
2. Create a SWOT analysis
3. What does analysis of the CAGE and SWOT show you? Based on these results, which international market should Espressamente pursue next?
4. Conduct analysis using the GE matrix and the BCG Matrix. What do you learn from them?
5. Which variables from the case are the most important in Reale’s decision-making?
6. How should Reale prioritize the foreign markets?

Ruth’s Chris: The High Stakes of International Expansion

1. What did Hannah do to make a first cut in the list of potential countries? How did he get from 200 to less than 35 potential new markets? Which variables seemed more important in his decision-making? Which unused variables might have been useful?
2. What would be your choice for the top five opportunities? The top 10? What equation did you use to reach that conclusion and why?
3. Hannah was focused on franchising as his mode of entry. Do the critical variables change if a different mode of entry is employed?
4. What are some of the internal and external challenges Hannah will face in moving from a list to actually opening restaurants?

Eli Lilly in India: Rethinking the Joint Venture Strategy

1. Did Eli Lilly pursue the right strategy to enter the Indian market?
2. Carefully consider the evolution of the joint venture. Evaluate the three successive IJV leaders. Identify the unique challenges faced by each.
3. How would you assess the overall performance of the JV? What did the partners learn from the IJV?
4. What action would you recommend regarding the Ranbaxy partnership? What are the implications of your recommendation? How would you implement this?
GUEST SPEAKERS: Selecting foreign markets during the Trump Presidency

On January 20, 2017, Donald J. Trump was sworn into office as the 45th President of the United States. He is inaugural speech he declared:

“For many decades we’ve enriched foreign industry at the expense of American industry...But that is in the past. And now we are looking only to the future. We are assembled here today and issuing a new decree to be heard in every city, in every foreign capital, and in every hall of power.

From this day forward, a new vision will govern our land. From this moment on, it’s going to be America First.

Every decision on trade, on taxes, on immigration, on foreign affairs, will be made to benefit American workers and American families. We must protect our borders from the ravages of other countries making our products, stealing our companies, and destroying our jobs. Protection will lead to great prosperity and strength.”

For Canadian exporters, American First protectionism represents a 360 degree reversal of US trade policy that promoted an open and liberal policy of globalization that was built on free trade agreements like NAFTA. Notwithstanding that all three NAFTA economies benefited economically, President Trump has vowed to withdraw from NAFTA unless Mexico and Canada agree to renegotiate the terms of NAFTA.

In 2015, in terms of dollars, Canada’s exports to the United States accounted for more than three quarters of all of Canada’s exports. Therefore, these exports and their associated jobs are at risk due to US protectionism and represent a serious threat to the future economic well-being of Canada and Canadian exporters. To mitigate risks to their businesses, Canadian exporters to the US are obliged to expand their exports to existing overseas markets and/or entry into new markets using a variety of market entry strategies that are the focus of this course.

During the course, different guest speakers will share their own experiences with different forms of foreign market entry. As well, trade representatives from different foreign markets will be invited to discuss market selection criteria and evaluation, relating to their respective countries.
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<th>Guest speakers</th>
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<td>March 07</td>
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<td>March 21</td>
<td>Brian Creber, President&lt;br&gt;B-Con Engineering&lt;br&gt;<a href="http://www.bconeng.com/">http://www.bconeng.com/</a></td>
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<td>April 04</td>
<td>Faud Khan, Founder&lt;br&gt;TwelveDot Inc.&lt;br&gt;<a href="http://twelvedot.com/">http://twelvedot.com/</a></td>
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**Course videos**


Recommended trade links [http://www.tradestart.ca/recommended-trade-links](http://www.tradestart.ca/recommended-trade-links)


Canada Trade Forecast Report - HSBC Global Connections
| Market Selection | November 2015  
|-------------------|-------------------------------------------------|
| Market Entry      | **HSBC Global Connections: Market Selection  
|                   | **HSBC Global Connections:  
|                   | **Strategies for entering a new market  
https://globalconnections.hsbc.com/canada/en** |

| Mexico            | Mexico - Brave New World  
http://www.bbc.co.uk/programmes/b03nsrhw |
|-------------------|-------------------------------------------------|
|                   | "MINT" nations: A closer look at Mexico's and Indonesia's economies  
http://www.youtube.com/watch?v=C1ih7WffN3Y |
|                   | Mexico's position as an emerging market  
http://www.youtube.com/watch?v=9_Jn_5vlqJ0 |
|                   | Four Things You Need to Know about Mexico’s Economy  
https://www.youtube.com/watch?v=lkJW1qiuc20 |
|                   | The Future of Mexico  
https://www.youtube.com/watch?v=7ddly4F7Djc |
|                   | Mexico on the Rise  
https://www.youtube.com/watch?v=hrQbp2oFvEU |
|                   | Amid widespread poverty, boomtowns spur economic growth in Mexico  
https://www.youtube.com/watch?v=cga8j0IFiI4 |
|                   | Davos 2016 - Special Conversation with Enrique Peña Nieto, President of Mexico  
https://www.youtube.com/watch?v=Dj5WXmkNndc |
| Indonesia | Indonesia - Commodity Curse  
http://www.bbc.co.uk/programmes/b03p81z7 |
|---|---|
| | BRIC+Indonesia  
http://www.youtube.com/watch?v=9-GpnmwQcN0&list=PL4ABF6768C78B474D |
| | The Future of Indonesia  
http://www.youtube.com/watch?v=GuYmtQ5D7n8 |
| | Indonesia : Largest Economy in Southeast Asia  
http://www.youtube.com/watch?v=LMRzVNQBzlA |
| | INDONESIA THE LARGEST ECONOMY IN SOUTHEAST ASIA - G20 MEMBER  
http://www.youtube.com/watch?v=Q7b5beLuB7c |
| | Indonesia 2015 - In Markets We Trust: Injecting Confidence into Asian Markets  
https://www.youtube.com/watch?v=OaFwbeK8MGc |
| | Indonesia 2015 - Trust or Bust?  
https://www.youtube.com/watch?v=3Z4fLxU6Cm0 |
| | Indonesia 2015 - East Asia in the New Global Context  
https://www.youtube.com/watch?v=ynbKWAAuYFQ |
| | World Economic Forum 2015: Indonesia, Hurdles and Opportunities for Economic Growth  
https://www.youtube.com/watch?v=0RqUx4Hzj1k |
| | Rappler Talk: Indonesia Trade Minister on Asian economic outlook  
https://www.youtube.com/watch?v=Roir3ff640Y |
| | Philippines and Indonesia The Next Asian Economic Miracle  
https://www.youtube.com/watch?v=9-3IReX6YuQ |
| | Megacities Jakarta  
https://www.youtube.com/watch?v=RP5FmIJhEjI |
Academic Articles on Market Selection and Entry Strategies


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<th>Academic Articles</th>
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IMPORTANT ADDITIONAL INFORMATION

Course Sharing Websites

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Policy on Mobile Devices

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

Group Work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Person with Disabilities

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).
Religious Observance

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student. Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton’s Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

Pregnancy

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at http://carleton.ca/studentaffairs/academic-integrity/.

Important Dates and Deadlines can be found at: http://sprott.carleton.ca/students/mba/dates-deadlines-policies/#winter