INTERNATIONAL OPERATIONS MANAGEMENT
BUSINESS MANAGEMENT 737, SPRING 2011

INSTRUCTOR: Steven Dickstein

CLASS: TUE & THU @ 3:30 P.M.
Converse Hall 139

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PHONE: 292-4600

OFFICE HOURS: WEDNESDAY 1:00 – 2:30 p.m.; after class and by appointment

COURSE DESCRIPTION

This course reflects a convergence of events and approaches that are both “old” and “new”. What is “new” is the effective collapse of Communism, China’s embrace of capitalism, and India’s abandonment of socialist and severe nationalistic economic policies. The resulting effect has been an approximate doubling of the size of the economic world in less than twenty years. The “old” reflects an African proverb:

Every morning in Africa, a gazelle wakes up.
It knows it must run faster than the fastest lion, or it will be killed.
Every morning a lion wakes up.
It knows it must outrun the slowest gazelle or it will starve to death.
It doesn’t matter whether you are a lion or a gazelle,
When the sun comes up, you better start running.

(From: The World is Flat, Thomas Friedman)

Today, business organizations face the same challenge. No matter where they are based and no matter what customers they may serve, the impact of growing, global competition means that they must “run” faster to survive. For business today, there are no longer national boundaries, only political ones. Companies are challenged today to increasingly manage manufacturing and service operations across political boundaries to serve global markets and to respond effectively to global competition. As a consequence, companies are shifting their manufacturing facilities around the globe introducing new challenges to the organization. Conducting business overseas as a source of supply, an entry to local or regional markets, or both- requires responding to the vicissitudes of foreign locations such as cultural, language, economic, and political differences.

Companies are also realizing that to better meet customer needs, they must develop an effective linkage among the various functions in business strategic planning and across all borders. In addition, successful companies have to continuously adapt, innovate, and take risks in forging a global operations strategy with long-term commitment, steady investment, and flexibility. In today's global market, companies are realizing the need to become world-class competitors. Multinational manufacturers that are able to coordinate and balance their global resources and facilities will become stronger, more responsive companies, better able to reduce costs and serve their customers in the global arena. Even in today’s challenging economic climate, this remains true.
**COURSE OBJECTIVES**

This course has several objectives. These include:

1) An appreciation of the key ingredients for successful management of global operations.

2) To develop an understanding of the reasons for the oft-observed lack of integration of a firm's marketing and operations strategies and to learn an approach for combating this problem.

3) Showing how effective global operations can lower cost, increase flexibility, improve responsiveness to customer requirements, and provide a firm with a competitive advantage.

4) Developing the students' analytical and communication skills through the use of business cases.

5) Using articles from the *Wall Street Journal* and other business publications to bridge the gap between theory and practice.

**COURSE MATERIALS**

The **SUPPLEMENTARY PACKET** can be purchased from the OSU bookstore or Barnes & Noble. The packet contains readings and cases required for this course. This packet contains all Cases and is an essential aid for the lectures and preparing for the exam.

**GROUP ASSIGNMENTS**

Approximately half of each student’s grade will be derived from activities and work performed as a group. These teams of 4-6 will be organized by the instructor in the second session with an objective of achieving cultural, gender and educational diversity.

**GRADING POLICY**

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<th>DESCRIPTION</th>
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<tr>
<td>(1) Exam</td>
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<tr>
<td>(2) Group Project Report</td>
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<td>(3) Group Project Presentation</td>
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<td>(4) Group Case Presentation</td>
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<tr>
<td>(5) Individual Current Event Presentation</td>
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<td>(6) Class participation</td>
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**TOTAL** 100%
(1) EXAM

The exam may cover materials from the supplementary packet, readings, or class discussion. Lessons from cases are fair game, but you will not be expected to recall the details of a particular case situation. The examination format usually includes conceptual questions.

The Exam is closed book. NO MAKE-UP, LATE, OR EARLY EXAMS WILL BE GIVEN as a general policy except in the case of a medical emergency. Students should make arrangements now to avoid time conflicts.

(2) GROUP PROJECT REPORT

The GROUP PROJECT REPORT should focus on a topic related to global operations as defined by the lecture or case topics. Treat this work as a hypothetical Board Presentation in which you are trying to “sell” an operations strategy or investment, setting out alternatives and the justification for your ultimate recommendation. Reports that represent a “survey” approach only to a topic do not satisfy this guideline. Do not choose a topic “after the fact”, one which is already underway or completed.

The objective of the group project is to provide students the opportunity to explore in-depth a topic of particular interest. A requirement of the project is that each group must contact two executives involved with international trade/business to seek their inputs and to discuss issues related to the project. Selected quotes by these executives should become a part of the report. The report grading criteria include:

- Quality of content and depth of analysis; is the conclusion well-supported and convincing? (8 points)
- Originality of treatment (4)
- Use of interviews including relevance & quality (4)
- Clarity of presentation & writing including use of tables (4)
- Focus- is a specific issue raised, including alternatives; quality of sources (3)
- Relevance to course content (2).

A one-page project proposal is required early in the quarter. (See Lecture Schedule)

Group Project Report- Format

Each report should be typed, double-spaced with 12 point minimum font and comprise the following:

a) A Title Page with the title of the paper, group members, social security numbers (last four digits only), course number, and date.

b) An Executive Summary page outlining the key elements and findings of your report. The abstract follows the title page.

c) The main body of the report should not exceed 12 pages in length (excluding a Table of Contents, tables, figures, exhibits, etc.). Quotations and ideas from sources must be credited to the sources. A reference list/bibliography should be provided at the end of the report. Identify interview contacts (including efforts that were not successful). Tables, exhibits, figures, etc. should be professionally presented. Errors
in punctuation, spelling, and grammar should be avoided since they can have an unfavorable effect on a report's appearance and acceptance.

(3) GROUP PROJECT PRESENTATION

The GROUP PRESENTATION of the project must be supported by professionally prepared visual aids/overheads, including exhibits, graphs, charts, tables, etc. All team members must participate in the presentation. Be prepared to present your work in **20 - 30 minutes**. The presentation will be followed by a question and answer session lasting **10 minutes**. All groups are required to **strictly adhere** to the time allocated. Students making presentations must be dressed in **business formal attire** appropriate to a Board Presentation. Attendance during presentations will be monitored closely and reflected in your class participation grade. The group presentation will be evaluated on the following:

- Clarity of oral presentation & analysis/findings (6 points)
- Quality of visual aids used (3)
- Time allocation and team coordination (3)
- Professionalism: appearance, handling Q & A (3)

(4) GROUP CASE PRESENTATION

Each Group is required to lead a classroom discussion on any one of the Cases identified in the LECTURE SCHEDULE after the first one scheduled. You may select your own Case subject to availability. This is not a formal presentation but should be well-organized, address any discussion questions found later in this syllabus, and include:

- Overview of the case including any key facts (2 points)
- What are the key issue(s) or decision(s) being confronted? (2)
- What courses of action are available and what are the + or – for each? (2)
- What direction or conclusion do you support based on the available facts? Why? (2)
- Presentation style: participation, clarity & organization, speaking style (2)
- WHAT HAS HAPPENED SINCE THE CASE WAS WRITTEN? (This information must be researched as it is not provided in the packet.) (BONUS)

Please note that students are expected to be familiar with ALL cases, not just the one presented.

(5) INDIVIDUAL CURRENT EVENT PRESENTATION

At the beginning of each class we will spend some time discussing current articles from the *Wall Street Journal* or other business publications that are relevant to this course. Students will sign up for their preferred presentation date early in the course. This can be changed to avoid the potential overlap of doing a Case and a current event presentation on the same day. The objective is to report briefly on a current news topic that is broadly relevant to our study of international operations management. Each presentation is limited to 3 minutes and should answer the following:
• What is the **global problem or issue** facing the organization?
• What are the key facts and why are they **managerially significant** to Operations?
• What is your opinion on the subject of specific article?

Grades will be assigned based on Relevance to course content, clarity of the Overview, identification of Key Issues and Facts, Conclusions/Recommendations, and Presentation Style with equal weighting to each. **Please turn in a copy of the news item with your name and publication date shown, which should be within two weeks of the presentation day.**

**6. CLASS PARTICIPATION**

At the beginning of the third class, each student is expected to submit an index card providing his or her name, preferred e-mail, and local phone. Include an interesting fact about yourself (that does not at all have to relate to your university life). On the back, attach a recent photograph of yourself. This will be worth 2 Participation points.

Class attendance and participation are monitored on a daily basis. This reflects not just attendance, but preparation and willingness to contribute meaningfully to discussions. Active participation in case analysis is an important part of the learning process and invaluable in developing verbal communication skills. Attendance will NOT earn participation points, but excessive absences may penalize this grade component.

**PEER EVALUATION**

The last page in this Syllabus includes a **confidential** PEER EVALUATION sheet to assess the contribution of your team members in the Group. Each student's final grade on group work *may be* adjusted according to that student's rating by fellow group members. These evaluations are to be turned in at the time the project presentations are due.

**ACADEMIC MISCONDUCT**

Any material submitted for course credit must be: (1) your own work if it is an individual-based assignment; (2) the work of your team if it is a group-based assignment. Academic misconduct is a serious threat to the integrity and value of your degree. Such behavior will not be tolerated by your instructor or classmates.

Procedures: 1. Suspected cases of academic misconduct will be reported to the University Academic Misconduct Committee.
2. Typical penalties include an E in the course and disciplinary probation for a first offense and dismissal from the University for a second offense.
OTHER

If you need an accommodation based on the impact of a disability, please arrange an appointment with me as soon as possible. We need to discuss the course format and your individual needs. I rely on the Office for Disability Services for assistance in verifying need and in developing accommodation strategies.

Please feel free to meet with me to discuss any concerns or issues about the course or your individual performance.

LECTURE SCHEDULE

The following schedule is not a contract since articles may be added or replaced. It is your responsibility to monitor the class progress and prepare accordingly. The best strategy is to do the assigned reading and cases **before** they are introduced in class. Above all, **keep up to date**.

<table>
<thead>
<tr>
<th>DATE</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>T, 3/29</td>
<td>Course description, objectives, and group team assignments. In-class discussion from handout</td>
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| Th, 3/31 | Sample presentation- Current Event  
**MANAGING OPERATIONS IN EMERGING MARKETS**  
Lecture Slides  
**Readings:**  
“A New World Order” *Bangkok Post*, 12/12/2009  
“In Recession, Focus on Emerging Markets…” *BW*, 1/14/09 |
| T, 4/5 | **MANAGING GLOBAL OPERATIONS UNDER UNCERTAINTY**  
**Readings:**  
“Venezuela Roils Multinationals” *WSJ*, 3/7/2011  
“Mugabe’s Takeover Threats…” *WSJ*, 2/7/2011  
“Uncertainty Avoidance Countries Value Strict Rules to Reduce Risk” *Suite100.com*, 01/25/2008  
**Discussion:** **Identify other sources of “uncertainty”**  
**Case:** Larson in Nigeria, *Ivey* |

** Assignment: Turn in name cards; Identify which Case your Group will review
Th, 4/7 MANAGING GLOBAL OPERATIONS UNDER UNCERTAINTY (cont’d)  
Case: “Jan Eriksson At Norvatis Indonesia (A)” HBS

T, 4/12 GLOBAL SERVICE OPERATIONS  
Readings: “AOL Struggles Overseas” (in-class exercise)  
“Wal-Mart Exports Big Box Concept to India” WSJ, 5/28/2009  
“UPS Battles Traffic Jams…” WSJ, 1/25/08

Th, 4/14 COMPETITIVE BENCHMARKING  
Readings: “Taking a Page from Toyota’s Playbook” BW, 8/22/05  
Case: "American Connector Co. (A)" HBS
** Assignment: Turn in the group project proposal at beginning of class

T, 4/19 GLOBAL QUALITY STANDARDS  ISO 9000, 14000, and global competitiveness.  
Readings: “ISO 9000 And ISO 14000- In Brief” ISO Website  
Tentative- Guest Speaker: The Lesson of Toyota  
Case: “COM DEV Xi’an: ISO 9000 Registration” IVEY

Th, 4/21 GLOBAL FACILITIES STRATEGY  Strategies for locating facilities globally.  
Readings: "In Choosing The Right Management Model, Firms Seesaw…” WSJ  
Case: “Lincoln Electric: Venturing Abroad” HBS

T, 4/26 GLOBAL FACILITIES STRATEGY (cont’d)  
Readings: “Made In China, Bought In China” NY Times  
“A Legend’s Bumpy Ride” WSJ, 4/29/06  
Case: “The Plant Location Puzzle” HBS

Th, 4/28 GLOBAL SOURCING  
Readings: “Riskiest Place May be Your Comfort Zone” Industry Week, 01/01/2010  
“Acer Seeks Happiness…” WSJ, 4/15/07  
Lecture: What issues must be considered in global sourcing?  
Case: “The Acer Group’s China Manufacturing Decision” IVEY

T, 5/3 OFF-SHORING  
Discussion: Besides India & China, who else are offshore “players”?  
Readings: “China Drugs: A Cautonary Tale” WSJ, 1/31/2008  
“Rethinking the India Back Office” WSJ, 2/11/2008  
“India Outsourcing Firms Lay the Groundwork..” WSJ, 2/23/2009  
“Caterpillar Joins Onshoring Trend” WSJ, 03/12/2010
Th, 5/5  EXAM-  COVERS MATERIAL THROUGH APRIL 29

T, 5/10  TRADE AGREEMENTS – BENEFIT OR BURDEN?
  Lecture:  NAFTA- History & Experience
            “NAFTA Rhetoric may Harm Ties”  Miami Herald, 3/2/08
            “EU and Central America Forge a FTA”  WSJ, 5/19/2010

Th, 5/12  SUPPLY CHAIN MANAGEMENT
  Readings:  “Supply Chain Risk: Kanban Won’t Cut It”  Business Week, 7/16/09
  Case:  "Sport Obermeyer, Ltd."  HBS

T, 5/17  DEVELOPMENT OF GLOBAL MANUFACTURING INFRASTRUCTURE
  Readings:  “Made In The World: The Global Spread Of Production”  POM
            “What is an American Car?”  WSJ, 1/27/09
  Discussion: Is Manufacturing in the U.S. Disappearing?
  Case:  "Motorola-Penang"  HBS

Th, 5/19  GLOBAL TECHNOLOGY and R&D STRATEGY
  Readings:  “IBM Shares its Secrets”  Fortune, 9/5/05
            “Unleash Innovation In Foreign Subsidiaries”  HBR
  Cases:  “Hewlett-Packard: Singapore (A)”  HBR

T, 5/24  WORLD CLASS OPERATIONS
  Reading:  “Yes, We Do Still Make Things in America”,  MSNBC, 05/10/2010
            “Making the Most Of Foreign Factories”  HBR
  NOTE: There is a one page handout provided in class that relates this article to
        the cases we have explored.
  Lecture:  Concluding Comments

** Assignment  ALL GROUP REPORTS ARE DUE AT BEGINNING OF CLASS
         TURN IN PEER EVALUATION FOR GROUP PROJECT & CASE

Th, 5/26  PROJECT PRESENTATIONS

T, 5/31  PROJECT PRESENTATIONS

Th, 6/2  PROJECT PRESENTATIONS

T, 6/7 at 3:30  FINAL EXAM (if required for Project Presentations)
DISCUSSION QUESTIONS FOR ASSIGNED CASES/READINGS

• Jan Eriksson at Novartis Indonesia (A)
  a) Was the home office support timely and relevant?
  b) How should performance be measured in a weak currency country?
  c) How do you reconcile the profit objectives of private industry with the social
     obligations of operating in an emerging market?

• American Connector (A)
  a) How serious is the threat of DJC to American Connector Company?
  b) What accounts for the cost differences between DJC's plant and American Connector's
     Sunnyvale plant? How much of the differences is due strictly to differences in the
     efficiency of the operations?
  c) What should American Connector's management at the Sunnyvale plant do?

• COM DEV Xi’an: ISO 9000 Registration
  a) What are the advantages and disadvantages of ISO 9000 certification for a
     manufacturer such as COM DEV?
  b) What criteria would you use to decide whether or not CDX should seek registration?
  c) As Ken Zelazny, what would you recommend? How would you persuade the board to
     accept your recommendation?

• Lincoln Electric: Venturing Abroad
  a) What has accounted for Lincoln’s outstanding success in the US?
  b) Given this great success, why did the internationalization thrust of the late 1980s and
     early 1990s fail?
  c) What advice would you give to Mike Gillespie with regard to his Asian expansion
     strategy, and particularly, his plans to expand operations in Indonesia?

• The Plant Location Puzzle
  a) Which “expert” best represents your viewpoint?

• The Acer Group’s China Manufacturing Decision
  a) What were Acer’s core competencies in the manufacturing realm?
  b) What are Acer’s primary considerations in choosing a manufacturing site on mainland China?
  d) Analyze the political, social, and technological environment in China in the context of
     Acer’s proposed manufacturing activities.
• **Sport Obermeyer, Ltd. (A)**
  a) Describe Obermeyer's competitive environment.
  b) What operational changes would you recommend to Wally to improve performance?
  c) How should Obermeyer management think about sourcing in Hong Kong versus China?

• **Motorola-Penang**
  a) Describe Motorola-Penang's competitive environment.
  b) As the plant moved from low-technology products to complex systems products, what are the major activities that S.K. Ho have to address? What are the challenges facing MP?
  c) What are the specific capabilities that Motorola-Penang must develop to position MP as a center for designing and producing communications products?

• **Hewlett-Packard Singapore (A)**
  a) What resources and capabilities does a company need to develop new products?
  b) Why did the APEX project fail?
  c) Should HP Singapore enter the Japanese market with the Deskjet 500J printer?
CONFIDENTIAL PEER EVALUATION

Your group has been given $12,000 for each team effort as a consulting fee. Divide the money among your group based on the quality and effort of each team member’s contribution. **This evaluation is due to the instructor when the Projects are turned in** and *may* be used to adjust case grades. Please discuss your evaluation only if the distribution is meaningfully unequal.

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Your Name: ___________________________       _________    _________
Team Members: ___________________________       _________     _________

TOTAL:                                          _________    _________

Discussion:

$12,000  $12,000