

GEB 3373 Homework 8

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All uncited quotes are from the textbook

1. What is international strategic management?
 - "More specifically, **international strategic management** is a comprehensive and ongoing management planning process aimed at formulating and implementing strategies that enable a firm to compete effectively internationally."
2. What are the four basic philosophies that guide strategic management in most MNCs?
 1. "The first of these strategic alternatives is the *home replication strategy*. In this approach, a firm uses the core competency or firm-specific advantage it developed at home as its main competitive weapon in the foreign markets that it enters. That is, it takes what it does exceptionally well in its home market and attempts to duplicate it in foreign markets."
 2. "The *multidomestic strategy* is a second alternative available to international firms.¹⁰ A multidomestic corporation views itself as a collection of relatively independent operating subsidiaries, each of which focuses on a specific domestic market. In addition, each of these subsidiaries is free to customize its products, its marketing campaigns, and its operational techniques to best meet the needs of its local customers. "
 3. "The *global strategy* is the third alternative philosophy available for international firms. A global corporation views the world as a single marketplace and has as its primary goal the creation of standardized goods and services that will address the needs of customers worldwide. The global strategy is almost the exact opposite of the multidomestic strategy."
 4. "A fourth approach available to international firms is the *transnational strategy*. The transnational corporation attempts to combine the benefits of global scale efficiencies, such as those pursued by a global corporation, with the benefits and advantages of local responsiveness, which is the goal of a multidomestic corporation."
3. How do international strategy formulation and international strategy implementation differ?
 - "International strategy formulation is the process of creating a firm's international strategies. The process of carrying out these strategies via specific tactics is called *international strategy implementation*."
4. What are the steps in international strategy formulation? Are these likely to vary among firms?
 1. "Develop a Mission Statement: Define the firm's values, purpose, and direction"
 2. "Perform a SWOT Analysis: Assess the firm's external and internal environments to identify strengths, weaknesses, opportunities, and threats"
 3. "Set Strategic Goals: Exploit the firm's strengths and environmental opportunities. Neutralize external threats and overcome the firm's weaknesses"
 4. "Develop Tactical Goals and Plans: Devise the means to achieve strategic goals and to guide

the firm's daily activities"

5. "Develop a Control Framework: Formulate managerial and organizational systems and processes"
 - Of course these are likely to vary among firms.
5. Identify the four components of an international strategy.
 1. "**Distinctive competence** , the first component of international strategy, answers the question: "What do we do exceptionally well, especially as compared to our competitors?"
 2. "The second component, the **scope of operations** , answers the question: "Where are we going to conduct business?"
 3. "**Resource deployment** answers the question: "Given that we are going to compete in these markets, how should we allocate our resources to them?"
 4. "The fourth component of international strategy, **synergy**, answers the question: "How can different elements of our business benefit each other?"
6. Describe the role and importance of distinctive competence in international strategy formulation.
 - "In *strategy formulation*, the firm establishes its goals and the strategic plan that will lead to the achievement of those goals. In international strategy formulation, managers develop, refine, and agree on which markets to enter (or exit) and how best to compete in each."
7. What are the three levels of international strategy? Why is it important to distinguish among the levels?
 1. "Corporate strategy attempts to define the domain of businesses in which the firm intends to operate."
 2. "Whereas corporate strategy deals with the overall organization, business strategy focuses on specific businesses, subsidiaries, or operating units within the firm. Business strategy seeks to answer the question: "How should we compete in each market we have chosen to enter?"
 3. "Functional strategies attempt to answer the question: "How will we manage the functions of finance, marketing, operations, human resources, and R&D in ways consistent with our international corporate and business strategies?"
8. Identify and distinguish among three common approaches to corporate strategy.
 1. "The **single-business strategy** calls for a firm to rely on a single business, product, or service for all its revenue. The most significant advantage of this strategy is that the firm can concentrate all its resources and expertise on that one product or service. "
 2. "**Related diversification** , the most common corporate strategy, calls for the firm to operate in several different but fundamentally related businesses, industries, or markets at the same time."
 3. "A third corporate strategy international businesses may use is **unrelated diversification** , whereby a firm operates in several unrelated industries and markets."
9. Identify and distinguish among three common approaches to business strategy.
 1. "**Differentiation strategy** is a commonly used business strategy. It attempts to establish and maintain the image (either real or perceived) that the SBU's products or services are fundamentally unique from other products or services in the same market segment."

2. "The **overall cost leadership strategy** calls for a firm to focus on achieving highly efficient operating procedures so that its costs are lower than its competitors'."
 3. "A **focus strategy** calls for a firm to target specific types of products for certain customer groups or regions, such as a retailer specializing in maternity clothes or "big and tall" clients."
10. What are the basic types of functional strategies most firms use? Is it likely that some firms have different functional strategies?
1. "International *financial* strategy deals with such issues as the firm's desired capital structure, investment policies, foreign-exchange holdings, risk- reduction techniques, debt policies, and working-capital management."
 2. "International *operations* strategy deals with the creation of the firm's products or services. It guides decisions on such issues as sourcing, plant location, plant layout and design, technology, and inventory management."
 - o Of course different firms have different functional strategies.