

# Managing international operations

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2023-01-07 21:33:12

# Contents

- Please Read Me
- Purpose
- Production strategy
- Acquiring physical resources
- Key production concerns
- Financing business operations
- Acknowledgments
- References

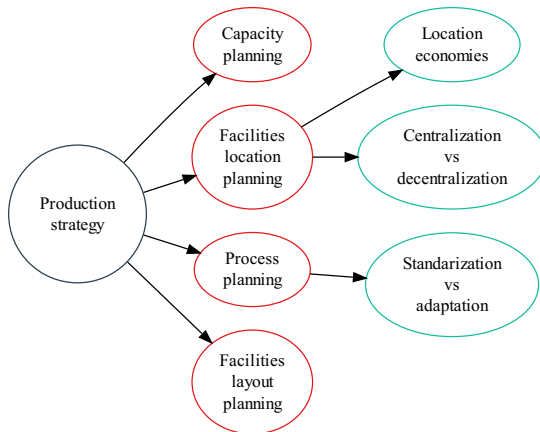
# Please Read Me

- Check the message **Welcome greeting** published in the News Bulletin Board.
- Dear student please edit your profile uploading a photo where your face is clearly visible.
- The purpose of the virtual meetings is to answer questions and not to make a summary of the study material.
- This presentation is based on (Wild and Wild 2019, chap. 15)

# Purpose

Understand the elements to consider when formulating production strategies and the issues when acquiring physical resources

# Production strategy



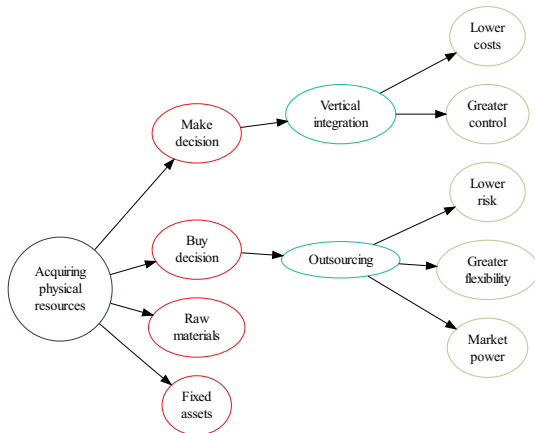
# Production strategy

- **Capacity planning:** “the process of accessing a company’s ability to produce enough output to satisfy market demand” (Wild and Wild 2019, chap. 15, p 388)
- **Facilities location planning:** “selecting the location for production facilities” (Wild and Wild 2019, chap. 15, p 388)
  - Location economies: “economic benefits derived from locating production activities in optimal locations” (Wild and Wild 2019, chap. 15, p 389)
  - Centralization vs Decentralization: concentration of production facilities in one location vs spread facilities over several locations (Wild and Wild 2019, chap. 15, p 390)

# Production strategy

- **Process planning:** deciding on the process that a company will use to create its product (Wild and Wild 2019, chap. 15, p 390)
  - Standardization vs Adaptation: standardized for all markets vs adapted to manufacture products modified for different markets (Wild and Wild 2019, chap. 15, p 391)
- **Facilities layout planning:** “Deciding the spatial arrangement of production processes within production facilities” (Wild and Wild 2019, chap. 15, p 391)

# Acquiring physical resources

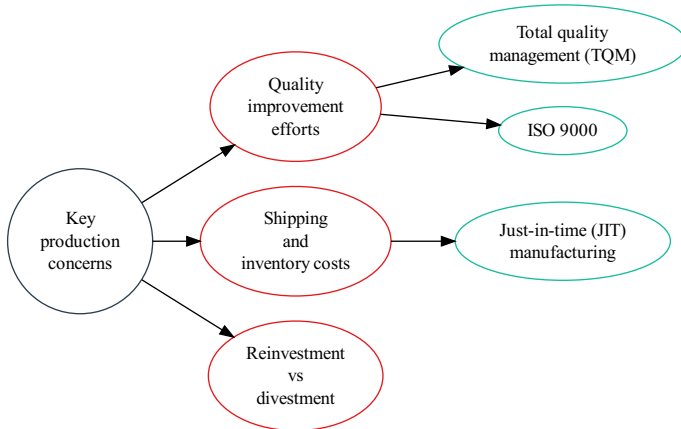




# Acquiring physical resources

- Vertical integration
  - Extension of company activities into stages in production that provide a company's inputs or absorb its output (Wild and Wild 2019, chap. 15, p 392)
    - Backward integration
    - Forward integration
- Outsourcing
  - The practice of buying from another company a product that is part of a company's value-added activities (Wild and Wild 2019, chap. 15, p 393)

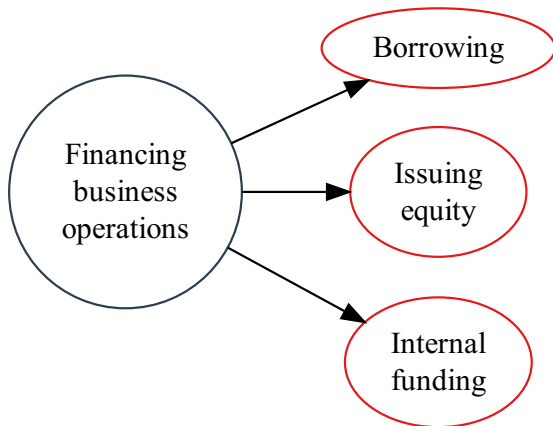
# Key production concerns



# Key production concerns

- Quality improvement efforts (Wild and Wild 2019, chap. 15, p 395)
  - Keep low production costs
    - Reduce waste in valuable inputs
    - Reduce costs of retrieving defective products
    - Reduce disposal costs that result from defective products
  - Create customer value
- Shipping and inventory costs
  - Just-in-time (JIT) manufacturing
    - Inventory is kept to a minimum and inputs arrive when they are needed
- Reinvesting and divesting
  - Reinvestment: increasing some type of asset by a company
  - Divestment: reduction of some type of asset by a company

# Financing business operations



# Financing business operations

- Borrowing
  - Debt
- Issuing equity
  - Stock ownership
    - American Depositary Receipts
    - Venture capital (“Capital de Riesgo”)
    - Emerging stock markets
- Internal funding
  - Resources from parent companies
  - Revenue from selling company products

# Acknowledgments

- To my family that supports me
- To the taxpayers of Colombia and the **UMNG students** who pay my salary
- To the **Business Science** and **R4DS Online Learning** communities where I learn **R**
- To the **R Core Team**, the creators of **RStudio IDE** and the authors and maintainers of the packages **DiagrammeR** and **tinytex** for allowing me to access these tools without paying for a license
- To the **Linux kernel community** for allowing me the possibility to use some **Linux distributions** as my main **OS** without paying for a license

# References

Wild, John J, and Kenneth L Wild. 2019. *International Business*. Harlow, United Kingdom: Pearson Education Limited.