

Managing international operations

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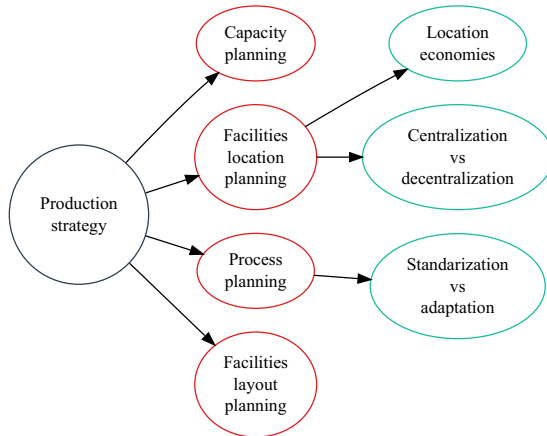
Please Read Me

- 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



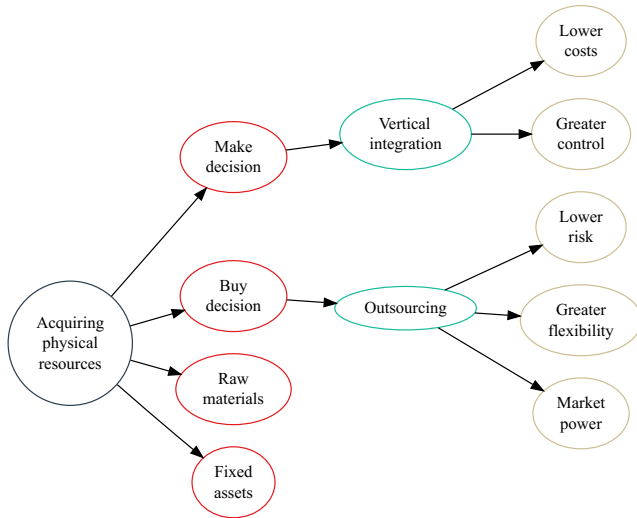
Production strategy

- **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)

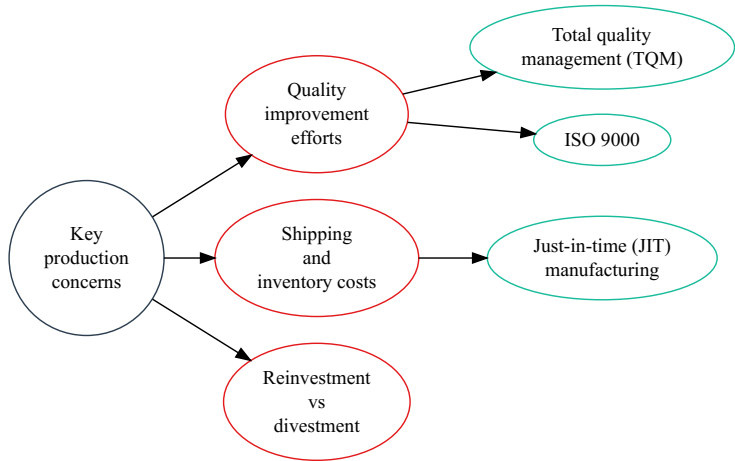
Acquiring physical resources



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)

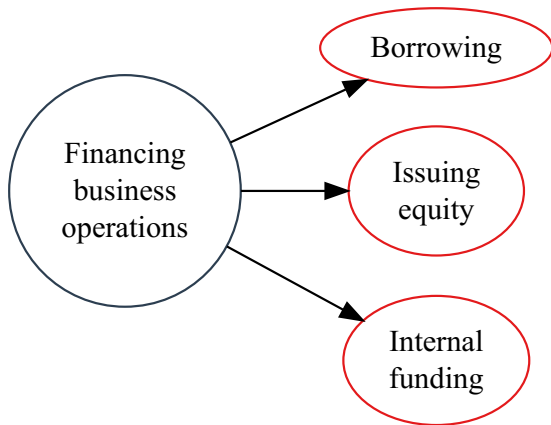
Key production concerns



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 Depository Receipts
 - Venture capital (“Capital de Riesgo”)
 - Emerging stock markets
- Internal funding
 - Resources from parent companies
 - Revenue from selling company products

Acknowledgments

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- To the taxpayers of Colombia and the **UMNG students** who pay my salary
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- 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.