

# Managing international operations

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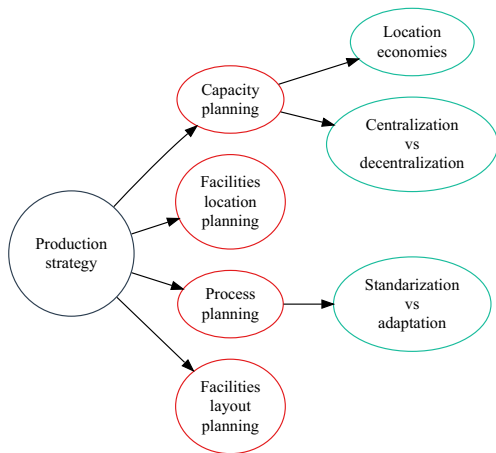
# Please Read Me

- 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 2020, Chapter 15)

# Purpose

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

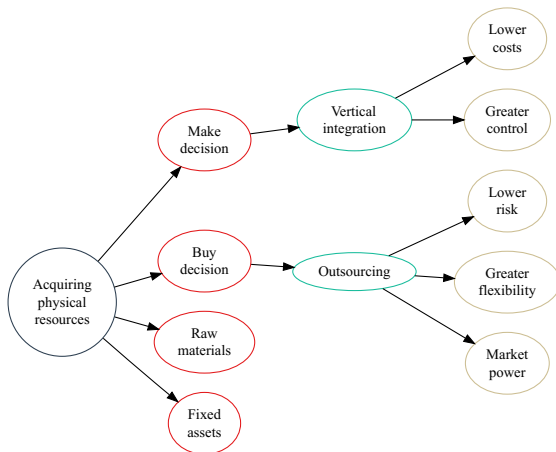
# Production strategy



# Production strategy

- Capacity planning
  - Ability to produce enough output to satisfy market demand (Wild and Wild 2020, Chapter 15, p 388)
- Facilities location planning
  - Selecting the location for production facilities (Wild and Wild 2020, Chapter 15, p 388)
- Process planning
  - Deciding the process that the company will be use to create its product (Wild and Wild 2020, Chapter 15, p 390)
- Facilities layout planning
  - Deciding the spatial arrangement of production processes within production facilities (Wild and Wild 2020, Chapter 15, p 391)

# Acquiring physical resources

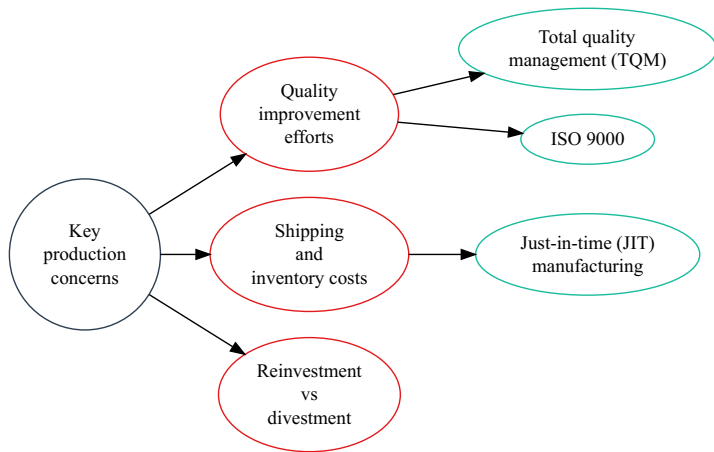


# Acquiring physical resources

- Vertical integration
  - Extension of company activities into stages in production that provide a company's inputs or absorb its output (Wild and Wild 2020, Chapter 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 2020, Chapter 15, p 393)



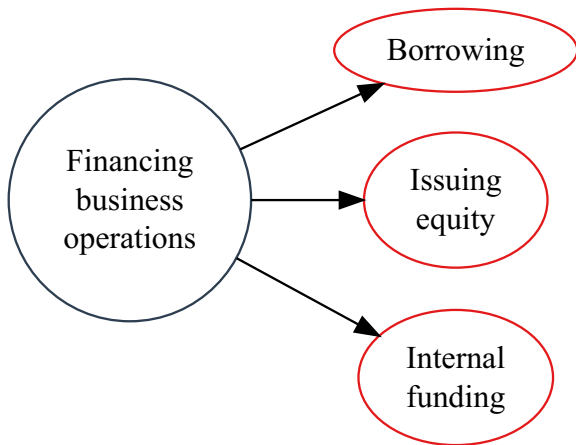
# Key production concerns



# Key production concerns

- Quality improvement efforts (Wild and Wild 2020, Chapter 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: reductioning some type of asset by a company

# Financing business operations



# Financing business operations

- Borrowing
  - Debt
- Issuing equity
  - Stock ownership
- 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
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- 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. 2020. *International Business: The Challenges of Globalization*. Harlow: Pearson.