

Managing international operations

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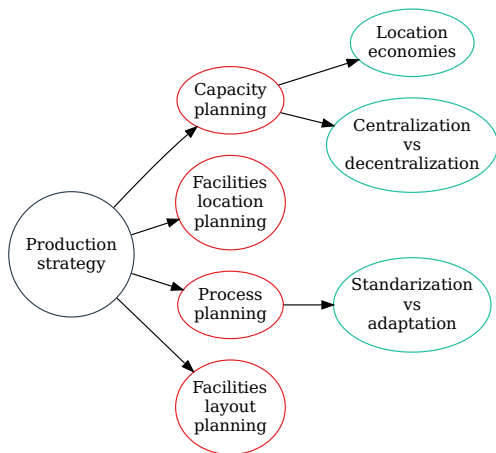
Please Read Me

- 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, Chapter 15)

Purpose

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

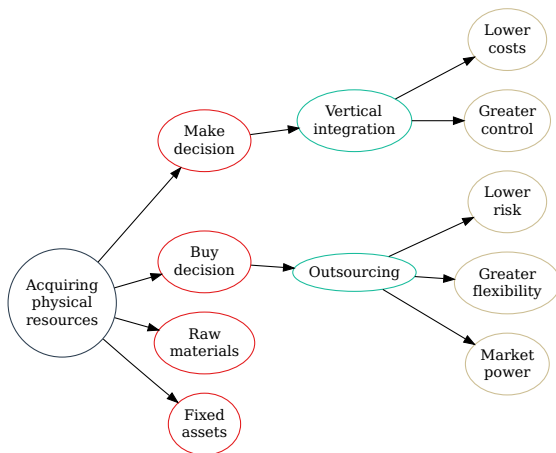
Production strategy



Production strategy

- Capacity planning
 - Ability to produce enough output to satisfy market demand (Wild and Wild 2019, Chapter 15, p 388)
- Facilities location planning
 - Selecting the location for production facilities (Wild and Wild 2019, Chapter 15, p 388)
- Process planning
 - Deciding the process that the company will be use to create its product (Wild and Wild 2019, Chapter 15, p 390)
- Facilities layout planning
 - Deciding the spatial arrangement of production processes within production facilities (Wild and Wild 2019, Chapter 15, p 391)

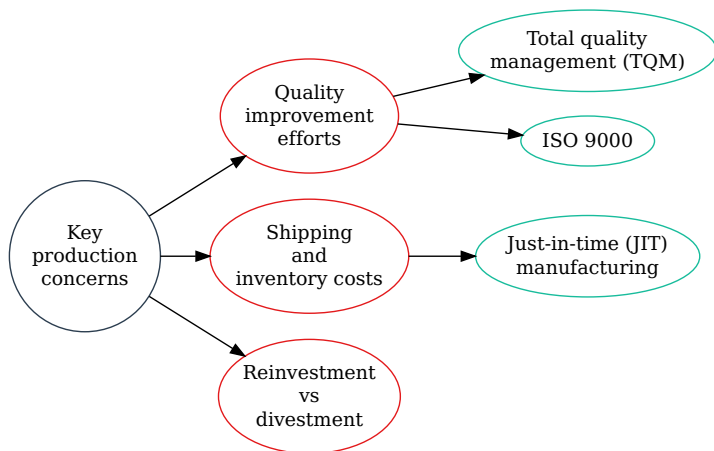
Acquiring physical resources



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 2019, 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 2019, Chapter 15, p 393)

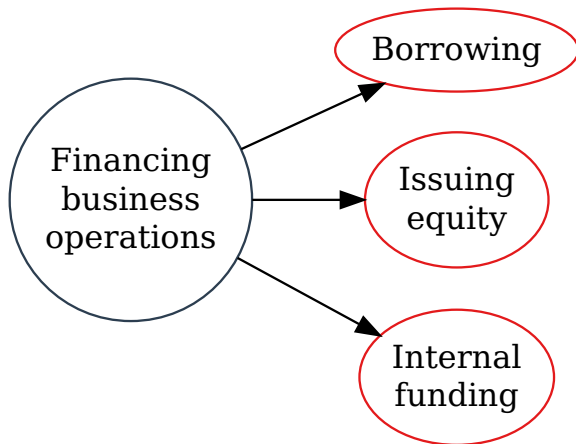
Key production concerns



Key production concerns

- Quality improvement efforts (Wild and Wild 2019, 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: reduction of 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

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References

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