

“It’s certainly possible to have a global strategy and a global organization... But they must be based not on the elimination of differences and distances among people, cultures, and places, but on an understanding of them..”

- Pankaj Ghemawat

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Corporate Strategy → Global Strategy

- Corporate Strategy: *Which* businesses should we be in?
 - What is the scope of the firm?
 - Should we be diversified?
- Global Strategy: *Should* we operate differently in different countries?
 - If so, how can we do it most effectively?

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**Everyone...
answer one of these two questions:**

- A. When I first came to the U.S., I was surprised by _____.
- B. When I left the U.S. to work in (live in, study in) _____, I was most surprised by _____.

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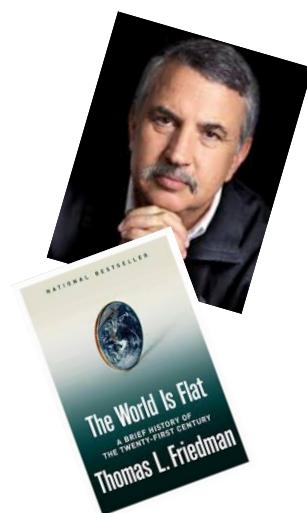
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Two views of Globalization

Thomas Friedman: *The World is Flat*

Friedman's "Flatteners:"

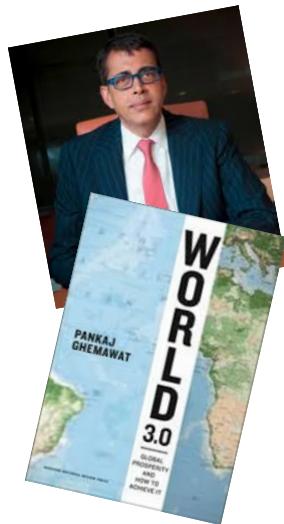
1. Work flow software
2. Open-sourcing
3. Outsourcing (contracting)
4. Offshoring (moving work)
5. Supply-chaining



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Two views of Globalization



Pankaj Ghemawat:
Differences Still Matter

Key argument: The world is semiglobalized

Notwithstanding the persistence of apocalyptic, integrated-world predictions...
“Most types of economic activity that can be conducted either within or across borders are still quite localized by country”
(p11)

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Business at the base of the Pyramid

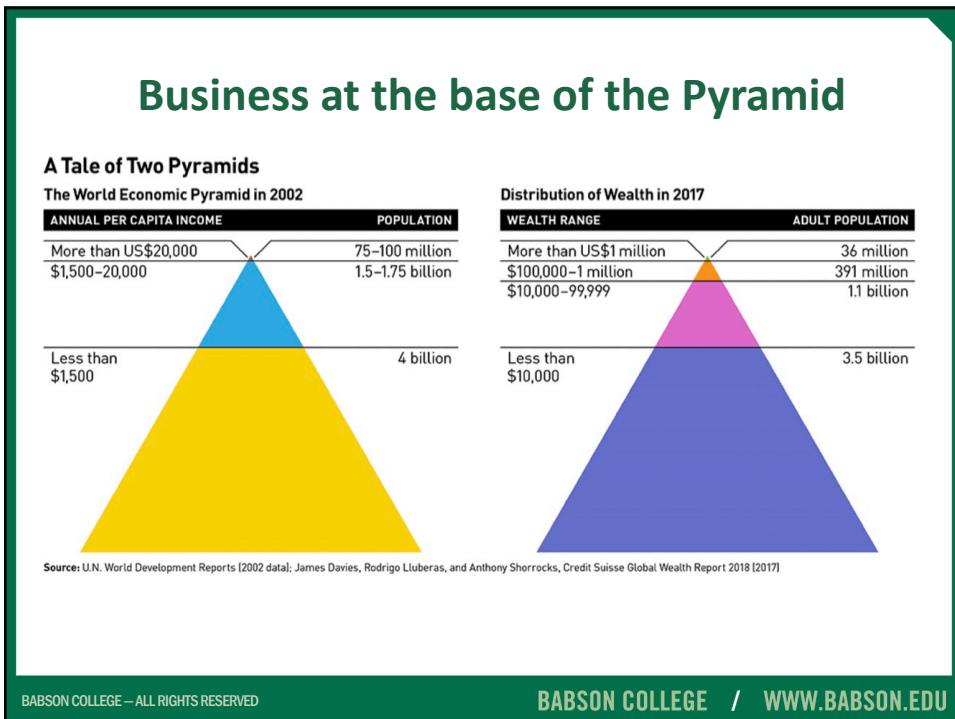
“Globalization may have more to do with standards – quality, service levels, safety, environmental concerns, protection of intellectual property and talent management.”

C.K. Prahalad



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Strategic Moves for Globalization

Adapt



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Strategic Moves for Globalization



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Strategic Moves for Globalization

Adapt



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Strategic Moves for Globalization

Adapt



Aggregate

Arbitrage

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In Your Teams:

Teams 1-4:

What went wrong with Metro C&C's move into India?

Use the C.A.G.E. framework to answer.

Teams 5-8:

Put yourself in Metro's shoes. What would you do now in India?

Use the adapt / aggregate / arbitrage framework.

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C	A	G	E
Cultural	Administrative	Geographic	Economic

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Exhibit 2 Metro C&C Store Locations and Opening Dates, as of January 2006

(a) By Market Date			(b) By Location		
Market Entry	Country	# of Outlets	Country	Market Entry	# of Outlets
1964	Germany	117	Austria	1971	12
1968	Netherlands	16	Belgium	1970	9
1970	Belgium	9	Bulgaria	1999	7
1971	Austria	12	China	1996	29
1971	Denmark	4	Croatia	2001	5
1971	France	84	Czech Republic	1997	12
1971	United Kingdom	33	Denmark	1971	4
1972	Italy	46	France	1971	84
1972	Spain	34	Germany	1964	117
1990	Portugal	10	Greece	1992	7
1990	Turkey	9	Hungary	1994	13
1991	Morocco	6	India	2003	2
1992	Greece	7	Italy	1972	46
1994	Hungary	13	Japan	2002	2
1994	Poland	22	Moldavia	2004	1
1996	China	29	Morocco	1991	6
1996	Romania	23	Netherlands	1968	16
1997	Czech Republic	12	Poland	1994	22
1999	Bulgaria	7	Portugal	1990	10
2000	Slovakia	5	Romania	1996	23
2001	Croatia	5	Russia	2001	22
2001	Russia	22	Serbia	2005	3
2002	Japan	2	Slovakia	2000	5
2002	Vietnam	6	Spain	1972	34
2003	India	2	Turkey	1990	9
2003	Ukraine	8	Ukraine	2003	8
2004	Moldavia	1	United Kingdom	1971	33
2005	Serbia	3	Vietnam	2002	6

Source: Company documents.

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The Cosmopolitan Corporation

- “The most critical ingredient in a world that demands adaptation is a diverse management team.”
 - Importance of respecting and managing a diverse workforce.
 - Hire multiple cultures (bicultural or tricultural)

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Key Takeaways from Metro Case

- The C.A.G.E. framework can be useful in assessing potential challenges related to geographic expansion or partnerships.
- Think of strategic moves in relation to the Adapt / Aggregate / Arbitrage framework.
- Metro’s business model was based mostly on the “aggregate” framework, where the same model worked in different countries. India’s C.A.G.E. environment forced Metro to consider some major changes in strategic moves.

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