
MANAGEMENT OF THE MULTINATIONAL CORPORATION

PROFESSOR: NÉSTOR MIRANDA CARÚS

DEGREE: BACHELOR IN INTERNATIONAL RELATIONS

ACADEMIC YEAR: 2014-2015

DEGREE COURSE YEAR: FIRST SECOND THIRD FOURTH

1º SEMESTER 2º SEMESTER

CATEGORY: BASIC COMPULSORY OPTIONAL

NO. OF CREDITS (ECTS):

NO. OF SESSIONS: 30

LANGUAGE: ENGLISH

TUTORIALS:

FORMAT:

PREREQUISITES:

1. OBJECTIVES

In this course of management of the multinational corporation, the students will be exposed to the analysis of complex global business management situations that require a multidisciplinary approach from the perspective of top management.

The course will provide students with a thorough understanding of the internal and external factors that shape a firm's ability to create value in international contexts. Students will be familiarized with tools to analyze industries, firm resources and competitive interactions, both on the individual business and the corporate level. Perhaps more importantly, the course goal is to help student develop a *strategic mindset* that will allow them to go beyond a simple application of analysis frameworks to reach a deep understanding of how multinational corporations develop and implement distinctive management practices.

Through the discussion of cases and related readings, the course focuses on strategic analysis and how to manage multinational and multi business corporations to achieve global advantages. The main theories, models and tools within the field of strategic management will be covered with a strong emphasis in its application to real settings. We will use the tools that help management analyze the business environment, formulate strategies and make decisions in competitive situations.

The course is divided in three parts.

The first part introduces tools to understand the industry structure and economics that determinate industry-wide profitability and are the base of every individual firm's business strategy, management practice and resulting profitability, focusing on both resource/organizational and positional aspects.

The second part studies firm and industry dynamics, focusing on the changes in competition and the reaction of individual firms to the changes in their environment. We will use basic game theory as a tool to analyze competitive interactions when the number of players is small and the industry is being shaped by the interactions between those players. We will look at issues such as bargaining power, price competition, entry and exit decisions, standard setting and platform and technology based competition.

In the third part of the course we will work at the corporate and multinational level and we will take a close look at the most fundamental issue in management. Why does one business meet its objectives, while another firm, apparently equally strong, fail?. The goal of any firm is to develop a winning strategy and to build a successful organization. This is a tough job. So let us begin with the most obvious of facts: every organization is different. From this simple fact we can derive something quite useful for us as strategists: different firms in the same sector will have different strategies. A key reason is that the management teams evaluate differently the competitive environment and hence decide on different strategies but success does not depend solely on selecting a winning strategy: the achievement of results depends as well on the effectiveness of management. We must ask ourselves why one firm builds a strong, adaptive organization capable of creating and responding to competitive strategy, while a second firm patches together an organization that stumbles from initiative to initiative?

2. COURSE CONTENTS

In order to enable students to effectively understand how multinational corporations are managed, this course will introduce them to the mission and realities of general management. The course will cover various technical analysis tools, along with strategic concepts intended to enable students to help companies adapt to current and future market situations. Through the discussion of cases and current articles, the course focuses on strategic analysis and how to build competitive advantage at the business and corporate levels. The main theories, models and tools within the field of strategy will be covered with a strong emphasis on their application to ambiguous real settings.

3. PROGRAM

SESSIONS 1 & 2
INTRODUCTORY CONFERENCE - WHAT IS STRATEGY?

Readings:

- Article: The Five Competitive Forces that Shape Strategy (R0801E-PDF-ENG)
- P.C.: Note on Microeconomics for Strategists (799128-PDF-ENG)
- Doc.: Grant: Chapter 1- The Concept of Strategy (book)

PART I - BUSINESS LEVEL STRATEGY

SESSIONS 3&4 – STRATEGIC MANAGEMENT AND STRATEGIC TRANSFORMATION

Readings:

- P.C.: Pepsi Regeneration 1990-1993 – (395048-PDF-ENG)
- Article: What is strategy? Michael E. Porter (96608-PDF-ENG)
- Doc.: Grant: Chapter 2- Goals, Values and Performance (book)

SESSION 5&6 - BUILDING STRATEGY

Readings:

- P.C.: Zara : Fast Fashion (703497-PDF-ENG)
- Doc.: Chapter 3- Industry Analysis: The Fundamentals (book)
- Doc.: Grant: Chapter 9- Differentiation Advantage (book)

SESSION 7&8 - RESOURCES, CAPABILITIES AND COST-LEADERSHIP STRATEGY

Readings:

- P.C.: Wal-Mart Stores in 2003. (704430-PDF-ENG)
- Doc.: Chapter 8-Cost Advantage (book)

SESSION 9&10

Readings:

- P.C.: McKinsey & Company: Managing Knowledge and Learning (396357-PDF-ENG)
- Doc.: Grant: Chapter 5 - Analyzing Resources and Capabilities (book)

PART II – COMPETITIVE DYNAMICS

SESSION 11&12: COMPETITIVE DYNAMICS AND GAME THEORY

Readings:

- P.C.: Responding to the Wii ? (709448-PDF-ENG)
- Article: Brandemburger & Nalebuff, The Right Game – Use Game Theory to Shape Strategy. (95402-PDF-ENG)
- Doc.: Grant: Chapter 4- Further Topics in Industry and Competitive Analysis (book)

SESSION 13&14 - NETWORK-BASED INDUSTRIES AND SUSTAINING COMPETITIVE ADVANTAGE

Readings:

- P.C.: Apple Computer, 2006 (706496-PDF-ENG)
- Review: Grant: Chapter 11- Technology-Based Industries and the Management of Innovation (book)
- Doc.: Grant: Chapter 10- Industry Evolution (book)

SESSION 15&16: PLATFORM COMPETITION

Readings:

- P.C.: "Google, Inc.", Benjamin Edelman, Thomas R. Eisenmann (910036-PDF-ENG)
- Doc.: "What's your Google Strategy?" by Andrei Hagiu and David B. Yoffie (R0904F-PDF-ENG)

PART III: CORPORATE-LEVEL STRATEGY

SESSION 17&18 - THE ROLE OF THE CORPORATE OFFICE

Readings:

- P.C.: Newell Co.: Corporate Strategy (799139-PDF-ENG)
- Doc.: Grant: Chapter 16- Managing the Multibusiness Corporation (book)
- Article: Collis, D.J., Montgomery, C.A. 1988. Creating Corporate Advantage (98303-PDF-ENG)

SESSION 19&20: GLOBAL AND MULTIDOMESTIC STRATEGIES

Readings:

- P.C.: Philips versus Matsushita: The Competitive Battle Continues (910410-PDF-ENG)
- Article: Introduction to International Strategy (HBSP 9-706-481)
- Doc.: Grant: Chapter 14- Global Strategies and the Multinational Corporation (book)

SESSION 21&22 - STRATEGIC ALLIANCES

Readings:

- P.C.: Corning Incorporated: A network of Alliances (391102-PDF-ENG)
- Doc.: Managing an Alliance Portfolio - James Bamford and David Ernst – McKinsey Quarterly 2002 Number 3 (s-c)

SESSION 23&24- CORPORATE STRUCTURES FOR GLOBAL REACH

Readings:

- P.C.: ABB's Relays Business: Building and Managing a Global Matrix. (394016-PDF-ENG)
- Article: Matrix Management. Not a Structure a Frame of Mind. by Christopher A. Bartlett and Sumantra Ghoshal (90401-PDF-ENG)

SESSION 25&26 - MANAGING A GLOBAL DIVERSIFIED COMPANY

Readings:

- P.C.: GE's Two Decade Transformation: Jack Welch's Leadership, (399150-PDF-ENG)
- Article: Growth as a Process – Interview with Jeff Immelt (R0606C-PDF-ENG)

SESSIONS 27&28 – GROUP PRESENTATIONS OF THE FINAL REPORT

SESSIONS 29&30 – FINAL EXAM

4. EVALUATION CRITERIA

Class participation	15%
Case Group Presentation	15%
Final Group Report	35%
Final Theory Exam	35%

STUDENT WORK AND ASSIGNMENTS

Class participation and Group Case Presentation

Before each session, the students should read the case and the article assigned for the day. **Participation** is an essential element in this course. To participate effectively, it is necessary to have read carefully and formed a sound opinion about the main issues raised in the case and in the reading material.

I will come to class each day with a teaching plan that will try to achieve a logical progression through the key issues in a given case. However, it is important to appreciate that the students in the class are *co-producers* of the class discussions. Students need to listen carefully to one another and to build on or critique prior comments. They should also try to resist the temptation to jump to topics that are not specifically open for discussion. When that happens, it is the responsibility of the class and the professor to bring the discussion back on track.

The discussion should be a conversation in which all participants recognize that they have an obligation to advance our understanding of the issue at hand.

Your contributions to this learning *process* will be appraised in addition to the content of what you contribute.

Some of the specific aspects on which you will be graded include:

- Is the participant a good listener?
- Are the points made relevant to the discussion? Are they linked to the comments of others and to the themes that the class is exploring together?
- Do the comments add to our understanding of the situation? Are they incisive? Do they cut to the core of the problem?
- Is there a willingness to challenge the ideas that are being expressed?
- Is there a willingness to test new ideas, or are the comments “safe” (such as repetition of case facts without analysis or conclusions, or of comments already made by other participants)
- Does the participant integrate material from past classes or readings where appropriate? Do the comments reflect cumulative learning over the course, or does the participant merely consider each case in isolation?

You should be prepared for every class. If for some reason you are not prepared, please let us know before the start of class.

I may open the class by asking someone to summarize the readings or cases briefly, or answer a short question. With a reading, you should be able to outline the problem that the article addresses, describe the core points of the reading, and, most importantly, offer your analysis of the strengths and weaknesses of the reading’s central argument. With a case, you should be able to identify the key issues, problems, and opportunities facing the central protagonists, to articulate and evaluate alternative approaches to the problems, and to describe the course of action that you recommend and the reasons for your recommendations.

Each group will prepare a specific case during the course and present its analysis and recommendations to the class at the beginning of a given session.

Final Group Report

The class will be divided in teams to write a **final report**.

Each group will make a 15-minute formal presentation on the last sessions of the course with the conclusions from their report. Your assignment is to analyze a **dynamic situation** involving either the competitive responses among a set of firms to each other or an important industry change and the consequences for the firms in it. You should choose a topic that highlights an aspect of competitive, corporate or international strategy that we will cover in class. Keep in mind the goal. I want you to use the concepts taught in class, and apply them to a situation that you find interesting.

You can choose any company of interest to the group, well known or not known at all, from a case or other sources, and make a deep analysis of its strategy. Before the presentation a written paper of 8-10 pages or 15-20 PowerPoint slides shall be delivered to my digital drop box.

All team members will share the same grade in the report, assuming that there are no complaints about somebody's lack of participation in the assignment. It is recommended that only two individuals should make the presentation in representation of the entire team.

I will be opened to answer your questions or comments about the individual case or the specific topics you will be reviewing. Do not leave the tools learned in the box, use them. The paper must not be only descriptive, but it must be analytical and present recommendations and conclusions. A financial analysis is not required but it should be possible to find the resources to implement your ideas and recommendations.

Final Exam

Near the end of the course, there will be an **exam**. This in-class exam will consist of questions about the material covered in the course, including the book, the articles, and the cases. During the exam you will not have access to the course material. The exam will not be an exercise of memorization; however, if you have not read and assimilated the books, article, and cases, you will not be well prepared to address the questions in the exam.

5. BIBLIOGRAPHY

TEXTBOOK: Grant, Robert. Contemporary Strategy Analysis: Concepts, Techniques, Applications. Blackwell Publishers, UK. (6th edition).

6. PROFESSOR'S BIO

NÉSTOR MIRANDA

Professor of Strategic Management

Professor Néstor Miranda is specialized in Strategic Management, Innovation and Technology Management. The best letter of introduction to Professor Néstor Miranda is his long professional career as management consultant, entrepreneur and general manager combined with an academic profile as researcher and Associate Professor at the IE since 1989.

Professor Miranda holds a License degree in Law from the University Autónoma de Madrid an International MBA from the Instituto de Empresa , and has complemented his studies in International Strategy at the London Business School and in Strategic Management at IESE Business School. He initiated his professional path in Ashton-Tate Corporation as Marketing Director moving later to Paris as European Marketing Director for Borland International and finally reaching position of General Manager at Borland Ibérica. He has also been founder and General Manager of Starfish Software Ibérica and SoftMate Software and Consulting.

Academic Background

International MBA - Instituto de Empresa

General Management Program (PDG) - IESE Business School

License Degree in Law - Universidad Autónoma de Madrid

International Strategy Diploma - London Business School.

International Banking Diploma – Instituto de Empresa

Professional Experience

Marketing Director Ashton-Tate Corporation (1987- 1990)

General Manager Starfish Software Corporation Ibérica (1995-1997)

General Manager SoftMate Software and Consulting (1995-2002)

Marketing Director Borland Europe (1993-1995)

General Manager Borland Spain (1992-1995; 2002 - 2006)

Managing Partner – Cycom Consulting (2006- onwards)

Director GetIT Academic Initiative – Enter Instituto de Empresa (2006-2008)

Director Advanced Management Program – IE Business School (2012 onwards)

Academic Experience

Associated Professor of Innovation and Technology Management at Instituto de Empresa (1989 -2003)

Professor of Strategic Management at Instituto de Empresas (2005 onwards)

Director Outsourcing Executive Seminar, Instituto de Empresa

Director IT Architectures Executive Seminar, Enter Instituto de Empresa

E-mail: nestor.miranda@ie.edu