

Darden School of Business Administration
STRAT 8305 Strategic Thinking: Integrating East and West

Syllabus

Course Description

As businesses and economies become more global, companies worldwide will increasingly need to examine their economic practices and beliefs. The purpose of this research seminar is to help participants 1) develop a deep understanding of the strategic concepts and business models underlying foreign (in this case, Chinese) business, based on a thorough knowledge of cultural and institutional differences, and comprehend the implications of these differences for enterprise management in general; 2) use this understanding to think broadly about global enterprise and future enterprise development; and 3) develop a globally integrative perspective that enables them to conduct business in any part of the world.

Through an analysis of Chinese (mainland and overseas) business practices, such as methods of competition and strategy, the course aims to move from a comparative to an integrative perspective. More broadly, the course will introduce a way of thinking that goes far beyond simply enabling one to do business with the Chinese. The integration of Eastern and Western business concepts and practices can lead to expansive thinking about the structure and possibilities of enterprise in the new global reality. Building on in-depth understanding of Eastern and Western business practices, we will explore a new global enterprise system. It is hoped that fostering such a global perspective will benefit participants' business careers and personal endeavors alike.

Drawing heavily from the instructor's work on this topic and from participant-led discussion, the course intends to make progress on two fronts: bridging application and scholarship, and maximizing the student-centered learning experience. This format and orientation have proven to be appealing to MBAs committed to both intellectual rigor and practical relevance.

Course Objectives

- Challenge participants' most basic assumptions and presuppositions about business by introducing business cultures and institutions that differ radically from those of the U.S.
- Understand how cultural differences underlie important differences in enterprise strategy and competitive style.
- Examine the business implications of cultural differences around the world, including Latin American, southern European, and Chinese.

- Stimulate global, “integrative” thinking to gain a new perspective in a rapidly changing and interconnected business world.
- Develop a framework for a new global enterprise system.
- Build a learning community through intense engagement by all members of the class.

Learning Points

- Navigating the transitional economy of the People’s Republic of China.
- Implications of traditional Chinese concepts for contemporary business conduct.
- Chinese indirect competitive strategy and tactics.
- Chinese “business families” and their transformation in the new century.
- *Guanxi*: How Western managers can use this idea to develop business networks.
- The “middle way” perspective and its implications.
- How to spot a *yes-no*: understanding Chinese communication patterns.
- Chinese distaste for “negotiation”—and how to negotiate with the Chinese.
- Fostering a globally integrative business perspective.
- Developing a new enterprise framework.

Target Audience

This seminar will be especially useful to those interested in pursuing managerial careers with responsibilities involving international operations or high-level strategic components, and to those interested in strategy consulting, international business, or business opportunities in Asia. The course will appeal also to those interested in Chinese business culture and practices, entrepreneurship in the global context, and cross-culture or cross-border business issues. Persons from different cultural and national backgrounds with a concern for global integration at the organizational and personal levels may find the seminar valuable, as will students participating in the Global Business Experience and traveling to China or other countries.

Class Time

During the first three weeks, the class will explore a given topic by means of two approaches: case teaching and participant-led discussion, with half of each class devoted to each approach.

During the one week devoted to the discussion of emerging research (Sessions 8 and 9), one or two groups of students will be assigned to lead each class discussion.

Based on the discussion, each group will be asked to submit a written report the following week. The writing assignments and the guidelines for the in-class discussions are attached to the end of this document.

Term Project

In many ways, the term project is the foundation of this course. Preferably, teams of three participants will carry out the research, writing, and presentation of this undertaking. The project will focus at the enterprise level (Chinese or non-Chinese) on managerial and strategic issues that have broad global implications and which target a managerial audience.

The quality of the final report of this project should aim for the level and follow the style of such leading business publications as *Harvard Business Review*, *Academy of Management Executive*, and *McKinsey Quarterly*. The class should expect to devote a considerable amount of time to the project, as it is an essential part of the course. The details of the project and possible topics will be discussed.

Course Materials

Inside Chinese Business: A Guide for Managers Worldwide (Harvard Business School Press, 2001), a book by the instructor, is central to the structure and the readings of this seminar. ICB provides a view into the cultural and philosophical underpinnings of Chinese business practices. In addition, cases and business articles will be assigned for each session.

Our selection of readings follows the belief that “research breeds research” and that systematic knowledge accumulation over time is the best way to advance applied scholarship. Through collective effort, class participants will have a hands-on opportunity to shape cutting-edge strategic ideas.

Main Readings:

Chen, Ming-Jer, *Inside Chinese Business: A Guide for Managers Worldwide* (Harvard Business School Press, 2001) - (ICB).












Preface

- From the Great Wall to Wall Street



Chapter 1

- Introduction: Who (and Where) Are the Chinese?

	Chapter 2	- Family Businesses, Business Families
	Chapter 3	- Networking and <i>Guanxi</i>
	Chapter 4	- Roles and Rules of the Social Fabric
	Chapter 5	- The Middle Way: A Holistic Perspective on Time and Performance
	Chapter 6	- Putting Values into Practice: Competing Indirectly
	Chapter 7	- Never Say “No”: Communicating with the Chinese
	Chapter 8	- Negotiating from Start to Finish...and Beyond
	Chapter 9	- Tradition in Transition: Doing Business in the PRC
	Epilogue	- Toward the Globe as a Whole

Grading

Individual class participation and contribution:	15%
Individual critique of emerging research:	20%
Participant-led class discussion and written report:	20%
Term project:	45%

Design Philosophy/Caveats

The course is shaped by the belief that all class participants—including the instructor—are “learning partners” in the process of creating and accumulating knowledge, from philosophy to theory/concept to practice. The course is therefore a collaborative investigation of modern Chinese business, its cultural underpinnings, and implications for managing global enterprise in general.

Asking the right questions is the key to strategy, business management, research, and case teaching. The instructor will use the Socratic method to help class participants develop a strategic-question mindset that will ultimately benefit both their business and personal endeavors.

This course has the following distinct features. First, it will require participants’ intense involvement throughout the course. Class participants are encouraged to “get their hands dirty” in order to engage in the intellectual inquiry and business application. Second, the instructor considers his role as that of a coach in helping the class complete its research. He will interact closely and informally with all participants throughout the term.

The success of the class depends on each participant pulling his or her own weight, in both the term project and the group-led classwide discussions. Knowledge building is a

group effort, and information derived from projects may be used for future research activities. Contributions from the class in this regard will be fully acknowledged.

Along the same lines, the whole class is built on mutual trust and help among the class participants. Peer review and support are important contributors to intellectual progress and are highly encouraged—and required—in this class.

Session Outline

Session 1	January 20	Chinese Business and Social Practices
Case:		Richina Capital Partners Ltd. (HBS 9-396-059)
Readings:		ICB Preface & Epilog, Chapters 1, 3 and 4
Questions:		<ol style="list-style-type: none">1. What factors contributed to Richina's early success?2. What values does Richina create, and how sustainable are they?3. What lessons can we learn from the example of this global business "network," or "web"?
Session 2	January 21	Western MNCs in China
Case:		Pacific Dunlop China (A): Beijing (HBS 9-695-029)
Readings:		ICB Chapters 7 and 8
Questions:		<ol style="list-style-type: none">1. Why is Steve Littlely finding his job so difficult? What would you do if you were in his situation?2. How would you advise Pacific Dunlop to proceed with its China strategy? What should David Lau be doing about the challenges of managing the Chinese plants in his network?3. What are some specific guidelines you might offer Western managers to ready them for doing business in China?
Session 3	January 26	Competing in China
Case		FedEx in the Chinese Express Delivery Market: Face off in the Forbidden City (UVA-S-TBD) (To be distributed in class)
Readings:		ICB Chapter 6 Indirect Competition: Strategic Considerations (UVA-S-102) Indirect Competition: Resource Diversion (UVA-S-103)
Questions		To be assigned.
Session 4	January 27	China-based MNCs
Case:		The Haier Group (A) (HBS 9-398-101)

- Readings: ICB Chapter 9
“The Hidden Dragon” (Ming Zeng and Peter Williamson), *Harvard Business Review*, 2003, 81(10): 92-99.
- Questions:
1. Why has Haier been successful?
 2. Which of Haier’s practices might Western and Chinese companies find useful as they expand their global activities?

Session 5

February 2

Global Chinese Business

Case: Li & Fung: Beyond “Filling in the Mosaic,” 1995-1998 (HBS 9-398-092)

Readings: ICB Chapter 2
“Fast, Global, and Entrepreneurial: Supply Chain Management, Hong Kong Style: An Interview with Victor Fung” (Joan Magretta), *Harvard Business Review*, 1998, 76(5): 102-114.

- Questions:
1. How did the Fung brothers transform a traditional Chinese business into a globally viable enterprise?
 2. Which practices of Li & Fung might Western and Chinese business find useful as they expand their global operations?
 3. Is Li & Fung a typical Chinese business family or is it an exception? Why?
 4. What historical factors have contributed to the development and success of the Chinese business family? How might the Chinese business family adapt to the new global economy? Given the organizational “mismatch,” how might Western companies prepare themselves to work effectively with family businesses?

Session 6

February 3

East-West Integration: Cultural and Ethical Considerations

Case: Kristen Day, President of Calico Group

Readings “Chinese Perceptions of Business Ethics” (Kristen Day), *International Business Ethics Review*, 1997, Fall/Winter: 3-9.

Questions “The Great Transition” (Kenneth Lieberthal and Geoffrey Lieberthal), *Harvard Business Review*, 2003, 81(10): 70-81.

Session 7	February 4	East-West Integration: Business Practices
	Guest Lecture:	The Acer Group: Vision for the Year 2000 (HBS 9-495-001)
	Reading:	ICB Chapter 5
		<p>1. What has made Acer successful? What are Acer's key challenges for the future? How do Acer's structure and approach differ from those of more "traditional" Chinese business groups in Asia? What has allowed Acer to achieve significant overseas sales?</p> <p>2. Compare and contrast Acer Group, Li & Fung Group, and Haier Group's global expansion paths and strategies. What do they have in common and how do they differ? What implications can we draw from these Chinese companies for global enterprise in general?</p>
Session 8	February 9	East-West Integration: Managerial Perspectives
	Discussion:	"From Middle Kingdom to Modern China, and Beyond: The Relational Perspective as a Global Mindset" (Ming-Jer Chen) (to be distributed in class)
	Readings:	"Serving the World's Poor, Profitably" (C.K. Prahalad and Allen Hammond), <i>Harvard Business Review</i> , 2002, 80(9): 48-59.
		INDIVIDUAL WRITTEN ASSIGNMENT DUE
Sessions 9	February 10	East-West Integration: Enterprise Model
	Discussion:	"A Catalyst Blueprint for Global Enterprise Integration: The Resource Conversion Perspective" (the late William H. Newman and Ming-Jer Chen) (to be distributed in class)
	Readings:	<p>"The End of Corporate Imperialism" (C.K. Prahalad and Kenneth Lieberthal), <i>Harvard Business Review</i>, 1998, 76(4): 69-79.</p> <p>"Spreading the Wealth" (David Dollar and Aart Kaaery), <i>Foreign Affairs</i>, 2002, January-February: 120-133.</p>

Session 10	February 16 Guest Lecture	International Business Experience Walter Shill, Partner of Organization and Corporate Strategy, Accenture
Session 11	February 17 Guest Lecture	Developing a Global Business Career Y.P. Chan, Interim CEO & COO, Singing Machine (Videoconference)
Session 12	February 23	Project Discussion
Session 13	February 24	Project Discussion
Session 14	March 3	Project Discussion
Session 15	March 4	Course Wrap-up
	March 10	FINAL TERM PAPER DUE

Class Discussion and Written Report Guidelines

Objectives:

1) To share with peers a “hot topic/burning issue” that is important to East-West business interaction and integration from a business strategy viewpoint. 2) To create an interactive learning community in which all members are active contributors to the class. 3) To help generate ideas for your own research project.

Class Discussion:

Be sure, as you choose a topic for discussion, that its importance and relevance will make it interesting to your peers. (The possibilities include, for example: “Outsourcing to China: whom does it hurt and benefit?”) To help the direction and pace of your class discussion, you should feel free to send classmates a few (light) background articles or summary notes that you have developed. During the class discussion you should begin with a business briefing on the selected topic or issue (around or under 10 minutes) and then engage the whole class in discussion on a few well thought-out questions that are central to this topic or issue. The idea is to involve the entire class in helping to design and develop your written report. For the assigned class discussion session, you will have full authority to decide how class time (about 30 minutes) will be spent and what the discussion format will be.

Written Report:

The report should be around 5 pages, including figures and references. The format and style should be similar to a business article of the caliber of *Business Week* or *The Wall Street Journal*. In your report, please be sure to include the following components:

- As you analyze the selected topic or issue, what key business-cultural differences emerged? What are some of the underlying reasons for these differences? How might these differences be reconciled? What, if any, larger or related global issues came to light?
- How can you use specific concepts or perspectives from *Inside Chinese Business*, as well as readings and discussions we have had in class, to address your topic or issue?
- Specify the issues to be explored further, or present a preliminary outline of the term project.

The written report is due one week after the class discussion.

Guidelines for the Term Project

Project Discussion:

During sessions 12-14, each group will be asked to share with the class its term project. This is not meant to be a presentation, but an informal discussion. The purpose of the discussion is to gain ideas and input from your peers. You have full authority to decide how class time will be spent and what the discussion format will be. However, to maximize the effectiveness of peer assistance, the discussion should consist of the following components:

- What you have studied
- What you have found
- How we (the class) can help you

Final Paper:

The term project will either investigate further the topic you presented to your classmates for the class discussion or consider a burning issue that you believe will be of interest to the class. Unlike the paper following the class discussion, the term project should be a more in-depth analysis of the topic of your choice and should include recommendations on how it could be dealt with by managers. I will expect the paper to draw on frameworks and concepts that have been learned about and developed during the course. Furthermore I want each group to interview a specialist on its topic and to include the results of the conversation in the term paper. Ideally, the term project will take the form of a toolkit that managers could use when faced with the specific situation you explore.

The most important element of any paper is a clear and well thought-out theme or “message.” I would like to see that you have given careful and thoughtful consideration to the issues, ideas, and concepts we discussed in class. In “making the case” for your paper, you should be sure to:

- Clearly articulate issues and ideas of strategic importance to managers
- Make effective use of examples and arguments to support key points
- Structure your argument so that it allows for clarity, depth, and breadth of discussion.

Since the number of people per project-group varies greatly, it is difficult for me to give a specific page requirement. In general, I would say that a three-person group should produce a paper of about 15 pages in text, with additional notes and appendices as necessary. Bear in mind that it is the quality of the paper that I am interested in, not the quantity.

The paper will be due at 5 p.m. on March 10 (Thursday).