

SEGMENT•• I

GLOBAL BUSINESS TRENDS AND FUNDAMENTALS

Background Information:

> This video features Texas Instruments and also focuses on general trends in international business and international business fundamentals.

> Length; 3:38

Topic/Suggested Use(s):

This is a good general introduction to international business issues and would be good to show when discussing Chapter 1.

Summary of Content:

Markets in developing countries are growing more rapidly than those in the United States, which makes them attractive for exporting a wide range of American-made products. Texas Instruments, for example, has found that nearly 70 percent of the entire market for semiconductor computer chips is outside the United States. Because of the huge market potential, American businesses need to enter the global market if they want to remain competitive.

Some companies see global business as a way to acquire raw materials that might be limited, unavailable, or more costly in their home countries. In general, companies that decide to enter the global marketplace can exploit either comparative advantage or absolute advantage. Just as important, technology is helping companies gain an advantage in many markets today.

Discussion Questions:

This video might be a good way to get students to articulate their inherent feelings and opinions about international business and related issues. So, you might pitch some general questions to get students to start thinking more internationally.

- If you ran a business, what country do you think you might expand to first? Why?
- Where do you think most of the growth in business is today?
- What specific countries—other than the one you mentioned above—are good places for American companies to do business?

SEGMENT 2

STARBUCKS: A SOCIALLY RESPONSIBLE CUP OF JOE

Background Information:

This video features Starbucks and focuses on the social responsibility aspects of running this coffee business. Like some of these other videos, it could also be used to illustrate general trends in international business.

> **Length: 8:27**

> More information available at: www.starbucks.com'

Topic/Suggested Use(s):

This is a really nice, concrete illustration of the concepts introduced in Chapter 3 when discussing social responsibility and ethics.

Summary of Content:

This video features Mr. Dub Hay, Senior V.P. of Coffee at Starbucks. Mr. Hay, as his title suggests, is responsible for obtaining the key ingredient for the firm — their coffee beans. Mr. Hay first gives listeners some history of the firm and then some key background data. Starbucks started in Seattle with one store in 1971. That original store still operates in Pike Street Market (in Seattle) and many people visit it to get the "Pike Street Blend" that is still only served at that store. Many people are familiar with Howard Schultz, the well-known CEO of Starbucks, but he was not one of the original partners. He was a supplier to the firm until he joined it in 1982. The company was still very small then, but big things were to come. Schultz made a trip to Italy in the mid-80s and came back with a new business concept. He wanted to model Starbucks after the espresso houses in Italy and this became the Starbucks approach — to serve coffee and specialty drinks in a coffee house, and not just sell roasted coffee. The first went public in 1992, with 120 stores in operation, and things exploded from there. Now they have over 8,000 stores in 34 different countries. Starbucks is opening 3 stores a day, serving 31 million customers a week, and seeing their average customer visit about 18 times a month. The firm has great customer loyalty and now is one of the most recognized brands in the world. Regardless of whether you visit a store in Beijing, Amsterdam, Kuwait City, or Ann Arbor, you'll get great coffee and the same European coffee house feel. Mr. Hay goes on to claim that the coffee industry is in crisis around the world, largely due to overproduction. For example, until recently Brazil produced about 30 million bags of coffee a year, but now about 50 million. Vietnam went from being a non-player to now being the 5th biggest producer in the world. A big effect is that many farmers around the globe are going out of business. In large part, Starbucks believes, it is because the farmer is the least recognized and most used element in the industry. Starbucks believes this is wrong and has set out to redress this wrong. One primary way they do this is via their CAFE program (Coffee & Farmer Equity practices). The program lays out a number of practices they will abide by in order to keep the farmer in business. There are two main parts to this program. First, Starbucks works a good deal with individual farmers. Their buying and logistics group - headquartered like most coffee companies in Switzerland — sets policies for their buyers. These buyers make direct contact with individual farmers and seek long-term relations with those farmers. Their buyers are on the road 240 days of the year and it's said that their two most important tools are a 4-wheel drive and a laptop. To be sure, the buyers search the world for the finest coffers, visiting 30 – 40 different countries (e.g., Indonesia, Central America,

Africa/Arabian Peninsula primarily - coffee grows in 70 different countries that are located between tropic of Cancer and Capricorn). They pay a premium to farmers who pay a fair wage to pickers, provide hot locals, provide health care and are environmentally conscious. Starbucks also works with governments. They frequently visit with government officials (e.g., Pres. of Guatemala). They seek engagement and cooperation in their CAFE policy and its effects. Starbucks seeks to add to the communities in which their suppliers reside and works with governments in building schools and in assuring an environmentally sound workplace (e-g., sensible cutting of trees, and careful use of chemicals near water supplies). Starbucks seeks fair prices, economic transparency (knowing what the farmer was paid) and more - and is willing to pay a premium for this. They think social responsibility and good business go hand in hand.

Discussion Questions:

This video is a good way to get students to think about social responsibility issues in international business. This video makes clear that some companies (such as Starbucks) value these practices and are willing to pay for this. Here are some questions to pose:

- If you ran this business, how much extra would you be willing to pay to assure that the business is run in socially responsible way?
- Can you think of additional ways than Starbucks could introduce such practices into the business? How could Starbucks capitalize on their philosophy better?
- Think of another business and what they could do to introduce social responsibility into the mix (use the following examples: financial services; consumer Foods companies; health care firms).

SEGMENT 3 DEVELOPING LEADERS AT ACCENTURE

Background Information:

> This video features the world-wide consulting firm Accenture, and focuses on this firm's approach to managing their people and providing leadership training and development services to their far-flung business units

> Length: 11:30

> More information available at: www.accenture.com

Topic/Suggested Use(r):

This is a good introduction to some general international business issues and would be good to show when discussing leadership topics, as in Chapter 4, or especially Chapter 11.

Summary of Content:

This video is comprised of an interview with a company executive of Accenture. This firm is one of the world's top consultancy companies--some think it is the top firm. Accenture provides advice in a number of different areas, including technology changes and needs, outsourcing services, and general business consulting. The firm has over 110,000 employees in 48 different countries around the globe. They have a major presence in the U.S., Europe (especially the U.K., Spain, France, Germany & Italy), Asia (lots of countries, including India where it is noted they just completed a seminar for 90 Indian managers), Latin America (Brazil, Argentina), and Australia, among others.

The video features comments by Dr. Gill Rider, a 25-year veteran executive with Accenture. Dr. Rider actually earned her Ph.D. in Botany, of all things, prior to beginning her career in business. She has experience in the utility, financial, and chemical industries, but now holds the title of Chief Leadership Officer. The former CEO of Accenture, who felt that not enough emphasis was placed on human resources in the firm, bestowed this CLO title on her. While everyone claims "people are our greatest asset," Accenture has put an exclamation point on this by naming such a high corporate officer (same level as CFO and others who report directly to CEO).

Dr. Rider is responsible for everything dealing with people, including lots of leadership topics (e.g., succession planning) and human resource topics (e.g., performance management, training). This can be a big challenge, especially given the number of employees and their dispersion (48 countries). One way they approach their big task is to maintain no real CLO headquarters. Instead, there are lots of virtual meetings, and when they do meet, the meetings rotate among different countries. The leadership team works by coming together, often around the training of their people. There is a training center outside of Chicago (a legacy of their relation to Arthur Anderson, who spun off their consulting business as Accenture over a decade ago), but much of the training occurs within countries.

Dr. Rider's main task is how to create a people strategy--they want the right people with the right skills at the right time. Having an arm of the organization that is responsible for human capital and calling its leader the CLO is important.

This group has written what they call a Leadership Statement, which includes three main components. Leaders are 1) value creators (deliver value to clients or to Accenture), 2) good at people development (people developer), and 3) good business operators. This is what you

need to do to be a leader at Accenture. They believe in teaching and developing these skills, rather than hoping they happen by osmosis or some other process. They put compensation and promotion teeth behind this philosophy—it's unlikely, for example, that you'll get a very high raise if you're not a people developer.

A big challenge, of course, is to ensure that this leader program works across countries. They made sure to get "buy-in" on the statement from the chief executive in each country to ensure compliance. Dr. Rider cautions listeners to be very cognizant of people's nature style and their country preferences. They bring together a mixed set of these people for leadership development. The content they teach is largely the same, but the way the material is pitched differs depending upon the audience.

Discussion Questions:

This video might be a good way to get students to think about leadership and leadership development in various countries. So, you might pitch some general questions to get students thinking more internationally:

- The C.LO (Chief Leadership Officer), Gill Ryder comments on the wide variety of cultures and countries in which Accenture does business. Basically, she says that much of the content of their leadership training is the same across countries, but that the processes might be different within a country or when managers from different countries participate in the same training. Based on your reading, class discussion, and your understanding of Hofstede's differences, what do you think some of these process differences might be
- Mindful of Accenture's perspective, what if you ran a business that had a large number of international branches/offices? What are the key leadership skills you might want to expand/focus on in your training programs (consider the following countries upon which to focus your answer):
 - India
 - U.S.
 - China
 - Germany
- What specific countries—other than the ones you may have touched on above—are places where typical American-style leadership training could be applied? Why?

SEGMENT 4 TALKING IDG ACROSS THE GLOBE

Background Information:

This video features IDG and focuses on communication issues across cultures and countries

Length: 12:04

> More information available at: www.idg.com

Topic/Suggested Use(s):

This is a good general introduction to communication issues in international commerce. Communication cuts across a number of different topic areas in the book (e.g., leadership, social responsibility, motivation), but this segment is best used with the chapters on communication and negotiation (chapter, 6 & 7).

Summary of Content:

This video features a discussion about communication issues by a number of executives of the IDG (International Data Group) company. The firm started as a magazine and research company, but in recent years has expanded its focus to a number of information, web, electronic publishing, and technology/advisory-based services. The firm operates in 75 countries around the world, with research offices, publication companies, and exhibition activity, and business-to-business marketing and other activity. The president of each of these divisions of IDG also speak about their specific groups, but importantly, also reflect on the difficulty in communicating across culture and country. The CEO (featured on this video) says that the basic mission is to spread the computer revolution around the world.

After these introductions, the video introduces several communication themes and each of the business leaders featured in the introduction comment on these themes.

The first theme that's introduced is **it's not what you say, but what the listener hears** — not just among native speakers, but especially across languages and countries. The leaders comment on the difficulty of communicating. The CEO (.in American), for example, makes a dramatic point here: He grew up speaking French, went to school in France, and his parents were both language teachers. But to this day, he says, he would not engage in a serious and persuasive negotiation in French with a native speaker for fear he would miss an important point or nuance. Another speaker says it explicitly: communication is not just about the words, but about context and how you deliver the words.

Theme two is **English as a business language**. While all the executives predict that English is and will remain the preeminent language around the world for a number of reasons, this doesn't mean those who speak English as a first language should be complacent. The CEO notes that most of their corporate communication occurs in English, even among Germans, Russian, Czechs, or Chinese in their firm.

One executive suggests that because of the predominance of English as a second language, your business partners might speak the language but not let you know. One reason is that if their speech has problems, they might lose face and this is problematic for many other cultures. Second, while they may understand and speak well, they may feign ignorance and

seek a translation because it gives them more time to think and process in a negotiation.

A third theme is **thinking twice before hitting send**. The advent of e-mail has had a huge impact on communication. The same principals that apply in other communication modes, however, apply here (e.g., keep it simple; avoid slang and culture-specific words). But via e-mail (instant communication), there is often less effort and work on these items. We're in a mode of typing out a message and blasting it out and don't have the benefit of reflection. Think twice.

A fourth theme is what does yes mean? The Japanese word "hai" literally means yes, but it means more than that. In order to signal that they are listening, Japanese might say hai all the time in order to show interest. They are taught to do this to show others they are paying attention to the (important) things said by others. An American negotiating with a Japanese, however, might say "I want to do this and I want to do that ..." and the Japanese says... yes... yes . . .yes. They are not saying, "yes, I agree;" but instead, "yes I hear you" (I'm still listening). Americans might interpret this politeness as indicating agreement

A fifth theme is **management styles across cultures**. One of the first things American managers find out while overseas is that they have a different style from many other cultures. We're more direct and to the point relative to managers in many other countries. We don't spend a lot of time saying, "How are you?" and really meaning it. Instead, it's how we jump-start a meeting. In other cultures "how are you?" is an important and legitimate question. We speak our minds and get to the point. Americans' style can be perceived as pushy because of this. In Latin America, it's Important to talk about yourself, your family, and your hobbies. This establishes a relationship. A business dinner of 2.5 hours where a lot of this is exchanged is valuable for those Latin partners. Lots can be done via this, but Americans don't think so. These communications nuances include who should talk first, how to present your business card and where to sit, among other things. While there are others who might even be more direct than Americans (e.g., Germans), Americans should be especially sensitive and alert to their inherent tendencies here.

A sixth theme is **a wonderful opportunity for misunderstanding**. The single most important way to avoid misunderstanding is to say everything several different ways... paraphrase. This is a good practice in your own Language, let alone when communication is among people who are using their second or third language. Another good suggestion is to put together an e-mail or writing recap to make sure everyone understands.

Finally, the last theme is the Importance of **meeting and learning about other people**. It's valuable to find out what "business normal" is and take time to learn the people first. Then, secondarily focus on what you're trying to accomplish or negotiate.

Discussion Questions:

This video is a great way to bring alive the points made about communication in the text. As an instructor, you know that while you might go to great lengths to make a valuable point, a business person saying the same thing can often have more cache. So, for this reason alone, we suggest showing this video during the communication segment. After the video, you might ask the following:

- What do you think is the single most important miscommunication problem you have

experienced in talking with others, (e.g., friends, family, couples)? How might this problem be accentuated in an interaction with a foreign business contact?

- Ask your class to split up in pairs and to spend 5-7 minutes each sharing facts about their family, their interests, hobbies, etc. (shift to the other partner so that the exchange is reciprocal). Then, ask the class to share their feelings and reactions to this. Point out that this is only five minutes worth and that while it might have been difficult, this is multiplied 10-fold in an international interaction. Note other characteristics about the conversation and whether students thought it was valuable / beneficial.
- One of the executives in the video points out that others may take advantage of their ability to speak English by feigning ignorance of the language. What steps might you take to be sensitive to such skills by your competition?

SEGMENT 5

GLOBAL GROWTH: THE SUBWAY STORY

Background Information:

- > Subway is a global restaurant franchise business
- > More information available at www.subway.com > Length: 10:20

Topic/Suggested Use(s):

This video discusses the success that Subway has experienced in various international markets and some challenges it faces (e.g., communication, advertising, cultural barriers, etc.) in operating in the over 75 countries in which it is located.

This segment can be shown for Chapters 8 (developing international strategy) or 9 (foreign entry and ownership options) or after a discussion of both chapters, as well as for Chapter 10 (international operations).

Summary of Content:

The video opens with an introduction to the company and its tremendous growth. Subway is the second largest chain restaurant in the world (behind guess who--- McDonalds).

The company reached 4 billion in sales in 2000 via its over 15,000 stores that operate in 75 different countries, including Finland, Costa Rica, Israel, Poland, Egypt, Senegal, and on! Interestingly, their first international venture occurred in Bahrain in the Middle East, hardly all easy market for Americans to understand or open. Each year Subway adds about 500 more restaurants to the chain through franchising.

Subway's international strategy is to keep the basic menu items and ingredients the same throughout the world, but to tinker with them locally. Also, they do permit the addition of a few "local" items on their menus. They also delete some menu items when it is necessary because of cultural or religions stipulations in a partitular country For example in Israel, various pork products are deleted from their menu.

In genera!. Subway management believes that franchising has some built-in advantages for its business. For example, franchisees are typically operated by local ownership so they are well-equipped to tailor products to local tastes.

There are also problems, but they are ones that Subway clearly seems to have overcome:

How do you get reliable supplies (bread, meat, etc)?

Solution: Develop very good relations with a set of local suppliers, and treat them well.

How do you train in the Subway culture / operation with its far-flung empire? Even if you forget about the expense of sending people to all these countries to do the training, what about their lack of understanding of both the language and culture?

Solution: Open up "schools" in various parts of the world that can do this well.

How do you "train" customers to appreciate the Subway product? Americans have grown up

with sandwiches as part of our lives, but other countries have not, In fact, some view subs as relatively exotic food, akin to how sushi might have been perceived in the U.S. a few years ago.

Discussion Questions:

- What do you think are the factors that have contributed to Subway's international success?
- What are the downsides of franchising that might be experienced in the Subway context?
- What other entry options might be available for Subway, and what are their pluses and minuses?
- What are the cultural and communication barriers Subway might face in countries such as South Africa, Indonesia, and Russia?

SEGMENT 6

MY WAY IS THE (GLOBAL) HP HIGHWAY

Background Information:

> This video features HP and focuses on three managers' take on the company's global perspective as a source of success. Along the way, we hear their take on a number of issues that cut across the field of international management.

> Length: 13:01

More information available at: www.hp.com

Topic/Suggested Use(s):

This is a good general introduction to international management issues and would be good to show when discussing Chapter 1, 12, 13, or 14.

Summary of Content:

The very structure of HP suggests that an international mindset is a valuable asset for members of the firm. Indeed, this is the subject of this video. Three international managers are featured on this video that focuses on this giant global company of 150,000 employees in 178 countries. These three managers come from different countries and have different ethnic heritages; a very useful way to get across the message that HP is at its heart a global company. One manager makes this key point early in the video: "if multicultural richness and diversity isn't important and a key part of what we are, then we're not going to be a success"

All three managers make the point (in their own way) that exposure to others, what they think, and what they care about is a key success factor to HP. But as one notes, communication and collaboration mean different things to people in different countries. So, HP spends a lot of time figuring this out and training people in those different countries. One of the managers points out that he leads 10 people from a number of different countries and 4 different time zones, all of whom speak several other languages. This is a challenge and one that HP welcomes.

HP rallies and motivates employees by starting with a compelling strategy, and then communicating how their individual work can link to this strategy. They then back it up by training people to increase their skills in this area. Finally, HP reinforces this with rewards for accomplishments in those areas (rewarding in the most general way, not just money).

Some countries need social gatherings as an essential productivity tool and HP supports this with money and manager time. Likewise, while they believe lots of people should show leadership, it manifests itself in different ways in different countries. One key HP value is "passion for the customer;" and this also takes on a different complexion in those different countries. So, HP says they need to keep this in mind when they look at success and evaluate that when it's done in different countries.

Even -performance management is done differently in different countries. It is tailored to capture the key differences across countries. In some countries, for example, attention by managers to developmental issues is seen as positive and signals that the company feels they

are important enough to develop. In other countries, however, this might suggest to the employee that there are problem areas, which can be demotivating. HP tries to adjust these messages based on the cultural predilections, as an Asian perspective might not work in North America, for example.

The extent to which one's personal life extends into the work environment — and the degree to which this is a work or evaluation topic — differs dramatically across countries.

For choosing global employees, however, several key characteristics are valued by HP. If an employee has a "global mindset," if he or she "respects diversity" and if he or she is able to "collaborate and team across boundaries (between country and businesses)" are all very important to managerial success at HP. Of course, results are critically important to HP, but "*how*" they do it is also critical, and this is where cultural understanding and tailoring is important.

Discussion Questions:

- Do you think you would be a success at HP? ' Why?
- What role might cultural toughness (or flexibility) play in the life of a successful manager at HP?
- HP is an American company, founded, in fact. in a garage in northern California. What is it about this American company that made it (apparently) ideally suited for becoming, a truly international one?

SEGMENT 7

ALEX AND MELINDA

Performance Evaluation, Feedback & Conflict:

A Look at a Performance Evaluation Interview

Background Information:

> A simulated performance evaluation interview

Features a white male boss (Alex) and a Hispanic female salesperson (Melinda)

Length: this can be shown in its entirety. 24:00. It can also be shown in two main parts: Scene I. 11:00; Scene 2, 11:30: and a brief but important Scene 3, 1:00.

Topic/Suggested Use(s):

This video touches on too many different issues, including giving feedback, performance evaluation in general, communication / conflict issues, gender concerns, and legal issues. We believe the video is best used as a way to summarize a larger section, such as the last one in the book that deals with human resource strategy, evaluation / reward, and groups.

Alternatively, you can use it to illuminate the performance evaluation / rewards material presented in Chapters 4, 5, & 13, and refer to earlier chapter topics.

Summary of Content:

"Alex and Melinda" presents a performance evaluation case in which a top-performing salesperson (in the top 5 of 100) Melinda Perez, and her regional sales manager, Alex Baker, meet and eventually confront one another about their expectations, performance, and general work issues in this multi-country company.

It's important to note that Melinda is an actress. She was asked to build her character around her real-life experiences. Alex is not an actor; he is a regional sales manager at a company that does business throughout the world. He was asked to react the way he would to any of his real-world employees with similar performance records. In making the video, Alex and Melinda were each given only the facts of their situation. Neither was told what emotions they were to bring to their roles. We think you'll find their ad-libbing quite good—better than any simulation we've seen on video.

Scene I opens in Alex's office at corporate headquarters. The purpose of the meeting is Melinda's sales performance review. Melinda's sales territory includes a number of South American countries and she is clearly facing some Major issues (at least according to Alex!). After some brief and cordial chitchat, Alex quickly tells Melinda that her sales numbers are down by 40 percent from previous quarters in a certain area. Among the issues raised as their discussion progresses are the following:

- Perception / interpretation of performance
- Communication (one and two-way)
- Rewards, long and short-term

- Problems in doing business (especially for a woman) in a foreign country
- Negotiation / Conflict

Scene 2 adds a number of issues for both Alex and Melinda. The action in this scene takes place four months after the first meeting. Melinda appears in Alex's office and is obviously pregnant. In making the video, Alex was not given prior knowledge of Melinda's pregnancy. The startled reaction you'll see from Alex, therefore, is authentic. Issues touched in this second scene include:

- Women in the workplace
- Legal / Ethical issues, including family leave concerns
- Workplace boundaries such as the right of an employer to know details about an employee's personal life (Alex expresses disappointment that Melinda did not tell him earlier that she was pregnant)
- Obligations, legal and otherwise, to employees

A final 1-minute scene is added at the end of Scene 2. This takes place only a few hours after scene 2, when Melinda has had time to think things through and then meets with Alex again. This postscript adds a thorny ethical dilemma to an already complex situation. In this scene Melinda acknowledges that her pregnancy is the result of her giving in to quid pro quo sexual harassment by a major customer in Brazil. The customer now refuses to take responsibility for his child. He had also not placed an order with Melinda for several months.

Discussion Questions:

You may wish to prepare students by giving them some or all of the following questions to ponder while they watch the video. The questions could then provide a springboard for class discussion:

- Did Alex appear to understand Melinda's needs and expectations? Why or Why not?
- What went wrong with the "negotiation" situation?
- Describe what you think Alex's needs are in this situation.
- What might Alex have done to make things better? What about Melinda?
- Ask for volunteers to reprise this role-play in order to improve it.

SEGMENT 8

UNIONS AROUND THE WORLD

Background Information:

This video is not company specific, but instead focuses on union activity in various countries and regions of the world.

Length: 4:31

Topic / Suggested Use(s):

This video discusses the dramatic differences in union structure and activity in different countries. This video enhances topics covered in Chapter 14.

Summary of Content:

Because of the increasingly global nature of business, management is striving to understand the objectives of unions in countries outside of the United States. Not only do unions in other countries differ from those in the United States, but they also differ from one country to another. Therefore, an automobile manufacturer with plants all over the world, for example, must understand these differences to function effectively:

Traditionally, European unions have been stronger than their counterparts in the United States. They have a larger membership, and the unions are more politically active. By participating heavily in the political process, unions have the clout to push through agendas and accomplish their desired goals. In addition, European unions, particularly those in Scandinavia, have been cooperative with management, and they focus strongly on such human concerns of their membership as safety, health, and working environment. Increasingly, U.S. unions are moving in the direction of their European counterparts.

While most labor-management conflicts in the West have focused on job security, in Japan this has not been a problem. Japanese workers have typically enjoyed lifetime jobs and a family-like working environment. Today, however, job security in Japan is declining. Union members are becoming more dissatisfied and more willing to confront management aggressively on many issues. Some union leaders are even coming to the United States for training courses on how to be tougher negotiators.

Some experts predict the eventual emergence of powerful global unions. The AFL-CIO, for example, is striving for ways to bridge the gaps between itself and unions in Europe and South America.

Discussion Questions:

- Why is union activity so different across borders?
- What cultural values can explain the various forms of activity and the various levels of militancy?
- Given these differences, what do you think is the prospect of increased power of an international alliance of unions?