

Strategic Challenges for Business in Latin America

(dictado en inglés)



Profesor: Daniel Friel

Horario de clase:

Horas de consulta: coordinated with the professor

Oficina: Fortabat, office #55

Email: dfriel@udesa.edu.ar

Learning objectives:

Doing business in Latin America is radically different from the way it is done in the developed world. Companies are often successful in this region not because they have the best product with outstanding marketing campaigns, but rather because they know how to handle issues ranging from dealing with unions to training suppliers. This course examines the ability of companies in Latin America to overcome these challenges through an analysis of 10 cases. Two of them are from companies operating in Brazil and Argentina, one from a company based in Brazil, one in Colombia and six in Argentina.

In the first part of the course, we analyze how markets have changed, paying attention to the decline in product life cycles and the ways Arnaldo Has proposed to respond to this challenge, focusing on the particularities of this topic in Latin America. We then move on to analyze the particular challenges faced by companies in this region when exporting differentiated products to developing countries, examining 4 success stories of companies based in Argentina. We continue by examining the type of innovation that companies in the region face when developing products to sell in other emerging countries. In particular we explore the case of IMPSA, an Argentine company that outcompeted multinationals from the developed world in Brazil. We then examine how institutions in developing countries limit the use of markets and the difficulties that companies in these countries have in using markets. Here we examine the case of Arcor, since it is the company that has so far achieved the best balance between outsourcing and vertical integration in Argentina. Then we see how the Colombian company, Indupalma, improved productivity and production times by implementing a system of cooperatives during the period of the civil war in that country. We continue by seeing how Danone, the world's largest yogurt producer, adapted a lean production program to the institutional contexts of Brazil and Argentina. We move on to the issue

of unionization, analyzing Kraft's mistakes in Argentina and how they prevented this firm from implementing a more participatory production system that would have increased the company's ability to respond to consumer needs. We then analyze two success stories working with suppliers, one from an industrial district, DIMA, and the other, Los Grobo, one of the most important farm management companies in this country. Finally we analyzed how Natura, a Brazilian company in Brazil, and Colome, an Argentine winery integrated their stakeholders in their actions with the goal of being able to respond to consumer desires for more sustainable products.

Course requirements:

WRITTEN WORK

Students are required to write a 15-20 page paper in groups of two that explores one of the course topics in more detail. The paper has to have its own analysis of a topic. The papers can be written in English or Spanish. It is recommended that students consult with the teacher about their topics. Papers must be double-spaced and quotes used must be correctly cited. Papers must be written in Times New Roman, 12. Late submissions will receive 1/2 point for each day late, including weekends. Any paper more than 9 days late will not be accepted.

CLASS PARTICIPATION

This course is given as a seminar, encouraging students to participate actively. In order to receive a good mark for participation, the student's participation must be well grounded in the texts of the course. Students are expected to actively participate in at least half of the classes.

LANGUAGE

Although the teacher gives the classes in English, the students can do all the work, including the final exam in Spanish or English.

CLASSES

This seminar will meet twice a week. For some classes we will discuss individual company cases, while for others we will discuss theoretical issues. Students must attend 75% of all classes. The professor will take roll.

EXAMINATIONS

There will be a midterm and final exam. For each exam students will be presented with a choice of questions on which they can write. No particular question will be required to be answered. The final exam is cumulative.

DEADLINES / TEST DATES:

Deadlines are on the following pages with reading assignments for each class day.

COMPONENTS OF THE FINAL GRADE:

Final grades will be weighted as follows:

Midterm	25%
Paper	30%
Class Participation	10%
Final Exam	35%

Plagiarism and intellectual dishonesty

The University of San Andrés demands a strict adherence to the canons of intellectual honesty. The existence of plagiarism constitutes a serious dishonour, unbecoming of university life. It occurs not only when someone copies word for word in an exam in the classroom but also when a person takes advantage of the intellectual endeavors of another person. Our code of ethics considers the appropriation of another's intellectual work as a punishable conduct. To avoid it we recommend that students follow the generally accepted academic formats (MLA, APA, Chicago, etc.) for citations and bibliographical references (including on-line formats). If you have any doubts, we recommend you consult the following site: <http://www.udesa.edu.ar/Unidades-Academicas/departamentos-> Any violation of these rules will result in the establishment of an Ethics Committee which, depending on the seriousness of the offence, will recommend disciplinary sanctions that may include anything from a warning to suspension or expulsion

Class Reading and Assignments

- August 2 **Introduction to the Course**
- August 3 **The traditional structure of economies and organizations**
Chandler, Alfred 1981 "The United States: Seedbed of Managerial Capitalism" in eds. Alfred Chandler and Herman Daems *Managerial Hierarchies: Comparative Perspectives on the Rise of the Modern Industrial Enterprise* Cambridge Massachusetts: Harvard University Press
- August 9 **Changing markets and organizational adaptations**
Best, Michael 1990 *The New Competition: Institutions of Industrial Restructuring* Cambridge, Massachusetts: Harvard University Press
Chapter: introducción
- August 10 **Beyond Classic Notions of Marketing: Arnoldo Hax**
Hax, A., & Wilde, D. L. 2001. *The Delta Project*. New York: Palgrave Macmillan, **chapters 1 y 2**

- August 16 **Holiday**
- August 17 **Growing Importance of Intangible Capital**
Haskel, J. & Westlake, S. 2018. “How to Measure Intangible Investment”, chapter 2 in Haskel, J. & Westlake, S. *Capitalism without Capital* Princeton: Princeton University Press
Chapter 2
- August 23 **Exporting to developed countries from developing ones**
Artopolous, A., Friel, D., & Hallak, J.C. 2013. Export emergence of differentiated goods from developing countries: Export pioneers and business practices in Argentina *Journal of Development Economics* 105: 19-35
- August 24 **Innovation in Emerging Markets**
Zirpoli, Francesco and Markus Becker 2010 “What Happens when you Outsource too much” MIT Sloan Management Review 52(2)
- August 30 Friel, D. 2018 Impsa: Restructuring to Innovate with Existing Resources, IVEY publish, case # 9B18M081
- August 31 **Institutions and the Strategies of Companies in Emerging Markets**
Ghemawat, P. 2001. Distance still matters: The hard reality of global expansion. *Harvard Business Review*. 79(8): 137–147.
- Sept 6 Khanna, T. and Palepu K. 1997. Why Focused Strategies May Be Wrong for Emerging Markets. *Harvard Business Review* 75: 41-51
- Sept 7 Friel, D. 2009 -“Can Arcor’s Strategy in Argentina work in Brazil”, an unpublished case
- Sept 13 **Training in Emerging Markets**
Cappelli, P. and Rogovsky, N. 2004. New work systems and skill requirements. *International Labour Review* 133(2): 205-220
- Sept 14 Fernandez, D., Trujillo, D. and Gutierrez, R. 2003 “Indupalma and the Associated Labor Cooperatives, 1991-200” SEKN case: SKE026
- Midterm Exam**
- Oct 4 **Lean Production in the Developed World and Beyond**
Womack, J., Jones, D. and Roos. D. 1990. *The Machine that Changed the World*. New York: Macmillan
Chapter 3

- Oct 5 Friel, D. and Pinot, F. 2018 Adapting a Lean Production Program to National Institutions in Latin America: Danone in Argentina and Brazil. *Journal of International Management* 24(3): 284-299
- Oct 11 **Holiday**
- Oct 12 **Working with Unions in Emerging Markets**
Pfeffer, Jeffrey 1998 “Can You Manage Unions” in Jeffrey Pfeffer *Human Equation: Building Profits by Putting People First* Boston: Harvard Business School Press
AND
What Should Unions Do, Harvard Business School case #91307
AND
A set of articles about Kraft in Argentina
- Oct 18 **Aligning Interests with Stakeholders as a way to respond better to Consumers**
Hart, S. and M. Milstein 2003 “Creating sustainable value” *Academy of Management Executive*, 17:2, 56-67
- Oct 19 Casado, T. and R. Fischer 2003 “Natura-Ekos: From the Forest to Cajamar” a case written for the Social Enterprise Network
- Oct 25 **The costs and Benefits of Being Green in Emerging Markets**
Ambec, S. and Lanoie, P 2008 “Does It Pay to be Green? A Systematic Overview” *Perspectives*, 22:4, 45-62
- Oct 26 Zilber S, Friel, D and Machado do Nascimento, L 2010 “Organic Wine Production: The Case of Bodega Colomé in Argentina” *International Journal of Wine Business Research* 22:2
- Nov 1 **Working with Suppliers in Emerging Markets**
Building Deep Supplier Relationships Harvard Business School Case #R0412G
- Nov 2 McAfee, Andrew and Alexandra de Royere 2005 “Los Grobo” Harvard Business School case #606014
- Nov 8 **Coordinating activities between SMEs in Emerging Markets**
F. Xavier Molina-Morales, F. X., López-Navarro, M. A. Guia-Julve, J. 2002. The Role of Local Institutions as Intermediary Agents in the Industrial District. *European Urban and Regional Studies*. 9(4): 315–29

- Nov 9 Friel, D. 2006. Joint Coordination of a SME Network: The Case of an Industrial District of Agricultural Machinery (DIMA) in Argentina, A case study for the University of San Andrés
- Nov 15 Presentation of Papers
- Nov 16 Presentation of Papers