Export- und Internationalisierungsherausforderungen für Schweizer KMU: ‘Unsere’ Antworten darauf als HSG

Switzerland Global Enterprise,
3rd Academic Get-together

Zurich, 31st March 2016

Prof. Dr. Roger Moser
Assistant-Professor of International Management
Director, ASIA CONNECT Center & India Competence Center
University of St.Gallen
AGENDA

- Conceptual / Theoretical Background
- ACC-HSG Metaphor: Archimedes’ Screw
- Intelligence Provision & Social Capital Development Support
Internationalization requires a structured approach – in other words: a STRATEGY.

What is an internationalization strategy?

Our answer: **The way from Business Model 0.0 to Business Model 1.0.**

---

Strategy is a firm’s contingent plan as to the business model it will use

→ “Strategy is the way from Business Model 1.0 to Business Model 2.0” when we assume that a company/institutional environment already exists/is known.

→ “Internationalization Strategy (Market Entry) is the way from Business Model 0.0 to Business Model 1.0” as first business model does not yet exist and we do not yet know the institutional environment.

→ So, companies entering a new (geographical) market do NOT have an existing business model in the target market (therefore Business Model 0.0)... **What are the implications?**

---

Internationalization requires a structured approach – in other words: a STRATEGY.

What is an internationalization strategy?

Our answer: **The way from Business Model 0.0 to Business Model 1.0.**

Strategy is a firm’s contingent plan as to the business model it will use

→ “Strategy is the way from Business Model 1.0 to Business Model 2.0” when we assume that a company/institutional environment already exists/is known.

→ “Internationalization Strategy (Market Entry) is the way from Business Model 0.0 to Business Model 1.0” as first business model does not yet exist and we do not yet know the institutional environment.

→ So, companies entering a new (geographical) market do NOT have an existing business model in the target market (therefore Business Model 0.0)...**What are the implications?**

→ Assumptions/knowledge about the respective institutional environment ABROAD are a true challenge to any company!

What’s then the true INTERNATIONALIZATION CHALLENGE for companies?

“Our” answer*: **Contextual Intelligence**.

“There is nothing wrong with the analytic tools we have at our disposal, but their application requires careful thought. It requires **CONTEXTUAL INTELLIGENCE:** the ability to understand the limits of our knowledge and to adapt that knowledge to an environment different from the one in which it was developed.”

*Source: Tarun Khanna: Contextual Intelligence, Harvard Business Review, Sep 2014, pp. 59
What’s then the true INTERNATIONALIZATION CHALLENGE for companies?
“Our” answer: Contextual Intelligence.

“Contextual intelligence requires moving far beyond an analysis of institutional context into areas as diverse as intellectual property rights, aesthetic preferences, attitudes toward power, beliefs about the free market, and even religious differences. The most difficult work is often the “soft” work of adjusting mental models, learning to differentiate between universal principles and their specific embodiments, and being open to new ideas.”
What’s then the true INTERNATIONALIZATION CHALLENGE for companies?

“Our” answer: **Contextual Intelligence.**

“Once you accept up front that you know less than you think you do, and that your operating model will have to change significantly in new markets, **researching a country’s institutional context** [is key] ... 

...This is particularly important when Western managers start to operate outside North America and Europe...

...Therefore, instead of hiring outsiders to do market research and assemble information on how other multinationals have entered a market, managers should conduct their own experiments to learn about the local context and what their company is capable of achieving within it.”
From a strategy perspective, we call this the "information acquisition problem" (academic) or the insight deficit (practice).

It is, in many ways, ironic that research in the field of strategic management has proceeded for so many years without a theory of information acquisition strategy tied to the creation of competitive advantage. Most work in the field has focused on answering the question, "Given a firm's strategic situation, what actions should it take?" while overlooking the logically prior question, "What information should a firm collect to understand its strategic situation?" If firms do not collect the information they need to accurately assess their strategic situation, it is very unlikely that they will be able to make profit-maximizing strategic choices. This is true regardless of whether a firm adopts a positioning approach to strategic decisions (Porter 1980, 1985) or a resource and capability approach to strategic decisions (Barney 1991, Wernerfelt 1984).

From a strategy perspective, we call this the “information acquisition problem” (academic) or the “insight deficit” (practice).

The INSIGHT DEFICIT

A fresh strategic insight – something your company sees that no one else does – is one of the foundations of competitive advantage. It helps companies focus their resources on moves that separate them from the pack. In the same survey only 33% of more than 2000 global executives believed their strategies rested on unique and powerful insights. This figure is dramatically lower than the average of 62% of respondents for the nine other tests to measure their strategy against.
In sum, when companies develop their “Internationalization Strategies” they are facing the issue of “Contextual Intelligence” leading to an “Intelligence Acquisition Challenge”.

Market Entry of the **Company** into **Country A**?
In sum, when companies develop their “Internationalization Strategies” they are facing the issue of “Contextual Intelligence” leading to an “Intelligence Acquisition Challenge”.

Market Entry of the **Company** into **Country B**?
In sum, when companies develop their “Internationalization Strategies” they are facing the issue of “Contextual Intelligence” leading to an “Intelligence Acquisition Challenge”.

Market Entry of the Company into Country A

Market Entry of the Company into Country B
ASIA CONNECT Center-HSG: The Archimedes’ Screw as metaphor for the internationalization challenges of companies (in emerging markets).

KEY ELEMENTS:

A) TRIPLE I Mindset
   • INVESTMENT Mindset
   • INTERCULTURAL Mindset
   • INFRASTRUCTURE Mindset

B) SOCIAL CAPITAL

C) MARKET ENTRY / EXPANSION Process
INVESTMENT Mindset: The Triple “I” Mindset is key to any internationalization project.

WHAT FOR?
INTERCULTURAL Mindset: The Triple “I” Mindset is key to any internationalization project.

- Trust as Mutual Vulnerability
- Intercultural Communication
- Intercultural Management
- Intercultural Process Design
INFRASTRUCTURE Mindset: The Triple “I” Mindset is key to any internationalization project.
If the Mindset is right, executives need to develop the necessary SOCIAL CAPITAL.
Based on the right Mindset and the necessary Social Capital, companies can implement their INTERNATIONALIZATION strategies – mostly together with Market Expansion Service Providers.
ASIA CONNECT Center-HSG: What do we offer companies to master their internationalization challenges?

• Clarifying Expectations

• Intercultural Intelligence

• Industry Intelligence (*WHAT to play*)
• Cluster Intelligence (*WHERE to play*)

• Intelligence Platforms in Asia through partnerships with local academic institutions

• (Access) to Process Intelligence (*HOW to play*) through Market Expansion Service Providers
ASIA CONNECT Center-HSG: What do we offer companies to master their internationalization challenges?

- Clarifying Expectations
- Intercultural Intelligence
- Industry Intelligence (*WHAT to play*)
- Cluster Intelligence (*WHERE to play*)
- Intelligence Platforms in Asia through partnerships with local academic institutions
- (Access) to Process Intelligence (*HOW to play*) through Market Expansion Service Providers
- Studies based on Critical Incident Technique (Bachelor/Master Theses)
ASIA CONNECT Center-HSG: What do we offer companies to master their internationalization challenges?

• Clarifying Expectations
• Intercultural Intelligence
• Industry Intelligence (*WHAT to play*)
• Cluster Intelligence (*WHERE to play*)
• Intelligence Platforms in Asia through partnerships with local academic institutions
• (Access) to Process Intelligence (*HOW to play*) through Market Expansion Service Providers

- Project with DKSH on product and cluster intelligence for Swiss manufacturing companies in SEA...
- Project with PwC on regulatory/sector-specific intelligence for Swiss SMEs in China (jointly with FHSG & SG-E)...
- Master/Bachelor Theses based on Delphi (expert) panels for industry outlooks in Asia...
ASIA CONNECT Center-HSG: What do we offer companies to master their internationalization challenges?

- Clarifying Expectations
- Intercultural Intelligence
- Industry Intelligence
- Cluster Intelligence
- Intelligence Platforms in Asia through partnerships with local academic institutions
- (Access) to Process Intelligence (HOW to play) through Market Expansion Service Providers

- FIM-HSG focus on India and Timor-Leste
  - Strategic Partnerships with IIM Bangalore & IIM Udaipur
  - Annual event with IIM Calcutta
  - PhD supervision with IIM Kozikhode
  - Collaborations with IIM Indore, IIM Ahmedabad
ASIA CONNECT Center-HSG: What do we offer companies to master their internationalization challenges?

• Clarifying Expectations

• Intercultural Intelligence

• Industry Intelligence (WHAT to play)

• Cluster Intelligence (WHERE to play)

• Intelligence Platforms in Asia through partnerships with local academic institutions

• (Access) to Process Intelligence (HOW to play) through Market Expansion Service Providers

- Master/Bachelor Theses based on specific processes in selected industries
- Project on Digitization for Export to China jointly with ZHAW
CONTACT:

Prof. Dr. Roger Moser

- Assistant Professor of International Management (Focus India), Research Institute for International Management (FIM), University of St. Gallen (HSG)
- Director, ASIA CONNECT Center-HSG & India Competence Center (FIM-HSG)
- Adjunct Professor, Strategy & SCM, Indian Institute of Management Udaipur, India
- Visiting Scholar, University of Erlangen-Nürnberg, Germany

E-mail: Roger.Moser@unisg.ch
Phone: +41 71 224 73 54