

Paper analysis twenty hubs and no hq



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This article tries to propose advantages of an alternative strategy of global business management for MNCs. According to the authors the previous strategies of management from the Head Quarters (centralized) or Head Quarters for most functions with regional offices and country managers (decentralized) are not as efficient as management without any Head Quarters and twenty strategically placed hubs. There are compelling reasons to follow this strategy. Firstly developing countries account for a much larger chunk of the net revenue.

Secondly there are untapped markets in the form of economically weaker sections in these countries and the full potential of these can not be exploited with the prevalent management strategies. Thirdly there is a huge cost saving advantage with manufacturing in low cost countries and outsourcing is just one way to realize it. The basic concept of this strategy as given by the authors is to have 20 hubs in 20 different countries – 10 developing and 10 developed which account for 70% of the population of the two worlds in each case and on the whole and much of the economic activity.

According to the authors having hubs in these 20 countries MNCs can serve all the markets in the whole world more efficiently than using any of the previous strategies. These hubs will serve as a gateway for these MNCs in these regions. As such all management and manufacturing functions required by the region can be shifted to these gateway countries. This will allow the MNCs to serve customers on every level of the income pyramid. Also it will reduce the sourcing cost by 20% and corporate overhead cost by 2/3rd.

The gateway hub structure can be flexible with new countries becoming hubs as and when they reach the requisite level of development and each hub sourcing goods manufactured in other hubs. According to the authors in the gateway hub model risk can be spread over 10 or more locations with manufacturing and R&D in multiple locations. This article augments the learning by teaching to challenge any concept even the concept that look as basic as the centralized management and Head Quarters. INNOVATIVE INTERNATIONAL STRATEGIES

The article tries to find the most relevant dimensions to use to cluster innovative international strategies to arrive at typologies that can be interpreted and used further. GEOGRAPHIC SCOPE OF THE INDUSTRY INTERNATIONAL DEV IN THE PAST.....YEARS INTERNATIONAL DEV IN THE NEXT..... YEARS INTERNATIONAL STRATEGY OF THE COMPETITOR IN THE INDUSTRY INTERNATIONAL STRATEGY OF YOUR FIRM In this study they find out the most relevant dimensions and cluster cases according to these dimensions and identify some empirical types. The authors found the four main dimensions as Process of internationalization Segment scope Level of coordination across borders

Fragments of narratives where an Innovative International Strategy WAS DESCRIBED by respondents were collected Content of fragments in the transcripts related to a firm was analysed to find the concepts used to characterize its strategy Cases that were similar to each other were clustered and formed an empirical type of IIs Major influences Footwear Competitive action :-relocation and innovative international strategy Cables and wires Struct forces:-technological intensity; new high growth markets;

government intervention; comparative advantages(in cases) Paint Structural forces:- technological and marketing intensity

Chocolate sugar and confectionary Structural Forces :- Marketing intensity and diff in consumption pattern across industries Competitive action:- MAA; Innovative International Strategy The authors arrived at six innovative international strategy typologies across these four industries. The main value addition from this article is how a study can be carried out to scientifically figure out the main innovative strategies and to gauge the scope of innovation and strategic management in the industry. It also helps find out the relation between strategy and the constraints under which it is developed.