



Global MBA

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Global Environment of Business

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ARCOR - CASE PROPOSITION PAPER

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(1) A statement of the case problem to be solved

Statement from Brújula Group:

1) How can ARCOR diminish its dependence on Argentine marketing while maintaining growth?

Statements from the Case:

2) What should the key priorities for international expansion be?

3) Could ARCOR aim to compete in developed markets by challenging industrial leaders?

(2) A discussion on the group's presentation and their case solution

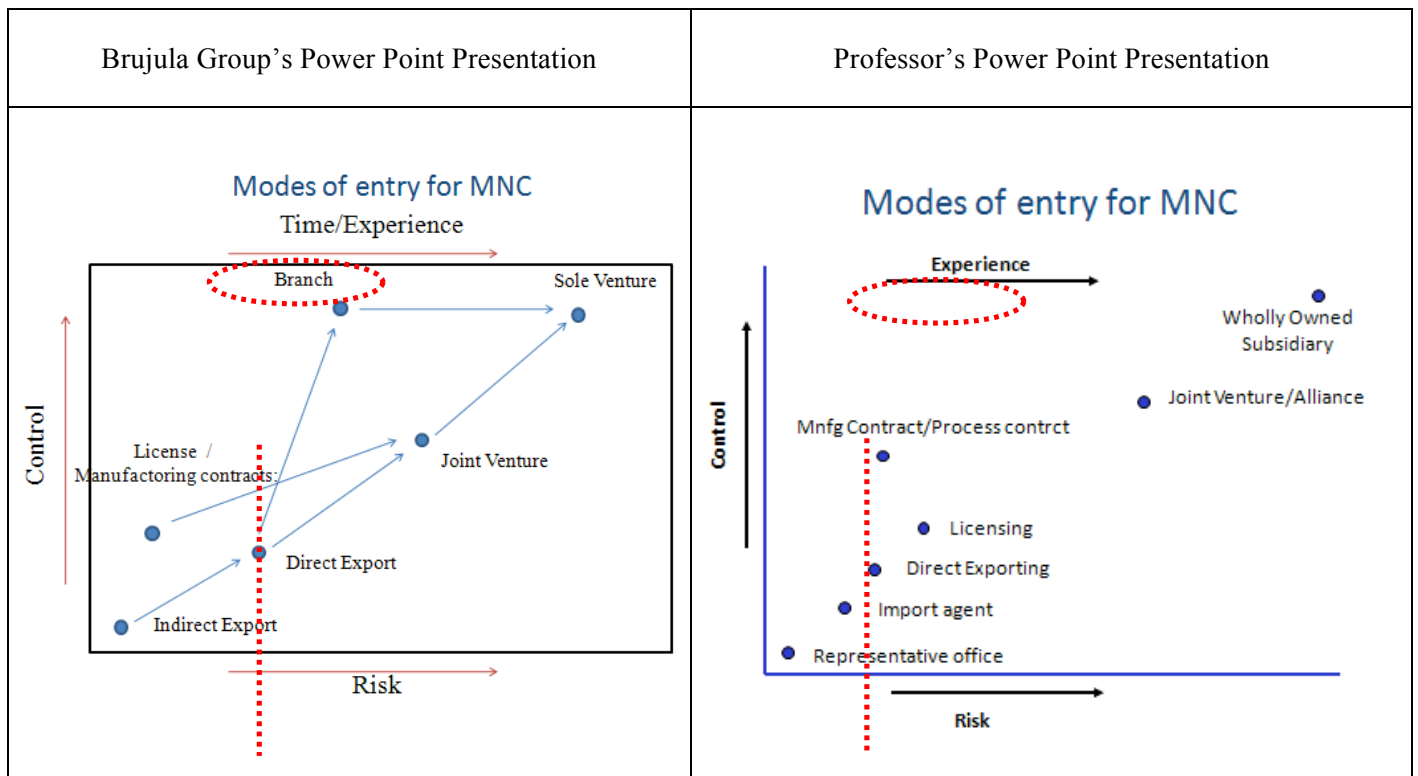
The Brújula Group presented ARCOR's current situation – business model, environment, company weakness, international strategy, and limitations –, how to choose where to go, entry strategy model, and recommendations.

The presentation was clear and focused on a proposal to reduce ARCOR's dependence on Argentine marketing (76% of Net Profit and 66% of Revenues) through increasing sales by entering new markets.

The international marketing concepts and techniques mentioned during the presentation included a lot of data and options from which to choose. The Brújula group could complete the presentation with opinions and recommendations about what the priorities are (e.g., where to start?) in order to reach the goal of a well-implemented action plan.

The Brújula group's "Modes of entry for MNC" model has small differences from the Professor's model in branches, licensing, manufacturing contracts, and import agents. The

Brújula group should justify the source data in order to use a different model because it could have an impact on the decision-making process.



(3) A recommendation to solve the case

Despite the fact that the Brújula group proposed an appropriate case solution, which included recommendations of strategies for entering Latin America, Europe, U.S., and China, they should present answers to the initial statements connected with the case (i.e., What should the key priorities for the international expansion be? Could ARCOR aim to compete in developed markets by challenging industry leaders?). What effect could cultural approaches have on this issue? As a family industry, what would happen in the case of mergers and acquisitions?

In order to be more complete, the presentations could include some key points described in the Case paper, such as the following:

1. The decision-making process: how to solve the high dependence on ARCOR's president, Luis Pagani, and transform it from a family enterprise model, based on one person's decision, into a more flexible, truly international enterprise model.
2. What are the implications of centralized decisions? How they can change the enterprise position and the whole organizational behavior?
3. The international operations structure: what recommendations could be made for restructuring from a South American focus to a truly global focus.
4. They should also underline the implications for joint ventures, especially in operations (particularly logistics). How can they re-orientate their operations, and current culture to focus on a long-term strategy? What advantages could be taken from their strong capacity to manage long-term strategies inside a chaotic environment like the Argentine economy?

As was mentioned in the readings, since adaptation is only part of the solution, other areas, such as sales channels and brand-sensitivity in different markets, among others, need to be improved.

Bibliography

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Cateora – Gilly – Graham, (2009). *Global Marketing Management: Planning and Organization. Products and Services for Consumers*.