IBUS 593/855: Doing Business in Europe  
Professor Bruce Heiman

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Office Hours (Science 350): Mon. 11am-2pm, Tues. 12:50-1:50pm or by Appointment  
Class meets Mon. 7-9:45pm, BUS 217

Main Objectives

The course’s objective is to provide students with the knowledge and skills that enable them to competently analyze the major factors affecting the conduct of contemporary business in Europe and its environs. Specifically, International Business (IBUS) 593 exposes students to the issues in the European business environment that impact country policies as well as sector and firm strategies. Our activities cover many current and past important Europe-related topics, for example, regional free trade agreements, national trade policies, rapidly emerging markets, and European HR and marketing issues. Students also focus on developing in-depth knowledge of a particular country, sector, and firm in a European country. The course combines elements of European market research (on regions, sectors and firms), Europe-related foreign-entry decisions, organizational behavior in Europe, Euro-entrepreneurship, and European business strategy. Important additional objectives include building students’ critical thinking, discussion, presentation, and writing skills while fomenting an understanding of European business, economic, political, and social factors that affect commercial conduct in Europe.

Learning objectives in detail

In addition to refining and expanding existing research and business skills, students add substantially to their knowledge of Europe and important issues pertaining to European countries. The following topics are covered:

- Current Issues in Europe
- Politics and Institutions in Europe
- National Industrial Policy in Europe
- EU Accession--Lessons Learned
- Managing global expansion from a European base: Firm & Managerial Strategies
- Emerging Market Alliances: Linking East to West
- Knowledge Management European Style: Differing Labor Practices and Persistence of Knowledge
- International Marketing in Europe: avoiding problems
- A European Human Resource Strategy—Humanism in the Workplace
Transformation of Central/Eastern Europe into a Vibrant Economic Area
Winning European Customers (consumers)
Regional Economic and Political Integration in Europe
European styles of management/European Business Culture
Exporting to Europe (entrepreneurship-oriented)
Strategic sourcing using Eastern Europe
Business operations in Europe
Marketing in Europe
Accounting/Finance/Business Law in Europe
Issues in European Innovation

In addition to these topics, students are exposed to the dynamics of inter and intra-sector European competition. By becoming increasingly expert in a particular European country/firm, students apply their knowledge in class presentations, papers. Many of the skills required to complete this course are similar or identical in nature to those required of employees and business executives in domestic and foreign firms operating in today’s Europe.

Students not only research businesses and the environment for operating in Europe, they organize their thoughts and present strategies which consider Europe-specific trends, competitive dynamics, and the future potential of particular European firm/country strategies.

**Required Readings:**

1. THE EU ECONOMY: 2004 REVIEW, EU Publications (Reading q)
   - http://userwww.sfsu.edu/~bheiman/EueconRevwCovr.pdf (the cover—optional)

   and

   EU Report on Defining Small and Medium Enterprises (SMEs)
(Reading r)
   - http://userwww.sfsu.edu/~bheiman/EUsme.pdf
   - http://userwww.sfsu.edu/~bheiman/EUsmeCovr.pdf (optional cover)

   (download them yourself—these are big files, especially the first one, so do it at school).

2. Students are also required to read The Financial Times newspaper during the course of the class. A deeply discounted student subscription will be made available as well as detailed instructions on how to read (and search) the FT online for free, using the SFSU Library’s databases.

3. **Reader** with current articles regarding European Business issues.
There is no textbook for this course.

In addition to reading the FT, students are also expected to review leading business publications such as the Wall Street Journal, Business Week, The New York Times and the Economist for current, application-oriented treatments of Euro-business-related topics. This is an important part of the class, as students are expected to develop their own cases and examples for presentation and discussion of readings in class (see below). Additionally, students need to be very up-to-date regarding the present status of any firm, industry or country for which they are responsible in-class or in written submissions. Your performance will be improved with the regular reading (daily) of just ONE additional source as noted above—multiple sources are highly encouraged.

It is also required to scan the instructor’s web page twice per week minimum for announcements. Information critical to the class will regularly be posted there—Students are responsible for reading and acting on these announcements—which may not be repeated in class.

**Evaluation Breakdown: Determinants of the Final Grade**

All activities/assignments are graded on a scale of 1-10. The final grade is weighted as follows:

<table>
<thead>
<tr>
<th>Activity/Assignment:</th>
<th>% weight in final grade</th>
<th>% from Peer Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Attendance—indiv.</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>b. Participation—indiv.</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>c. Readings presentations—Group-based -- 2</td>
<td>24% = 2 x 12% each</td>
<td>40%</td>
</tr>
<tr>
<td>d. Final Project Presentation-Group-based</td>
<td>12%</td>
<td>40%</td>
</tr>
<tr>
<td>e. Final Project Paper—Group-based</td>
<td>12%</td>
<td>40%</td>
</tr>
<tr>
<td>f. Critical Notes</td>
<td>30% = 2 x 15% each</td>
<td></td>
</tr>
<tr>
<td>g. Quizzes -- 2</td>
<td>14% = 2 x 7% each</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

*Note: 24% (40% of the 60%) of the final grade that is based on group work (items c, d, and e, above) is determined by your fellow group members. This counts for 19.2% (.4 x .48) of the final grade of each student. The instructor determines the remaining 60% of the group work grades (28.8% of the final grade). Also, excessive absences (more than 1) will lead to a reduction in the course grade. Graduate students in the class (IBUS 855) will additionally be evaluated on additional tasks appropriate for graduate students.

Generally, NO late submissions of any work are permitted.

**Grading Breakdown:**

**a. 4%: Attendance of individuals.** Attendance is taken at the end of each class by each student turning in an index card with name, signature, and an original, unanswered question from the class presentation written on it. Cards are passed out ONLY at the start of class (first 5 minutes) to encourage on-time attendance, and cards are collected ONLY at the end of class—students must turn in their own card each class. The grade is pro-rated from a 10 based on the fraction of all classes attended.
b. 4% **Individual Participation.** Individual participation during others' discussion leadership (when you are in the audience). Ask questions, challenge the presenters if you disagree, offer critical reflections. In every class, oral participation is monitored by the instructor and a sign-up list at the end of class.

c. **24%: In-class reading presentations. Group-based** (2 @15% each). Your group will present one Part 1 and one Part 2 presentation during the semester. These will be discussed extensively in class. Here are the basics:

**Part 1 is comprised of three tasks:**
- reading summary (4-6 minutes)
- critique of the reading (something(s) your group disagrees with and why—justify your thoughts)
- Case that illustrates one aspect of the reading (may be an example or a counter-example). The case is a story from the real world, not a hypothetical firm or country. Students may use a case from the book, but will get a higher grade for using outside material.

**Part 2 has 2 tasks:**
- Case (not from the book) illustrating one important aspect of the reading
- An exercise or activity that creates an ‘experience” for students based on one of the ideas in the reading.

All topics above must be covered in each part 1 or Part 2 presentation. For Part 1 and Part 2, it is allowed to provide cases that contradict the reading convincingly, instead of supporting the reading.

Regarding when it is your group’s turn to lead the class discussion, you will be graded on the quality of your work (content, presentation), but you will also be graded on how well you stimulate relevant, insightful discussion among other students. This is an important part of the experience in the class—can you lead the other students to participate heavily and remain interested, engaged, and on-topic? See also * under the table above for how peer-evaluations of group-based assignments affect this element of evaluation.

d., and e., **24%: Final Project (Group-based).** Presentation (12%) and Paper (12%). The Final Project consists of a detailed case (a real story, that your group researches in an original manner) that identifies a European business opportunity or problem and reports on the potential for exploiting this opportunity by looking at and analyzing the business environment and recommending (based on the readings) strategies for solving/exploiting the problem/opportunity. You must use and cite (in-text and in references at the end) TWO readings from the reader in your analysis. Outside readings may be used with the permission of the instructor.
Your analysis should be detailed and illustrate how a specific opportunity, problem or issue is addressed by analyzing the European business environment and making the appropriate recommendations. Your group may choose, for example, to research the potential for Brazilian firms to export shrimp to the UK., or to examine the potential for Krispy Kreme in Poland, or to analyze India’s attractiveness to European electric-power contractors.

THE BEST WAY TO GET A HIGH GRADE ON YOUR PROJECT IS TO GET STARTED WITH YOUR PROJECT NOW (EARLY IN THE SEMESTER)!

Thought on the Project: I have noticed that many of the best projects shy away from “major” firms everyone has heard of—better (sometimes) to research a small/medium-sized firm and analyze their strategy. Data is often easier to get and you can talk to founders and other top executives. Boutique industries (e.g., Tech. startups, energy drinks, haut couture, antiques, framing shops, restaurants, small hotels, etc.) are often more interesting to your fellow students. That said, the choice of firm remains up to your group. Remember, access to data is an issue, which sometimes is more challenging for smaller firms (but not always).

Written paper (12%): Due last class meeting, start of class. Length: maximum 12 pages double-spaced text (~3500 words). Avoid penalties: Do NOT exceed the length requirements (either number of pages OR number of words). See also * above for how peer-evaluations of group-based assignments affect this element of evaluation.

Presentation (12%): Presentations will take place on the last day of class, and are to be no longer than 10 minutes, plus 5 minutes for student and instructor questions and critical reflections.

f. 30%: Critical notes (Individual) (2 x 15%) pertaining to specific readings in the textbook (and occasional other materials as mentioned in class). Critical notes examine how well the student thinks critically about the material before it has been discussed in class. Due: at start of any class, but it is not allowed to turn in a critical note AFTER a given reading has been discussed in class. No exceptions. This suggests a payoff to reading ahead and attacking the critical notes aggressively. Length--1 page MAX. double-spaced, Times Roman font, 12 point font minimum, 1 inch margins all around the page. Yes, that is a very short length-penalties (typically – 1pt.) apply for breaking ANY of these rules). This part of the class is an exercise in writing concisely to enable managers to quickly read and understand your thoughts. Do not submit a second page—it will not be read. Only the first page will be graded. No title pages, please. Individual efforts only for these submissions (do not work together). If you do not turn in the required 2 critical notes, any unsubmitted notes will be graded 0. You may turn in up to 4 critical notes, and only the two highest will be graded. See the website for advice in the form of many hints and tricks regarding how to write a good critical note.
AT LEAST ONE CRITICAL NOTE IS REQUIRED TO BE SUBMITTED AT THE START OF EITHER CLASS MEETING 2 or 3—YOU MAY BE DROPPED FROM THE CLASS FOR FAILING TO MEET THIS REQUIREMENT. This is so I can get some idea as to the level of the class’ writing and critical thinking skills. After that, it is up to individual students to decide for which readings they wish to write critical notes, and to manage their workloads.

As noted above, if you are unhappy with your grades for your critical notes (after you have turned in two notes), you may optionally submit up to two extra critical notes, and the two lowest grades will be thrown out and your grade will only reflect your 2 highest-graded critical notes. All critical notes turned in under this condition must also meet the other requirements for critical notes stated above (notably, timing). That is, it is very possible to run out of time for submitting four critical notes, since the student is allowed to select the readings for which he/she submits notes—manage your time accordingly.

g. 14%: 3 quizzes on the readings, in class (Individual)—“Pop” quizzes—Dates not announced! Be prepared!
NOTE: These quizzes are more “objective” answer than the other evaluation elements, in order to make certain that you are doing the reading. Quizzes may be T/F, multi-choice, and/or short essay/short answer format. AGAIN: NO WARNING IS GIVEN AHEAD OF QUIZZES. ONLY YOUR TWO HIGHEST QUIZZES WILL COUNT at 7% of your final grade each). This element of the class is designed to create an incentive for doing the readings in a timely manner. IMPORTANT: Quizzes may cover ANY reading up to and including the reading for class the day of the quiz—you are responsible for ALL readings assigned up to and including the readings for the day of the quiz.
h. The readings.
The required reading (reader + 2 PDF files noted above) breaks down as follows into 19 parts:

Main Headings in the Reader (each heading contains 1 or more articles):
  a. Globalizing and Regional Unions
  b. The European Union: Friend or Foe?
  c. Banking and Finance in Europe
  d. Enlarging the EU
  e. Doing Business the European Way
  f. The Competitive Advantage of Europe
  g. Euro and Single Monetary union
  h. Trans-Atlantic Rift: What happened with the West?

Country Focus:
  i. Poland
  j. Portugal
  k. Russia
  l. Spain
  m. Ukraine
  n. Entrepreneurship in European Business
  o. European Innovation
  p. European Mergers and Acquisitions
  q. The EU Economy: 2004 Review (concentrate on summary at start—drill down selectively) PDF File—see links above.
  r. EU Report on SMEs (small and medium-sized enterprises) PDF file—see links above.
  s. The Guide to the EU for Americans (get from WWW, see reader for URL—free)

For the group in-class presentations of readings, each group presents one Part 1 and one Part 2 (different readings, but may be the same class session, though this is not recommended).

Each group will be assigned (in the first class) their topics for presentation. For example, Group 5 might be assigned Topics J (Part 1) and C (Part 2) for their presentations. Groups that present more than twice will receive extra credit.
If, for an in-class group-based presentation of one of the readings, your group decides that the reading is outdated (it is possible) then tell us why it is outdated, and update us on the current situation and the relevance of the reading to the present situation. Be critical.

### Schedule

<table>
<thead>
<tr>
<th>Meeting number</th>
<th>Date</th>
<th>Reading</th>
<th>Activities</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 Jan.</td>
<td>None</td>
<td>Introduction to the class, PBL lecture, Group formation, questions</td>
<td>Instructor-led. Attendance at the first class is essential. You may be dropped by Instr. for missing this class.</td>
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<tr>
<td></td>
<td>6 Feb.</td>
<td>Readings q, r (get the reading from the URLs above)</td>
<td>4 groups present as follows: Reading q: Part 1, Part 2 reading q: Part 1, Part 2</td>
<td>Extra credit: +1 for grade if you present this day! Reading q is long—concentrate on the summary and then briefly outline other important points according to your group! Download both from internet—these are free!</td>
</tr>
<tr>
<td></td>
<td>13 Feb.</td>
<td>Readings a, b</td>
<td>4 groups present Reading A, Part 1, 2; Reading B, Part 1, 2</td>
<td>Hit the most important points per your group and consultation w/instructor—long document</td>
</tr>
<tr>
<td></td>
<td>20 Feb.</td>
<td>Reading s</td>
<td>2 groups present Reading S, Part 1, 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>27 Feb.</td>
<td>Readings c, d</td>
<td>4 groups present Reading C, Part 1, 2 Reading D, Part 1, 2</td>
<td>Short cases in Part 2</td>
</tr>
<tr>
<td></td>
<td>6 Mar.</td>
<td>Readings e, f</td>
<td>4 groups present Reading E, Part 1, 2 Reading F, Part 1, 2</td>
<td>Short cases in Part 2</td>
</tr>
<tr>
<td></td>
<td>13 Mar.</td>
<td>Readings g, h</td>
<td>4 groups present Reading G, Part 1, 2 Reading H, Part 1, 2</td>
<td>Short cases in Part 2</td>
</tr>
<tr>
<td></td>
<td>20 Mar.</td>
<td>Readings n, o</td>
<td>4 groups present: Readings n, o, Part 1, 2</td>
<td></td>
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</tbody>
</table>

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### Schedule (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Reading</th>
<th>Activities</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 Mar. (9)</td>
<td>Reading m</td>
<td>2 groups present: Reading m, Part 1, 2. Final Project Progress report-all groups. Updates—2 min., 1 person, 1 transparency (both parts).</td>
<td>No case in Part 2 (only).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spring break 3-7 Apr.</td>
<td></td>
</tr>
<tr>
<td>10 Apr. (10)</td>
<td>Readings k, l</td>
<td>4 groups present Reading K, Part 1, 2 Reading L, Part 1, 2</td>
<td>Short cases in Part 2s. Final Project Progress Report -all groups. Updates—2 min., 1 person, 1 transparency—show concrete progress versus first prog. rept.</td>
</tr>
<tr>
<td>17 Apr. (11)</td>
<td>Readings i, j</td>
<td>4 groups present Reading I, Part 1, 2 Reading J, Part 1, 2</td>
<td></td>
</tr>
<tr>
<td>24 Apr. (12)</td>
<td>Reading p</td>
<td>2 groups present reading P, part 1, 2</td>
<td></td>
</tr>
<tr>
<td>1 May (13)</td>
<td>Project workshop</td>
<td>instructor-facilitated</td>
<td>Come prepared to work in your groups in class and to report on the progress informally to the instructor.</td>
</tr>
<tr>
<td>8 May (14)</td>
<td>Final presentations 1</td>
<td>All final project papers due at start of class.</td>
<td></td>
</tr>
<tr>
<td>15 May (15)</td>
<td>Final presentations 2 (if needed)</td>
<td></td>
<td></td>
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</tbody>
</table>
These outlines may help you with your final project. They are OPTIONAL (pick and choose what works for you and leave the rest).

**Country Analysis: Example Structure (optional—this means you may use what works best for your project and ignore the rest—you must exercise your good judgment here).**

**General Background of Country**
- Brief description of the Country: location, politics, people
- Main demographic (population) characteristics
- Main Social Practices (customs, attitudes)
- Main government activities to stimulate domestic & international business
- Main regulations impacting general business activities. (Business in General)

**Domestic Environment & Sector Competitiveness**
- Brief description of the sector chosen
- Any recent major government policy impacting the sector’s outlook
- General regulation and/or deregulation activities
- Major national/local developments or projects impacting sector growth
- Competitiveness of the sector (between domestic( & int’l firms)
- Importance of the sector to the economy (employment etc.)

**Composition of the Sector (More Internal)**
- General size of the sector (number of firms)
- Age & patterns of ownership; Main alliances, M&A activities.
- Main leaders, followers, & challengers
- Main management style & HRM factors of firms in the sector

**Your firm and how it relates to the situation in the chosen country**
- Describe your firm, and the implications your analysis has for it. Make some tentative suggestions.

The above analysis also focuses on the sector somewhat, but in a rather shallow manner. The next structure (bits of which could be used in your paper) offers more depth for a sector analysis:
Sector Analysis: Example Structure (optional—this again means you may use what works best for your project and ignore the rest—you must exercise good judgment here).

International Exposure of the Sector
A brief description of the sector chosen (1 page version).
Non-domestic markets served
Importance of trade (exports/imports)
Foreign Direct Investment (FDI) activity-Outward: Any impact
Foreign Direct Investments- Inward (Foreigners): Any impact

Strategic Analysis of the Sector
SWOT analysis of the sector: strengths, weakness, opportunities, & threats.
Five Competitive Force Analysis (Michael Porter)…see below.

[1. The threat of new entrants 2. The bargaining power of suppliers, 3. The bargaining power of customers, 4. The threat of substitute products and services, and 5. The intensity of rivalry between competitors.]
Which forces rate “high” and require strategic responses?
A brief discussion of the strategies of the most innovative firm(s) in the sector

Conclusion: Overall outlook for the sector and recommendations
Main factors affecting change in the sector (future directions)
Potential domestic & international performance
Recommendation for your firm given the directions indicated by the analysis.

Grading of Projects:
A variety of references, tables & graphs, properly presented (in both presentations and written submissions) will improve the chances for a good grade. Factors affecting Paper Grade (in no particular order):
1. Citations
2. Bibliography
3. Structure
4. Content,
5. Presentation
6. Analysis

Also: I look for three things when grading for content. These are the main grading criteria:
1. Do your suggestions for action (recommendations) connect clearly (i.e., flow) from the two textbook readings you are using in your paper?

2. Do you have a coherent (short is fine) transition between the perspectives in the readings? Why does one reading fail to do the whole job? You need a reason to bring in the second reading—this is the transition.

3. Is there some part of the paper (frequently at the end) that discusses issues around implementing your recommendations? Do you show an awareness of the fact that executing your suggestions in the real world is different than just writing down your suggestions? How would your group suggest dealing with this issue (be specific to your firm’s story).
This is a particularly useful (and somewhat pervasive) model for analyzing industries.

**Michael Porter's Five Forces Model**

Two works that influenced the development of Business Strategy Theory were published in *Competitive Strategy* (1980) and *Competitive Advantage* (1985) by Michael Porter.

In them, Michael Porter described a concept that has become known as the "five forces model". This concept involves a relationship between competitors within an industry, potential competitors, suppliers, buyers and alternative solutions to the problem being addressed.

**In Discuss at least one factor from each category (if it is applicable).**

<table>
<thead>
<tr>
<th>Entry Barriers</th>
<th>Supplier Power</th>
<th>Substitution Threat</th>
<th>Buyer Power</th>
<th>Rivalry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economies of scale, product differences, brand identity, switching costs, capital requirements, access to distribution, cost advantages, government policy, expected retaliation</td>
<td>Differentiation of inputs, switching costs, substitute inputs, supplier concentration, importance of volume, impact of inputs on cost or differentiation, level of supplier integration by main firms.</td>
<td>Relative price performance of substitutes, Switching costs, buyer’s tendency to substitute</td>
<td>Buyer concentration, buyer volume, buyer switching costs, buyer information, ability to backward integrate, substitute products, price sensitivity, product differences, brand identity, impact of quality, buyer profits</td>
<td>Industry growth, trend of overcapacity, product differences, brand identity, switching costs, concentration, diversity of competitors, exit barriers</td>
</tr>
</tbody>
</table>
Policy on re-grading material.
Any material may be submitted for re-grade (except presentations). The conditions of the re-grade are as follows:

0. Before you submit something for re-grading, you should be aware, that once you submit it for a re-grade, the original grade may go UP OR DOWN. Your original grade is not “safe.”

1. Submit original work with instructor comments on it (if any). Also submit attached to the original work, a 1-page, typed, explanation of why the grade should be changed. No emails, faxes, orals, etc.

2. Instructor will review materials submitted in this format. No material will be reviewed unless it conforms to this format for review.

3. Instructor will notify you of the results of the re-grade.

4. There are no re-grades in in-class presentations.

The relevant SFSU and College of Business Policies regarding adding and dropping courses are hereby incorporated into this document by reference. Become familiar with these policies to avoid getting a “W” or even an “F” grade. Pay attention to the deadlines for adding and dropping and act accordingly.