Part I  Introduction to Global Operations Strategy

1 Basic Concepts of Global Operations Strategy ................. 3
  1.1 Strategy, Operations Strategy, Global Operations Strategy .... 3
      1.1.1 From Strategy to Manufacturing Strategy ............... 3
      1.1.2 From Manufacturing Strategy to Service Operations
          Strategy .................................................. 5
      1.1.3 From Operations Strategy to Global Operations
          Strategy .................................................. 11
  1.2 International Operations Management and Global Operations
      Strategy ..................................................... 17
      1.2.1 Introduction to International Operations Management ... 17
      1.2.2 The Difference Between IOM and Global Operations
          Strategy .................................................. 19
  1.3 Basic Principles in Global Operations Strategy ............... 20
      1.3.1 Global Integration Principle ........................... 20
      1.3.2 Global Coordination Principle .......................... 21
      1.3.3 Global Trade-off Principle ............................. 22
      1.3.4 Global Focus Principle ............................... 23
  1.4 Basic Decisions in Global Operations Strategy ............... 26
      1.4.1 Structure Decisions ................................... 26
      1.4.2 Infrastructure Decisions ............................... 28
  1.5 Content Framework and Book Structure ....................... 31
      1.5.1 Content Framework of Global Operations Strategy ... 31
References .......................................................... 40

2 Globalization of Operations ................................. 43
  2.1 Globalization of a Firm .................................... 43
      2.1.1 Globalization Approaches .............................. 43
      2.1.2 Globalization Stages .................................. 44
      2.1.3 Globalization Components ............................. 45
      2.1.4 Globalization Directions .............................. 45
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2</td>
<td>Globalization of Operational Competencies, Resources, and Processes</td>
<td>48</td>
</tr>
<tr>
<td>2.2.1</td>
<td>Globalization of Operational Competencies</td>
<td>48</td>
</tr>
<tr>
<td>2.2.2</td>
<td>Globalization of Operational Resources</td>
<td>49</td>
</tr>
<tr>
<td>2.2.3</td>
<td>Globalization of Operational Process</td>
<td>50</td>
</tr>
<tr>
<td>2.3</td>
<td>Globalization of Manufacturing Operations</td>
<td>53</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Globalized Manufacturing and Key Operational Elements</td>
<td>53</td>
</tr>
<tr>
<td>2.3.2</td>
<td>Basic Manufacturing Globalization Modes</td>
<td>55</td>
</tr>
<tr>
<td>2.4</td>
<td>Globalization of Service Operations</td>
<td>58</td>
</tr>
<tr>
<td>2.4.1</td>
<td>Global Services and Key Operational Elements</td>
<td>58</td>
</tr>
<tr>
<td>2.4.2</td>
<td>Basic Service Globalization Modes</td>
<td>60</td>
</tr>
<tr>
<td>References</td>
<td></td>
<td>67</td>
</tr>
</tbody>
</table>

| 3       | Rationale Behind Operational Globalization | 69 |
| 3.1     | Basic Theories | 69 |
| 3.2     | Basic Frameworks | 74 |
| 3.2.1   | Dunning’s OLI Framework | 74 |
| 3.2.2   | Porter’s Five Forces Framework | 75 |
| 3.2.3   | Kogut’s Comparative and Competitive Advantage Framework | 76 |
| 3.2.4   | Porter’s Configuration-Coordination Framework | 76 |
| 3.2.5   | Ghoshal’s Means-Ends Framework | 78 |
| 3.2.6   | Prahalad and Doz’s Integration-Responsiveness Framework | 78 |
| 3.2.7   | Bartlett and Ghoshal’s Globalization-Localization Framework | 79 |
| 3.2.8   | Porter’s Diamond Framework of Nation Advantage | 80 |
| 3.3     | Drivers | 83 |
| 3.3.1   | Drivers for Global Manufacturing | 83 |
| 3.3.2   | Drivers for Global Service | 85 |
| 3.3.3   | Drivers for Sustainable Global Operations | 86 |
| 3.4     | Benefits | 88 |
| 3.4.1   | Growth | 88 |
| 3.4.2   | Cost Reduction | 89 |
| 3.4.3   | Knowledge Generation and Acquisition | 89 |
| 3.4.4   | Competitive Leverage | 89 |
| 3.4.5   | Customer Satisfaction | 89 |
| 3.4.6   | Social and Environmental Value Creation | 90 |
| 3.5     | Risks | 92 |
| 3.5.1   | Natural Risks | 92 |
| 3.5.2   | Economic Risks | 92 |
| 3.5.3   | Political Risks | 93 |
| 3.5.4   | Social, Ethical, and Environmental Risks | 93 |
| References | | 96 |
Part II  Fundamentals of Global Operations Strategy

4  Competency-Based Fundamentals ............................. 101
   4.1 Introduction to Operational Competencies ................. 101
   4.2 Cost Competency ..................................... 105
      4.2.1 Concept of Cost Competency ....................... 105
      4.2.2 Approaches to the Achievement of Cost Competence 106
   4.3 Flexibility Competency .................................. 108
      4.3.1 Concepts of Flexibility and Flexibility Competency 108
      4.3.2 Framework of Flexibility Competency .............. 110
      4.3.3 Delivering Flexibility ............................ 112
   4.4 Quality Competency .................................... 115
      4.4.1 Concepts of Quality and Quality Competency ....... 115
      4.4.2 Evolution of Quality Management ................. 117
      4.4.3 Quality Competence in a Global Environment ....... 118
      4.4.4 Quality-Based Global Operations Strategy ......... 119
   4.5 Time Competency ........................................ 124
      4.5.1 Concept of Time Competency ....................... 124
   4.6 Value-Based Competency ................................ 128
      4.6.1 Concept of Value-Based Competency ............... 128
      4.6.2 Approaches to Achieve Value-Based Competency .... 129
   4.7 Other Competencies ..................................... 131
      4.7.1 Revenue ........................................... 131
      4.7.2 Scalability ........................................ 132
      4.7.3 Ubiquity ......................................... 132
References .................................................. 138

5  Resource-Based Fundamentals ................................. 141
   5.1 Introduction to Resource-Based Global Operations Strategy 141
      5.1.1 Introduction to Resources of a Firm ............... 141
      5.1.2 Resource and Competitive Advantage ................ 142
      5.1.3 RBV of Strategic Management ...................... 144
      5.1.4 Resource-Based Global Operations Strategy ........ 145
   5.2 Global Resource Size Management ........................ 147
      5.2.1 Introduction to Resource Size Problems ............ 147
      5.2.2 Capacity Size Problem in a Global Environment .... 148
   5.3 Global Resource Type Management ........................ 151
      5.3.1 Introduction to Resource Type Problems ............ 151
      5.3.2 Resource Flexibility in Production Input ............ 152
      5.3.3 Resource Flexibility in Production Capacity: Single Facility ....... 152
      5.3.4 Resource Flexibility in Production Capacity: Networks .................. 153
      5.3.5 Product Flexibility ................................ 154
5.4 Global Location Strategy ............................................. 156
  5.4.1 Introduction to Global Location Strategy .......................... 156
  5.4.2 OLI Framework and Dunning’s Location Theory ................. 157
  5.4.3 Location Strategy in Global Manufacturing ........................ 157
  5.4.4 Location Strategy in Global Service Operations .................. 160
  5.4.5 Location Strategy in Global R&D .................................. 161
  5.4.6 Location Strategy in Sustainable Global Operations ............ 162
5.5 Global Dynamic Capacity Management .............................. 164
  5.5.1 Introduction to Global Dynamic Capacity Management .......... 164
  5.5.2 Dynamic Capacity and Capability Lifecycles ..................... 165
  5.5.3 Dynamic Capacity Models ........................................ 166
References ........................................................................... 170

6 Process-Based Fundamentals ............................................ 173
  6.1 Introduction to Process-Based Global Operations Strategy ......... 173
    6.1.1 Introduction to Global Business Processes ..................... 173
    6.1.2 Business Process Design ........................................ 174
    6.1.3 Business Process Reengineering ................................. 176
    6.1.4 Business Process Management ................................... 176
    6.1.5 Global Business Processes and Competencies ................. 177
  6.2 Global Supply Chain Strategy ....................................... 179
    6.2.1 Introduction to Global Supply Chain Strategy .................. 179
    6.2.2 Global Sourcing Strategies ..................................... 181
    6.2.3 Global Internal Supply Chain Strategy ........................ 182
    6.2.4 Global Distribution Strategies .................................. 184
    6.2.5 Global Supply Chain Coordination .............................. 185
    6.2.6 Global Supply Chain Strategic Alliances ....................... 186
    6.2.7 Global Sustainable Supply Chain Strategy ..................... 187
  6.3 Global Revenue Management Strategy ............................... 190
    6.3.1 Introduction to Global Revenue Management Strategy .......... 190
    6.3.2 Strategies for Global Revenue Management .................... 194
  6.4 Global Technology Strategy .......................................... 199
    6.4.1 Introduction to Global Technology Strategy .................... 199
    6.4.2 Global Product Development (GPD) Strategies ................. 201
    6.4.3 R&D Internationalization Modes ................................ 203
    6.4.4 Global R&D Coordination and Communication .................. 203
    6.4.5 Global R&D Sourcing Strategies ................................ 205
    6.4.6 Technology Strategies for Global Sustainable Operations ...... 206
  6.5 Global Operational Risk Management Strategy ...................... 208
    6.5.1 Introduction to Global Operational Risks ....................... 208
    6.5.2 Basic Operational Strategies to Address Global Risks .......... 209
### Contents

6.5.3 Basic Approaches for Global Operational Risk Management ........................................... 209
6.5.4 Kleindorfer’s Operational Risk Management Framework ..................................................... 211

References ................................................................................................................................. 215

### Part III Practice of Global Operations Strategy

#### 7 Cross-Border Global Operational Practice ................................................................. 221

7.1 Global Operations Strategy Across Political Separation ................................................. 221

7.1.1 Introduction to Political Separation ................................................................................. 221

7.1.2 Political Separation in Global Supply Chain ................................................................. 222

7.1.3 Strategies for Political Separation ................................................................................... 223

7.2 Global Operations Strategy Across Cultural Separation ............................................... 226

7.2.1 Introduction to Cultural Separation ............................................................................... 226

7.2.2 Influence of National Cultural Separation .................................................................... 227

7.2.3 Strategies for Cultural Separations ............................................................................... 228

7.3 Global Operations Strategy Across Physical Separation ............................................... 231

7.3.1 Introduction to Physical Separation ............................................................................... 231

7.3.2 Influence of Physical Separation on Global Operations ................................................ 232

7.4 Global Operations Strategy Across Developmental Separation .................................... 235

7.5 Global Operations Strategy Across Relational Separation ............................................ 238

7.5.1 Introduction to Relational Separation .......................................................................... 238

7.5.2 Relational Separation and Global Operations .............................................................. 238

References ................................................................................................................................. 242

#### 8 Cross-Function Global Operational Practice ............................................................... 243

8.1 Introduction to Cross-Functional Integration .................................................................... 243

8.1.1 Cross-Functional Integration Mechanisms ................................................................... 243

8.1.2 Cross-Functional Practice and Performance Management ............................................ 244

8.1.3 Strategic Linkage Models and Balanced Scorecard ....................................................... 245

8.1.4 Challenges to Cross-Functional Integration ................................................................. 247

8.2 Global Operations Strategy and Marketing ...................................................................... 250

8.2.1 Global Marketing Strategy and Its Links to Operations ............................................... 250

8.2.2 Integration Practice Across GOS and Marketing ............................................................ 251

8.3 Global Operations Strategy and Finance .......................................................................... 255

8.3.1 A Framework to Integrate Global Operations Strategy and Finance .............................. 255

8.3.2 Cross-Functional Practice Between GOS and Finance .................................................. 256

8.4 Global Operations Strategy and Taxation ....................................................................... 260

8.4.1 Global Taxation Strategy and Its Links to Operations .................................................... 260
Global Operations Strategy
Fundamentals and Practice
Gong, Y.
2013, XVI, 320 p., Hardcover
ISBN: 978-3-642-36707-6