VALUE CHAIN ANALYSIS: THE STRATEGIC FOCUS OF ASIAN INTERNATIONAL MARKETING
A "Hands-On" International Business Education Program

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ABSTRACT

This paper describes a unique, "hands-on" international marketing program which uses an international consultancy model to train market researchers in the university classroom to conduct world-class market research while gaining international consulting experience and a global outlook. The "value chain" based business education model that underlies the AIM program is also described and its advantages highlighted.

INTRODUCTION

The restructuring of the U.S. economy in the late eighties and early nineties has caused fundamental questions to be raised about the relevance and content of management education at both the undergraduate and graduate levels. Declining or stagnant enrollments in the nation's undergraduate and graduate management education programs (AACSB, 1996) and the dissatisfaction expressed by corporate executives about the preparedness of today's business school graduates have prompted many business schools to re-examine the very basis of their business education programs (Business Week, July 19, 1993). Many of the nation's leading companies complain that university-based business education programs lack relevance for the corporate reality of today's fast-changing business environment and seldom lead directly to results on the job.

In response, certain business schools have created custom-made executive education programs in collaboration with a growing number of companies and have internationalized their course offerings.
Long before the current trend toward hands-on business courses and international courses became evident, in order to meet these challenges and criticisms, the School of Business and Economics (SBE) at California State University, Hayward (CSUH) developed a comprehensive strategy for hands-on global experiential business education. This paper discusses a component of the SBE's international experiential learning programs by providing an overview of objectives, content and method of operation of a course called Asian International Marketing (AIM).

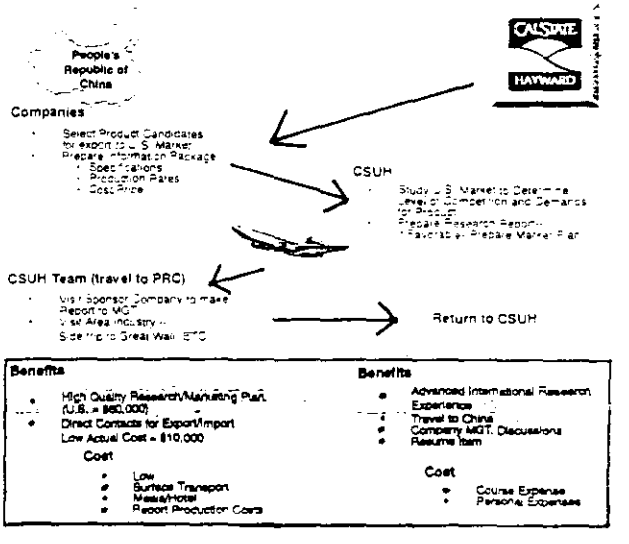
OVERVIEW OF THE AIM PROGRAM

The Asian International Marketing (AIM) Program is a unique international business education program that provides "hands-on" learning for participants by having them complete detailed market research studies and marketing plans for firms in other countries for market entry of their products into the U.S. market. The AIM program is offered as an intensive senior-level/M.B.A. course over a regular quarter. Consultant teams of three to four participants complete two major market research studies each during the regular ten-week quarter for client companies in two different countries.

A schematic showing the method of operation of the AIM program is shown in Figure 1. As a first step, the course directors (Kamath and MacNab) fly to the prospective host countries to identify companies and

FIGURE 1

The AIM Schematic



select product candidates for export to the U.S. market. This is typically achieved through local contacts and connections in the host country and by

working with regional/ national chambers/federations of commerce and industry and associated exporting and manufacturers associations. A half-day to two-day seminar is organized in each host country to explain the objectives, scope and method of operation of the AIM program to pre-identified target companies. Interested companies are asked to prepare an information package containing detailed company information, product specifications and production rates and cost/price data. Detailed research objectives and information needs are identified in association with the prospective client companies. Wherever possible, factory visits are made to assess the suitability of the product for export to the United States and obtain first-hand information.

Student research teams consisting of seniors and MBAs at Hayward then intensively research the U.S. market to determine the level of competition and the demands for the products assigned to them. Each team researches one company each from the two countries included that year in the AIM program. Every advanced marketing research technique is utilized including secondary research using the Internet and databases (commonly used databases include Lexis/Nexus, Infotrac, the National Trade Data Bank, etc.), and primary research is conducted using detailed questionnaires, personal interviews, videotaped focus groups and expert opinion surveys. Information on competitive products and companies, distribution channels, government regulations, import restrictions and duties, promotion and advertising methods, pricing, total market potential and market structures is obtained in order to make the research as comprehensive as possible. The overseas client is provided with names and contact information on interested customers and distribution channel participants and very often personally introduced to the interested parties. A two or three volume market research report is then prepared and if market entry potentials are found to be favorable, a detailed marketing plan is prepared.

The CSUH teams then travel to the host countries of the client companies to present their reports to the top management of these companies. The reports are formally presented in a half day session in the client companies' board-rooms or conference rooms. The research teams conducting research for other company clients are also present to observe and learn from the presenting research team's report. The research teams also visit the factories of the participating companies in addition to visiting other industrial establishments and sites. Visits to important historical and cultural sites are also arranged.

The AIM program has been implemented four times since it first originated as the Pacific Rim Marketing Program (see MacNab and Kamath, 1990). The first time, it was conceived and implemented by MacNab in China in 1989. The course remains the single most sought after course in the business school. The program was also selected in Fall, 1995 as the National Award Winner for Excellence in Private Enterprise Education by the Freedoms Foundation in Valley Forge, Pennsylvania.

THE CONCEPTUAL FRAMEWORK OF THE AIM PROGRAM: ITS STRATEGIC VALUE CHAIN FOCUS

The concept of the value chain provides a useful basis for understanding the value of the AIM program (see Porter, 1985 for the value chain model). The value chain consists of all those activities performed in an industry or area of human endeavor that contribute to enhancing buyer or user value.

The main focus of the business education model adopted in the AIM program is on developing a differentiation strategy aimed at attracting high quality students looking to differentiate themselves from the average business school graduate. The value chain for the target student population critically depends on how the student can augment and leverage the knowledge capital acquired during the course of studying for the business degree while simultaneously learning real-world skills in the context of an actual contractual relationship with an international client. By completing the AIM program, the student is able to signal the employer that she/he is business ready and has been a consultant to two (or more) international companies overseas by including the AIM experience as a resume item. This also enhances the employer's perception of the value to be received by hiring a CSUH business graduate with AIM experience.

The differentiation focus of the AIM program for business education can be analyzed in terms of the addition to the value chain of the student participants and their ultimate corporate employers. Figure 2 shows the matrix of joint outcomes for both the student participant and the prospective employer. The gains to the student is mainly in terms of an enhancement of her/his human capital attributes and her/his signaling capabilities to prospective

employers.

FIGURE 2

Matrix of Joint Outcomes for AIM Student Participant and Prospective Employer

Student Participant

Prospective Employer	*Human Capital Attributes*	*Signaling Attributes*
Value Criteria	• Hands-on knowledge • Real-world experience • International experience • Cross-cultural training	• Resumé item • Completed consultancy reports • Completed international travel
Use Criteria	• Lower employer cost • Raised employer performance • Business ready graduates	• More advertising • Better positioning • Brand differentiation

The benefits to employers are in terms of general value criteria and specific use criteria. In terms of the value criteria of employers and the human capital attributes of the student participants, the gains are in terms of hands-on knowledge, real world experience, international experience and cross-cultural training. In terms of the value criteria of employers and the signaling attributes of participants, the benefits are in terms of a significant resume item denoting differentiated quality, international travel and completed consultancy reports. In the other dimension of the specific use criteria of prospective employers and the human capital attributes of participants, the gains are in terms of the low cost of differentiation and procurement of strategic market information, raising of employer/employee performance and the development of business-ready employees. The last cell of the matrix provides for more advertising, better positioning and brand differentiation for both the participant and the prospective employer.

The relationship between the use criteria of employers and employer value of the AIM program is presented in Figure 3. The readily measurable elements of lower employer cost include the lower cost of hiring an employee who requires minimal or no in-company training and the lower error cost of a more informed hiring decision with the availability of real-world references and a research report to evaluate. The difficult-to-measure cost advantages include the lower cost of greater cross-cultural sensitivity of employees and possible lower international set-up costs due to having a new hire with some international business experience. The readily measurable benefits in terms of improved employer performance include better on-the-job results from AIM trained employees and the hiring of hands-on, business-ready employees. Less

FIGURE 3

Relationship Between Employer Use Criteria and Employer Value for the AIM Program

Measurability of Value

Source of Value	*Readily Measurable*	*Difficult to Measure*
Lower Employer Cost	• Nominimal in house training • More informed hiring decisions	• Lower costs of greater cross-cultural sensitivity • Lower international set-up costs
Enhanced Employer Performance	• Better results on the job • Business ready employee	• Employee flexibility and adaptability • Broader international outlook

readily measurable benefits include greater employee flexibility and adaptability as well as employees with a broader international outlook.

A parallel relationship between student participant use criteria and measurability of value for the AIM program is shown in Figure 4.

FIGURE 4

Relationship Between Participant Use Criteria and Participant Value for the AIM Program

Measurability of Value

Source of Value	*Readily Measurable*	*Difficult to Measure*
Lower Student Cost	• Minimal co-pay • Regular course credits • No break in degree program	• Lower time cost vis-a-vis company training
Better Student Performance	• Improved job prospects • Greater hands-on real world learning	• Cross-cultural presentation and negotiation skills • Broader international outlook

The major sources of value for the AIM student are lower student cost for real-world, experiential learning and higher future on-the-job performance. The readily measurable elements for the former are minimal or no co-pay for participating in the AIM program due to the costs being covered by the client companies and the obtainment of regular credits (and, in fact, enhanced course credits because students can obtain an extra 2 credits for the travel component of the program) with no break in the degree program. The less readily measurable benefits include the low time cost as students gain real-world, hands-on business

experience. With regard to higher future on-the-job performance, the readily measurable elements include improved job prospects and the advantages of being business ready with hands-on, real world experience. The less readily measurable sources of value for improved future on-the-job performance include a broader international outlook and exposure and cross-cultural presentation and communication skills.

In order for the AIM program to be viable from a budgetary point of view, a specific cost focus strategy for prospective overseas client companies was adopted. Recognizing that prospective client companies could not afford the rates of commercial U.S. market research firms, a conscious decision was made to conduct the studies on a no-profit, no-loss but incremental cost basis. The cost of the program charged to the client has included all report production costs, international and local host country travel costs for the research teams, host country boarding and lodging costs, and host country sight-seeing and cultural entertainment costs. No charge for the time of the researchers or the salaries and opportunity costs of the course directors/instructors is included since the costs of the course to the student and the university are expected to be covered from student fees and the regular university budget as would be the case for any academic course at the university. The identified cost driver is the linkage of the program within the regular value chain of the student participant and the university. This approach provides the AIM program with a unique cost advantage in signing on foreign clients since the cost of a report to the client is as little as one-fifth or one-sixth the cost of that from a comparable U.S. market research firm for reports of the same quality.

SUMMARY AND CONCLUSIONS

This paper has presented the conceptual framework and the method of operation of a unique, hands-on international business education course/program called Asian International Marketing. The program is based on a differentiation strategy of business education aimed at enhancing the value of student learning while meeting the needs of prospective employers' value criteria for business-ready graduates. On the side of the participating client firms, the AIM program represents a low-cost strategy to win clients in countries which cannot afford expensive market research in the U.S. while covering the costs of conducting the program on an incremental basis.

The major conclusion that emerges is that the AIM program meets a perceived business need of today's corporations for value, making business education relevant and real-world based by producing business graduates who can contribute directly on the job at an early time during their employment. By providing participants with hands-on, real-world consulting experiences with overseas clients, the program is building a cadre of global managers who can meet the demands of today's exacting and fast-changing globalized business environment. It represents a major attempt to make the university business curriculum business friendly and relevant.

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